

Policy on :	Debt Recovery Policy
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Compliant with Performance Standard :	1. Equalities; 2. Communication; 4. Quality of Housing; 5. Repairs, maintenance and improvements; 11. Tenancy Sustainment; 13. Value for Money; 14 and 15. Rents and Service Charges
Compliant with Tenant Participation Strategy:	
Compliant with Equal Opportunities :	Yes
Compliant with BusinessPlan :	Yes

Date Approved Following Consultation:	November 2014
Date for Review :	

Responsible Officer:	Directors of Property and Customer Services
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1. Introduction

Barrhead Housing Association (BHA) provide a range of services for which charges are payable. Rental income and payment of these charges is the main source of revenue for BHA therefore debt prevention and recovery is a key business objective in ensuring our financial viability.

The Association will therefore take positive action at early stages to ensure debt is prevented and where it occurs that it is effectively managed. High levels of debt and poor recovery debts pose a significant threat to the Association's viability.

2. Principles & Scope

This policy relates to all properties owned by BHA and to the people for whom we provide a service. The scope covers:

- Rent
- Service charges
- Rechargeable Repair Debts
- Former tenant debts
- Recovery of legal or administrative costs incurred in the recovery of the above

This policy links to the following policies:

- Equality and Diversity Policy
- Welfare Reform Action Plan
- Rechargeable Repairs Policy
- Rent Setting Policy
- Service Charge Policy
- Allocation Policy
- Mutual Exchange, Subletting & Assignment Policies

This policy is supported by detailed principles and processes for staff to follow whilst managing rent arrears and debt.

3. Charter Outcomes & Legislation

This policy is designed to enable us to deliver the outcomes, and achieve the standards, set out in the Scottish Social Housing Charter (SSHC) for the following areas:

Standard 1 Equalities
Standard 2 Communication
Standard 11 Tenancy Sustainment
Standard 13 Value for Money

The statutory framework for this policy is set out in the following legislation:

Housing (Scotland) Act 2001
Housing (Scotland) Act 2010
Housing (Scotland Act) 1988
The Data Protection Act 1998
Equality Act 2010

Debtors (Scotland) Act 1987
The Debt Arrangement & Attachment Scotland Act 2002
Bankruptcy and Diligence etc (Scotland) Act 2007
Bankruptcy (Scotland) Act 2016

This policy supports BHA's compliance with these statutory and regulatory responsibilities and its obligations to its tenants, staff and funders to maximise revenue, while assisting tenants to manage and minimise any debt.

4. Objectives of the Policy

The overall aim of the Debt Recovery Policy is to minimise the level of debt in a sensitive but effective manner, applying consistency where possible. The specific objectives of the debt recovery Policy are to ensure that:

- We have effective controls in place and a range of payment options available to maximise rental income and minimise debt.
- All tenants know how much they are due to pay, when they are due to pay and how often they are expected to pay.
- We have early intervention mechanisms to prevent debt arising;
- All tenants who need advice services will be referred to our in-house welfare advice service or alternatively sign-posted to external agencies that can provide independent advice on welfare benefits, budgeting assistance or debt advice.
- We have a culture of tenancy sustainment where prevention and management of arrears and debt are high priority.
- We monitor our performance in debt management and income collection by means of regular reports, target setting and benchmarking against other Registered Social Landlords.

5. Responsibilities

The Scottish Secure Tenancy contains contractual responsibilities each tenant is required to observe and this includes a requirement to pay rent in full on or before the 1st of each month.

It is the tenant's responsibility to pay their rent and/or service or other charges in line with their tenancy agreement. Payment for housing costs must be considered a priority. We will provide clear and understandable information to anyone falling into arrears with us and be clear on the consequences of ongoing debt.

If two or more people have signed the Tenancy Agreement, they are jointly and severally liable for the payment of rent. This means that each person is fully responsible for debts that arise from non-payment of rent or rechargeable repairs.

6. Debt Prevention

The key driver in BHA's approach is to prevent arrears arising in the first place. We want tenants to sustain their tenancies and to do this they have to pay their rent. Accordingly we have a wide range of practices in place to ensure tenants understand their absolute obligation to pay. We will

provide support to help them meet this obligation.
Further details on how we aim to prevent arrears are provided below.

BHA is committed to preventing debt and we will adopt a supportive approach to our customers with the emphasis on prevention, advice and counselling. Details of support and advice providers are updated regularly. These are available from our office and online at www.barrheadha.org.

The Association will offer a detailed financial/benefit assessment to all tenants when their rent account is in arrears in order to assist in the management of the tenancy and ensure that rent is paid. During this assessment the Customer Services Officer/Welfare Rights Officer will identify possible sources of support for the tenant. .

The policy will be implemented using the following approaches (although this is not an exhaustive list) .

6.1 Prevention Approaches

- We will give full information about the rental & service charge of the property and be clear with prospective tenants that they understand the costs involved in holding a tenancy, including that rent and associated charges are due in advance.
- We will carry out a financial assessment of a prospective tenant's circumstances and sign post them to Welfare Rights Officer if required. (Income will not be used to assess an applicant's suitability for a property).
- We will be accessible and provide a wide range of ways for our customers to contact us and for us to communicate with them. We will continually focus on the importance of paying rent as a priority through newsletters and our website.
- We will provide and publish a wide range of payment methods and promote direct debit as the most effective way of paying rent and, service charges.
- We will continue to advertise 'how-to' for tenants affected by Universal Credit on how to access their portal.

6.2 Debt Prevention- Terminating Tenants

Debt prevention forms a key element of approach to minimising debt. The following actions will occur where possible before a tenant terminates their tenancy:

- We will inform the tenant of any rent arrears and other housing related debts
- Visit or telephone to discuss the debt and to reach a repayment agreement
- Aim to recover the debt or confirm repayment agreement in writing before the tenancy ends
- Obtain a forwarding address.

7. Debt Recovery

We are committed to effective debt recovery which will be based on a staged escalation process. Where a debt occurs, staff dealing with the debt will check to see if there are other outstanding debts. The Customer Services Officer will check to see if there are outstanding rechargeable repairs in addition to former tenant arrears. Where court action is pursued we will, where possible, consolidate the debt into one debt recovery action, for example if there are outstanding former tenant rent arrears and rechargeable repairs.

We will continually review our processes to ensure they are effective, proactive and fit for purpose:

- We believe that early contact is critical and staff are aware of the requirement to contact customers at the earliest opportunity to alert them to any arrears and discuss the reason for this.
- We will assess tenants' circumstances and, if the tenant is unable to clear the arrear in full, agree affordable and realistic repayment plans over a set period of time.
- We will refer and promote our in-house Welfare Rights Officer and sign post to other advice services where appropriate, e.g. external support providers.
- We will work closely with the Department for Work and Pensions and Local Authority Housing Benefit departments to ensure that tenants receive appropriate advice and their full benefit entitlement.
- In cases where the debtors cannot clear the debt in a single payment, the Association will agree an affordable payment plan to reduce the debt by realistic and sustained instalments over a specific period of time. Any repayment agreement will be based upon a detailed assessment of the tenant's ability to pay and/or the court's recommendation.

8. Former Tenant Rent Arrears

Former tenant rent arrears generally arise when a tenant dies, gives up the tenancy, abandons the property or is evicted from a tenancy, leaving unpaid rent.

The Customer Services Section will be responsible for pursuing outstanding former tenant arrears.

9. Tenants in Arrears

Where a tenant owes money to the Association they will not be eligible to receive any compensation/rent refunds from the Association or from a contractor e.g. for planned maintenance work or for being decanted.

Any relevant compensation will be used by the Association to reduce/clear the debt. Tenants will receive any compensation money left once the debt has been cleared.

There will be instances where a decision is made to credit a tenants/owners account or pay an agreement amount directly to them. This will normally be considered as a result of a complaint against our services. Values are detailed within our Financial Regulations.

Rent Refunds

As per their tenancy agreement, a tenants total rent is payable in advance on or before the 1st day of each calendar month. Therefore any refund balance requests made as a result of

overpayments to their accounts will only be considered immediately before the rent debit has been generated, and which leaves one month's rent in advance on their account.

10. Sequestration & Bankruptcy

Sequestration or bankruptcy, for example as defined by the Bankruptcy (Scotland) Act 1985 (Low Income, Low Asset Debtors etc.) Regulations 2008 precludes the pursuit of a decree for payment, but can still be pursued for repossession only.

Where the Association is notified of a bankruptcy the rent arrears affected by the bankruptcy will be written off from the rent account. The Management Committee will approve the "write-off" in accordance with the procedures and provisions for bad debt.

11. Monitoring and Reporting

The Director of Customer Services will provide the following information on a quarterly basis to the Audit Sub-Committee.

- Former tenant arrears as a percentage of the gross rental income;
- Current tenant arrears as a percentage of the gross rental income
- Total number of arrears cases;
- Payments received;
- Gross tenant arrears as a percentage of the gross rental income;
- Total arrears cases within bandings between <£200, £200-£500, £500-£1,000 and >£1,000

12. Write-offs

The Governing Board will approve any bad debt write-off, in accordance with our Financial Regulation policy and procedures twice per year at the end of September and March. The written report will specify the total sum to be written off, age of the debt, payments made, reasons for write off and a summary of any action taken to-date. Each case shall remain anonymous.

The following categories detail when it would be appropriate for a former tenant rent arrear or rechargeable repair would be recommended for write off:

- Debts owed by tenants who have abandoned or left their tenancies; where attempts to contact them have failed and where a tracing agency has not been able to establish their whereabouts and where the debt is more than 12 months old;
- Small static arrears of less than £100 and where there are no reasonable expectations of full recovery and where the debt is more than 12 months old;
- Debts remaining following the death of a tenant and where there is no estate;
- Long term hospitalisation of a tenant;
- Debts where legal action has proven to be unsuccessful; and
- Sequestration or bankruptcy.

13. Performance Monitoring

In order to comply with our service commitments it is important that the Association monitors the effects of our Debt Recovery Policy and ensures that it meets the requirements of the Scottish Social Housing Charter and all relevant legislation.

14. Equality & Diversity

Barrhead Housing Association is committed to providing fair and equal treatment to all our customers and to comply with the Equality Act 2010. The Act established 9 protected characteristics (the grounds on which discrimination is unlawful). These cover age, race, sex, religion/belief, sexual orientation, pregnancy/maternity, gender reassignment, disability and marriage/civil partnership.

We will offer customers a range of options for communicating with us, since requiring to contact us may have to be in writing and this may be a deterrent, for example for people with poor literacy skills, visual impairment, or where first language is not English.

15. General Data Protection Regulations

The Association will treat all personal data in line with our obligations under the current General Data Protection Regulations and our own Data Protection Policy Statement, Privacy Policy and Data Retention Policy.

Information regarding how your data will be used and the basis for processing your data is provided within our employee and resident Fair Processing Notices.

16. Complaints Policy

Barrhead Housing Association operates a Complaints Policy that is open and transparent, should any customer or service user feel the need to make a complaint against an individual or the organisation, the Complaints Policy and Procedure will be implemented. This is covered by a separate policy and you should request a copy if you wish to make a complaint.

17. Policy Review

The Governing Board will review the Debt Recovery Policy at least every three years. However, improvements in performance and service delivery may be made on a regular basis to reflect change and in light of various factors such as:

- New or revised legislation
- Changes in good practice
- Organisational change, e.g. revision of operational practices
- Views of tenants and other service users
- Resource requirements
