

ARREARS MANAGEMENT POLICY

NOVEMBER 2018



**LANARKSHIRE
HOUSING ASSOCIATION LTD**



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Arrears Management Policy

(*Note Lanarkshire Housing Association, hereinafter referred to as LHA)

1 AIMS

- 1.1 This policy promotes our general aims to “strengthen communities in Lanarkshire by providing good quality housing and associated services which are both desirable and affordable to people in need and include local people in the decision making process”.
- 1.2 The principles of our Arrears Management Policy are to maximise rental income and minimise loss of revenue.
- 1.3 We aim to improve the effectiveness of our rent arrears management by using a strategic approach which incorporates early intervention and prevention.
- 1.4 We will assess our performance against our Corporate Benchmark Performance, the recorded outcomes of the Annual Return on the Charter (ARC) legislation and good practice.

2 OBJECTIVES

- 2.1 We will adopt a fair, robust and sensitive approach to rent collection to minimise the loss of rental income with arrears managed efficiently and effectively.
- 2.2 We monitor rent arrears closely and promote arrears prevention from the start of a tenancy with early intervention mechanisms in place to commence action as soon as an arrear is identified.
- 2.3 Arrears actions are implemented in a sensitive and supportive manner aiming to promote tenancy sustainment and prevent homelessness where possible. Our improved IT facilities allow us to incorporate text messaging within the arrears process, in addition to text reminders being issued to tenants to confirm arrears appointments.
- 2.4 Corporate benchmark targets are set in relation to arrears, with monthly benchmarking outcome reports prepared to identify performance priorities in relation to each category of arrears. Additionally performance analysis is presented to the Housing Services Sub-Committee promoting good governance.
- 2.5 Arrears recovery is based on a staged escalation approach, with letters issued together with useful advice and guidance at each arrears action stage.
- 2.6 We work in partnership with local authorities, the Department for Work and Pensions (DWP) and other agencies in relation to housing benefit, Universal

Credit and CAB/AFTAR services to promote effective management of arrears and other debts.

3.0 HOUSING (SCOTLAND) ACT 2010 – THE SCOTTISH SOCIAL HOUSING CHARTER (THE CHARTER)

3.1 The Scottish Social Housing Charter (the Charter) was introduced in April 2012, which sets outcomes and standards social landlords should achieve. The purpose of the Charter is to help improve the quality and value of services social landlords provide, supporting Scottish Government aims of creating a 'Safer and Stronger' Scotland. We take full cognisance of the Charter in our policy development.

3.2 In relation to Charter Standard 13: Value for Money:

'Social Landlords manage their business so that:

tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay'.

We aim to ensure tenants receive value for money in our rent setting process; additionally we will efficiently manage our costs and services.

3.3 In relation to Charter Outcomes 14 & 15: Rents and Service Charge:

'Social landlords set rents and service charges in consultation with their tenants and other customers so that:

- a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them
- tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above the thresholds agreed between landlords and tenants'.

We provide detailed information to tenants on how rents and service charges are set and consult tenants annually on the rent review.

3.4 In relation to Charter Outcome 2 – Communication

'Social Landlords manage their businesses so that':

- tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides'.

We aim to ensure that tenants and customers find it simple to contact us, in relation to management of arrears staff offer confidential office interview facilities or home visits.

3.5 In relation to Charter outcome 3 - Participation

‘Social Landlords manage their business so that’:

- tenants and other customers find it easy to participate in and influence their landlord’s decisions at a level they feel comfortable with’.

4.0 ARREARS PREVENTION

4.1. Effective arrears prevention helps to maximise rental income, with a number of preventative measures utilised including:-

- new tenants receive information on rents and service charges, are advised of the wide variety of payment methods available and an assessment of housing benefit or universal credit is offered with assistance provided in making appropriate digital claims.
- New tenants and housing applicants are offered advice and assistance through our AFTAR project which provides support in relation to benefits/money and debt advice. The Digital Inclusion Coach provides assistance with online applications including job applications or CV’s and benefit claims (including universal credit). The Energy Advisor provides information on utility suppliers, tariff options and warm home discount. This packaged service provides first class support in relation to tenancy sustainment.

4.2 Early intervention will include prompt and personal contact when arrears arise including home visit, office interview, telephone contact and sms text message. Proactive arrears prevention measures are included in our quarterly newsletters and information leaflets are issued with arrears letters.

4.3 We undertake settling in visits for all new tenants within two months of their moving in date, this assists in emphasising the importance of timeous rent payment. We use this opportunity to further advise on rent payment methods and to promote the AFTAR project.

5.0 ARREARS ACTIONS

5.1 Arrears letters will be issued when a tenant falls into arrears of one month’s rent and this will escalate through a suite of letters including a final warning if no payment or arrangement is made.

5.2 In addition to the standard arrears letters, we will make use of telephone calls, text messages and will endeavour to interview tenants either at home or in the office to discuss their arrears and confirm a repayment arrangement.

5.3 Housing staff will record all arrears actions in the arrears monitoring section of the rent account and the diary function will be used to document all contact with tenants to enable close monitoring of the arrears management process.

- 5.4 The ongoing implementation of welfare reforms and introduction of universal credit is now addressed in a separate policy document.

6.0 ARREARS REPORTING

- 6.1 The Association sets corporate benchmark targets for all categories of rent arrears including current tenant arrears (split by technical and non-technical arrears) and former tenant arrears.

Reports are presented to both the Housing Services Sub-committee and Management Committee on arrears performance and how this compares to benchmark targets set.

- 6.2 The Scottish Housing Regulator requires all RSL's to submit an Annual Return on the Charter (ARC) which details performance in a number of specific areas including rent collection and arrears management. The Scottish Housing Regulator issues a Landlord report annually which we provide to tenants together with our Annual Performance Report. This report provides tenants with key information on our rent collection and arrears performance compared to other social landlords.
- 6.3 LHA is responsible for meeting the standards and outcomes set in the Charter. We are accountable to tenants and other customers to ensure good performance, with action plans required if benchmark targets are not achieved. Our key aim is to ensure tenants receive value for money through efficient management of costs, services and rent collection including the vital component of managing arrears and resources effectively.

7.0 CUSTOMER CARE - COMMUNICATION STRATEGY

- 7.1 Our customer care strategy promotes effective communication with tenants, and all arrears contact should promote a positive rent payment culture.
- 7.2 Notification of arrears is provided in letter format, however, communication with tenants is maximised by using telephone, email and text message.
- 7.3 Tenants are provided with reminders of potential eligibility for assistance with housing costs and the importance of advising any change in circumstances.
- 7.4 Tenants have been regularly updated on the impact of welfare reforms in our quarterly newsletter in recent years. We will continue to engage with tenants during the implementation process particularly for the migration from legacy benefits to full service universal credit.
- 7.5 Tenants are reminded during arrears interviews of the legal requirements in relation to joint tenancies and household members over 16's years of age (qualifying occupiers) in accordance with requirements of Housing (Scotland) Act 2001.

8.0 ARREARS MANAGEMENT/IT SYSTEM

- 8.1 Our rent accounting IT system supports our arrears management strategy, providing accurate information on account balances in turn facilitating prompt arrears actions.
- 8.2 We will monitor the effectiveness of our rent accounting IT system to ensure this provides appropriate support for monitoring and reporting on arrears management.
- 8.3 We will regularly review Committee reports to ensure good governance and effective controls are in place.
- 8.4 We will ensure staff are trained in the use of the IT system to allow quick and efficient responses to all tenant enquiries in relation to arrears management.
- 8.5 We will implement a cut-off date for staff of 12th of each month for payment processing to allow period end reports to be prepared for prompt arrears actions.

9.0 RENT PAYMENT METHODS

- 9.1 We provide a wide range of simple to use, convenient rent payment options for tenants including :-

- office payment by cash, cheque or card
- post office payments
- bank transfer
- direct debit
- standing order
- telephone payments (rent card required)
- online payment (rent card required)
- Allpay app
- direct payments of housing benefit
- direct payment from DWP

we will review rent payment methods available to ensure these respond to tenants needs.

10 INCOME MAXIMISATION AND MONEY ADVICE

- 10.1 Our arrears management service includes access to housing/council tax benefit, welfare benefits and money/debt advice. Referrals are made to the AFTAR project currently running in partnership with the local CAB.
- 10.2 LHA recognises that housing benefit is crucial in assisting with rent arrears and we assist by verifying housing benefit claims for tenants.

In addition we promote: -

- housing benefit payment direct to landlord where appropriate
- effective working relationships and information sharing with local authority Housing Benefit Sections.

10.3 We now attend regular liaison meetings with NLC and DWP relating to universal credit and plan to develop this relationship.

11.0 LEGAL REMEDIES

11.1 Where arrears actions are unsuccessful, or if a tenant fails to adhere to a payment arrangement to reduce arrears, legal action will be initiated.

11.2 A Notice of Proceedings for Recovery of Possession (NOP) will be issued, subject to the pre-action requirements (PAR's) being met, where no contact is made following the issue of a final warning letter. The NOP will detail the grounds for recovery and the period that the notice is valid for. The NOP will be hand delivered and copied to all members of the household over the age of 16 (qualifying occupiers) and proof of service will be signed by two members of staff.

11.3 If the tenant does not make contact and/or a repayment arrangement following receipt of the NOP, our Solicitor will be instructed to proceed with court action.

11.4 In compliance with Section 11 of the Homelessness (Scotland) Act 2003, we will advise the local authority of proposed action in accordance with agreed protocol.

11.5 Where a Decree is granted by the court, an assessment of the outstanding balance will be carried out before a decision is made to enforce the decree. Reports will be provided to our governing body on current court actions and decree's granted. Arrears following recovery of possession will be shown as former tenant arrears.

12.0 FORMER TENANT ARREARS

12.1 In order to minimise the level of former tenant arrears (FTA) we aim to:-

- ensure arrears are cleared before termination of tenancy
- ensure forwarding addresses are obtained to assist with debt recovery
- monitor FTA to ensure suitable repayment arrangements are reached
- make use of our Solicitor and Sheriff Officers debt collection services for recovering FTA
- report to Committee on FTA and recovery action taken
- make provision in the annual accounts for non-recoverable FTA
- carry out a biannual review of aged debt with a view to writing off monies that are irrecoverable

13.0 POLICY REVIEW AND COMPLAINTS PROCEDURE

- 13.1 The Arrears Management Policy is subject to review every three years, with more regular reviews undertaken to address good practice or legislative changes.
- 13.2 Any grievance or complaint arising from our arrears procedures will be addressed through our formal complaints handling procedures.

UNIVERSAL CREDIT STATEMENT

1. INTRODUCTION

- 1.1 The Welfare Reform Act 2012 introduced a new social security payment called Universal Credit (UC) with the aim of incentivising paid work and to simplify working age benefits.
- 1.2 Universal Credit replaces the following six existing means tested benefits and tax credits – income based job seekers allowance, income based employment and support allowance, income support, housing benefit, working tax credit and child tax credit.
- 1.3 The Department for Work and Pensions (DWP) piloted live service UC in Lanarkshire back in 2015 and migrated all new claims over to full digital service UC in October 2017 for South Lanarkshire and April 2018 for North Lanarkshire tenants.
- 1.4 The Association awaits confirmation from DWP of the timetable to migrate the remaining legacy benefits over to full digital service UC but this managed migration should begin in July 2019 and be completed by March 2023.

2. ACTIONS

- 2.1 The Association is working in partnership with DWP, North Lanarkshire and South Lanarkshire Council and escalation routeways are in place in both local authority areas to allow RSL's to discuss non-customer specific UC questions.
- 2.2 Tenants have been advised of these welfare reforms via our quarterly newsletters and are given advice and assistance during interviews with both Association and CAB staff.
- 2.3 The Advice for Tenants and Residents project (AFTAR) offers advice and assistance on benefits, income and debt related issues. There is a Digital Inclusion Coach who will assist tenants with their online UC claim and subsequent job search requirements.
- 2.4 Letters will be issued to all LHA tenants who are still in receipt of housing benefit in the Spring of 2019 advising of the managed migration process and offering assistance with making the new UC claim.

3. STATEMENT

- 3.1. The Association has adopted this Universal Credit statement at the recommendation of a recent internal audit and this will be reviewed annually whilst the UC migration process is ongoing. The Arrears Management Policy will be followed for all tenants in receipt of UC who fall into rent arrears.