



Rent Collection Policy

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1. Introduction and Policy Objectives

1.1 This policy sets out the way in which ng homes will manage and recover debts owed by customers. The term 'customer' is used throughout this document and applies to both existing and former tenants.

The Association expects all customers to pay their charges in accordance with their tenancy agreement. Your Tenancy Agreement is the contractual agreement with the customer and ng homes for the payment of rent. However, the Association also recognises that for a number of reasons, customers can sometimes fall into arrears.

The Association will act in a firm yet fair way to help customers pay their charges, whilst providing wider financial support through money advice agencies. Support is offered to maximise income but in circumstances where legal action is appropriate under the terms of the tenancy, eviction will be enforced.

2. Legal Background and Compliance

2.1 The Association will meet the all legal obligations of the Pre-action Requirements as established by:

- The Housing (Scotland) Act 2001, 2010 & 2014;
- Equality Act 2010;
- Data Protection Act 1998;
- General Data Protection Regulations 2016;
- Human Rights Act 1888 Article 6,8 and 14;
- The Bankruptcy and Diligence etc (Scotland) Act 2007;
- Welfare Reform Act 2012;
- Homelessness Scotland Act 2003;
- The Children (Scotland) Act 1995 and
- Debtors (Scotland) Act 1987

3. Communication

3.1 Officers will use a variety of methods to communicate with tenants e.g. letters, phone, text messaging, e-mail and home visits during and outwith office hours where appropriate. Where a learning disability or special need is identified, we will use the most appropriate method of communication.

3.2 The Association will also provide a translation service and/or access to interpreters for members of ethnic minorities who require to communicate in their native language.

4. Consultation and Review

4.1 The Association will review this policy every 3 years or when any future legislative changes or new and significant good practice becomes available. This Policy and any future reviews of this Policy require tenant consultation to be undertaken. The consultation for this policy took the form of letters to all residents requesting feedback and public meetings.

The Association will be open to feedback from tenants in the form of any complaints or compliments received or feedback obtained via questionnaires or focus groups and from staff through one to ones and team meetings.

5. Equalities

5.1 Our Arrears Management Policy complies with ng homes Equality Policy to ensure equality of treatment for all customers without discrimination or prejudice. At all times ng homes will therefore consider all customers, regardless of sex, faith or religion, race, ethnic origin, sexual orientation, mental or physical health, disability or marital status.

6. Confidentiality

6.1 ng homes recognises that confidentiality is important to customers and will treat their information in the strictest confidence under the Data Protection Act 1998 and the General Data Protection Regulations 2018.

7. Key Principles – Arrears Management Policy

7.1 Rental income is the largest part of ng homes cash flow. Maximising income and the effective control of arrears is crucial to ng homes financial well-being and its ability to deliver on a range of business plan commitments.

7.2 Housing Officers will play a central role in managing our arrears. Their duties will include ensuring that all tenants comply with their tenancy agreement, including the payment of rent when it is lawfully due.

7.3 Housing Officers will manage their duties within a specific 'patch' and will act as the main point of contact for dealing with arrears management issues within their patch.

7.4 We will ensure that staff understand the Arrears Management Policy and associated procedures and that these are implemented in a consistent way.

8. Arrears Prevention

8.1 We will work closely with all new tenants to ensure that they are fully aware of their responsibilities under their tenancy agreement, including the obligation to pay rent on the due date. We will confirm that failing to pay rent when lawfully due could have serious implications, potentially including loss of their tenancy.

8.2 We will provide our new tenants with advice and assistance when they sign up for their new home and again when we carry out the new tenancy visit during the first six weeks of the tenancy. This will include advice on how much their rent is, how often the rent is due, how and where they can pay their rent, how to apply for welfare benefits and who they should contact if they have any difficulties with their rent payment, etc.

8.3 We will explain the implications of 'joint and several liability' to those who are joint tenants, whether they be new or existing tenants. Joint and several liability means that joint tenants are responsible together or, if there are more than two joint tenants, as a group. But it also means that one joint tenant is responsible for the actions and defaults of another joint tenant in keeping to all the terms of the tenancy agreement. For example, all joint tenants or one individual tenant may be held responsible for the payment of all the rent.

8.4 We will make all tenants at sign up stage aware of our different methods of payment to promote a payment culture. Tenants can pay by debit or credit card, paypoint, allpay, standing order and direct debit. We will use of all available ways for receiving rent and arrears payments directly from tenants' benefits, including Housing Benefit, Universal Credit Managed Payments, Discretionary Housing Payments and arrears direct.

9. Arrears Recovery

9.1 Arrears recovery will be based on a staged process of escalation of actions, up to and including repossession for non-payment of rent. Emphasis will be placed on intensive management and

personal contact whilst arrears are at a relatively low level, in order to prevent the escalation of arrears.

9.2 We will explain in a clear and concise way the action that we are taking against tenants to recover rent arrears, stressing at all times the serious implications that failing to pay rent may have on the tenancy.

9.3 We will provide debt counselling and/or specialist income maximisation advice to our tenants who accrue rent arrears and may also direct them to other agencies who may be able to assist them further, for example where a tenant has multiple debts.

9.4 We will arrange and monitor repayment plans closely in accordance with our rent arrears procedure to prevent arrears from increasing. The repayment plan will be formally agreed in writing with the tenant. If the tenant fails to keep to the repayment plan, the Housing Officer will pursue the tenant for the missing payments. This may take the form of letters, telephone calls, home visits, etc.

10. Welfare Benefits

10.1 It is in our interests to ensure that all Housing Benefit claims are processed quickly by the Council so that there is minimal delay in the receipt of associated payments by ng homes. The Council has a statutory obligation to process all claims within 14 days of receipt of the claim, or to make a payment on account if the claim is not completed within that time.

10.2 We will operate within the terms of the Housing Benefit 'Verification Framework' and will share information with the Council. We receive Housing Benefit payments electronically from the local authority. Specifically we will also share information with the Council, the Department for Work & Pensions and other statutory agencies to prevent benefit fraud and assist in their recovery of benefit that has been fraudulently claimed.

10.3 Under the terms of the Welfare Reform Act 2012, new arrangements have been rolled out providing assistance with housing costs to working age tenants in receipt of welfare benefits. Significantly this includes those tenants in receipt of Universal Credit having their housing costs paid directly to them rather than to the landlord.

10.4 Under the terms of the Welfare Reform Act 2012, those customer's who are entitled to housing costs under Universal Credit will be required to submit a change of circumstances through their Universal Credit online journal for their new tenancy as part of the signing up process.

10.5 On receipt of any Housing Costs Verifications from Universal Credit, the Association will complete and return these promptly to avoid any delay in the processing of tenant housing costs. A separate application for Discretionary Housing Payment (DHP) should be made to the local authority where a tenant is under-occupying a property.

10.6 At the commencement of a tenancy OR at any time throughout the tenancy, if the customer meets the qualifying criteria, e.g. is considered vulnerable, the Association may seek to put in place a Landlord Request with the Department of Work and Pensions (DWP) for an Alternative Payment Arrangement (APA) in the form of a direct payment of housing costs to the Association.

11. Legal Action

11.1. We will take immediate action against tenants who breach their tenancy agreement by failing to pay their rent. This action is detailed in our arrears procedure and will initially be a reminder letter. All action will be formally recorded. We will enforce our arrears procedure consistently, efficiently and effectively.

11.2. The action we take will be firm but fair when dealing with tenants who have arrears and we will explore all options available to assist the tenant to deal with their arrears and other financial issues they may have.

11.3. We will meet with tenants to discuss any issues about their rent account in our offices, in their home or at a location where they feel comfortable.

11.4. We will not take legal action lightly, but will take it where a tenant continually fails to co-operate in reducing their arrears balance or repeatedly breaks a formal repayment arrangement.

11.5. Where appropriate, we will ensure that all members of the household aged 16 years and over, including members of the tenant's family and their children, ('qualifying occupiers') are aware of legal action we take and that we comply with pre-court action requirements.

11.6. As a last resort, we will take eviction action against tenants who persistently refuse to pay their rent when it is lawfully due. Every arrears case will have a full audit trail to support any legal action.

12. Lock Up Garages

12.1 Lock up rent arrears will be pursued using the following steps;

1st letter served (followed by phone call/visit) Week1

2nd letter served (followed by phone call/visit) Week2

Notice to Quit served (Week 3) and lock up repossessed.

13. Audit

13.1 The Senior Housing Officer will undertake monthly sample checking of random arrears cases to ensure compliance with policy/procedure.

14. Former Tenant Arrears

14.1 Former Tenant Arrears will be pursued in line with this policy and the procedures as detailed in Appendix 2.

14.2 Officers will review all former tenant arrears cases on the arrears extract monthly. Contact will be made with former tenants to discuss the rent arrears. Tenant engagement is very important to assess their financial circumstances and offer relevant help and assistance eg Money Advice Service.

14.3 Officers will make every attempt to come to an arrangement with the former tenant before pursuing legal action or referring debt to a Debt Collection Agency. Any arrangement agreed will take account of the tenant's circumstances. Officers will carry out an assessment of their financial circumstances and make a realistic repayment arrangement. When a repayment arrangement is agreed with the tenant, this will be confirmed to the tenant in writing. All arrangements will be monitored closely as part of the former tenant arrears process.

14.4 Where there is a forwarding address but the debtor is no longer a tenant of the Association, every effort will be made to recover the debt, including the use of a Debt Collection Agency.

14.5 Where there is a forwarding address and the debtor is still a tenant of the Association, every effort will be made to recover the debt.

14.6 Where there is no forwarding address, the debt will be written off in accordance with the Association's financial procedures and the debt will be passed to a Debt Collection Agency for tracing/collection of debt.

14.7 In some cases it is not cost effective to spend large amounts of staff time and resources to recover relatively small amounts of debt, particularly when the debtor's whereabouts are unknown and debts less than £50 will be written off as uneconomical to recover.

15. Credits

15.1 Credit balances can occur on the rent accounts of both existing and former tenants. These balances will be managed through regular monitoring with refunds being made to current tenants where requested and former tenants where possible. However, where there are outstanding arrears or recharges any credit balance will be off-set against this before a refund is made.

16. Void Properties

16.1 When the Board approve void properties to be held pending a decision on their future, these voids will be removed from the debit run by Housing Officers.

16.2 Similarly, void properties held for decant will also be removed from the debit run by Housing Officers.

16.3 These properties will be allocated to a property status and monthly checks will be made by the Neighbourhood Manager to ensure the correct status has been applied and the correct voids have been removed from the debit run.

17. New Tenants

17.1 When an offer is made, all new tenants will be provided with information about the amount of rent payable, methods of payment, when it is due to be paid, how it is reviewed and who to contact if there are difficulties in paying the rent.

17.2 If it is anticipated that Full Housing Costs will not be payable, new tenants must pay their rent in advance before they receive their keys for the property.

17.3 At the sign-up, all new tenants will receive advice on their likely entitlement to Housing Benefit (HB) or UC. A change of circumstances form for HB will be completed during the sign up process. Assistance will also be given to make a claim for UC if not already done so. If UC already in place Housing Officer will assist tenant on updating Journal with new address and rent information and also verify rent. We will stress to tenants that direct payments to us will not be

possible under Universal Credit unless their circumstances meet DWP criteria for Payments Direct. We will expect tenants claiming UC to pay their rent in advance unless we have assessed that this is not possible, and we will agree a payment plan with the tenant which will eventually secure a month in advance arrangement.

17.4 All new tenants will receive a settling-in visit within 4-6 weeks of the start of their tenancy. At this visit, staff will check that rent payments have started and, if relevant, that benefits claims have been made and payments received.

18. Targets & Performance

18.1 The Association will set clearly defined targets for each of the categories of debt on an annual basis. The Association will:

- Establish realistic arrears targets on a patch basis
- Monitor targets monthly and review targets annually
- Present regular arrears information to the Area Committee and the Board

In addition The Scottish Housing Regulator monitors all Register Social Landlords' (RSLs) and Local Authorities' rent arrears performance via the Annual Return on the Charter (ARC). The ARC Indicators that we will report on include:

- Rent collected as a percentage of total rent due.
- Gross rent arrears (current tenant arrears, former tenant arrears and write off's)
- Evictions

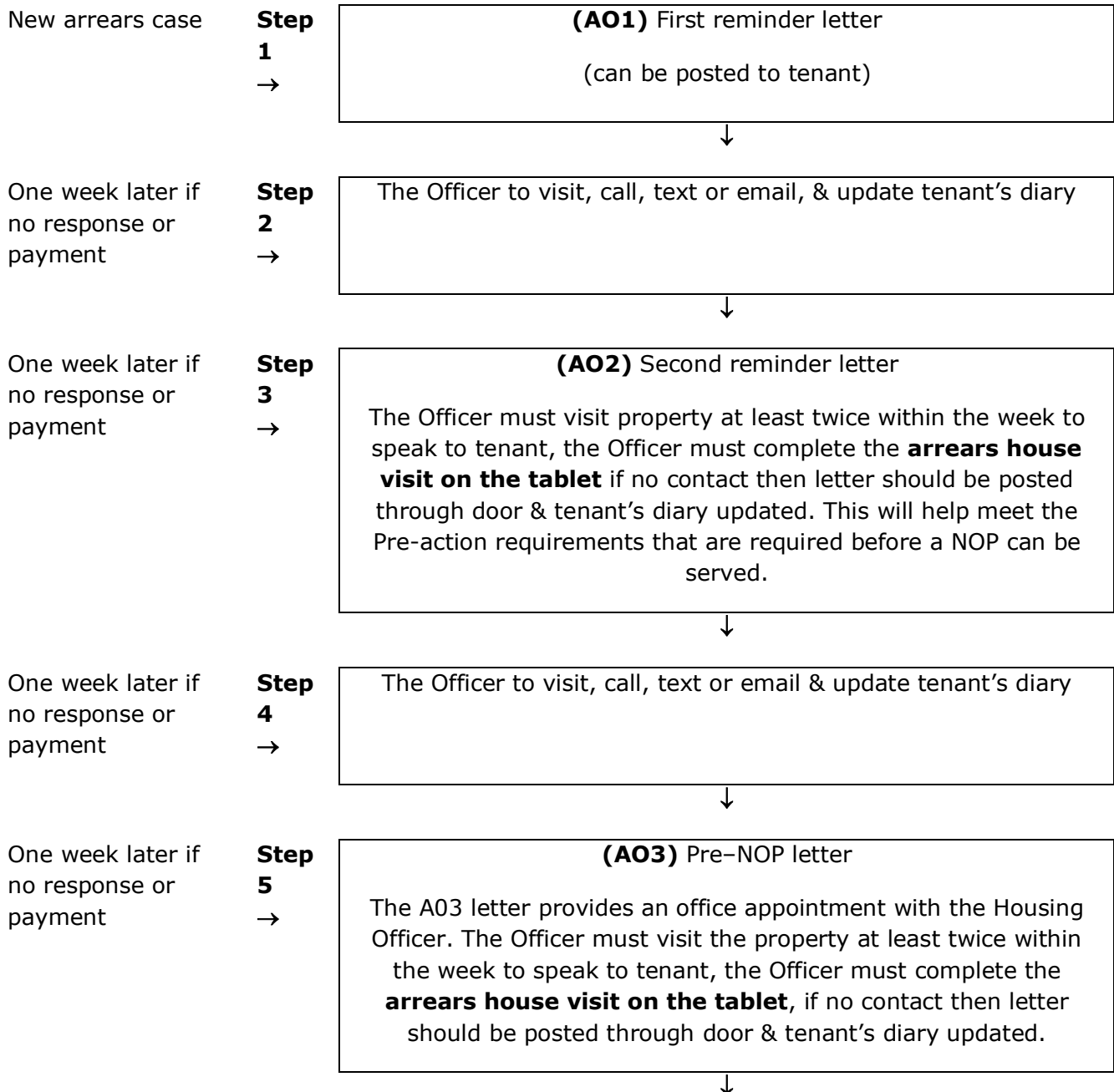
19. Review

19.1 The Area Committee will review the Policy in three years unless legislation or good practice guidelines require review at an earlier date.



Appendix 1: Stages in the Current Arrears Recovery Procedure

Note – If the tenant contacts at any stage in the process, arrangement should be made for arrears and if applicable, a GEMAP appt made.



One week later if no response or payment

Step 6
→

If tenant fails to attend interview, then the Officer to visit, call, text or email & update tenant's diary



One week later if no response or payment

Step 7
→

(A04) Notice of Proceedings for Recovery of Possession.
NOP to be served on tenant and any Qualifying Occupiers. NOP **MUST** be served on the date the A04 is processed on Capita.
NOP must be hand delivered and NOP spreadsheet should be updated.



One week later if no response or payment

Step 8
→

The Officer to visit, call, text or email & update tenant's diary



One week later if no response or payment

Step 9
→

(A05) Confirmation of NOP live date letter
Letter provides the tenant with an office appointment with Senior Housing Officer. The Officer must visit property at least twice within the week to speak to tenant, the Officer must complete the **arrears house visit on the tablet**, if no contact then letter should be posted through door & tenant's diary updated.
If the tenant fails to attend appointment with SHO then the Officer should continue to visit, call, text or email until NOP becomes live.



NOP Live

Step 10
→

Letter instructing Solicitor to raise court action (A06) –
The Association has a duty under Section 11 of the Homelessness etc (Scotland) Act 2003 that a referral notice is sent to Local Authority regardless of tenant's vulnerability.
Solicitors will send this on behalf of the Association automatically when they receive the instruction to book the case into court. The Officer must visit at least twice within the week to speak to tenant, the officer must complete the **arrears house visit on the tablet**, if no contact then letter should be posted through door & tenant's diary updated.



Court Date from Solicitor

Step 11
→

(A07) Letter confirming court date

The A07 letter provides an office appointment with the Neighbourhood Manager. The Officer must visit property at least twice within the week to speak to tenant, the Officer must complete the **arrears house visit on the tablet**, if no contact then letter should be posted through door & tenant's diary updated.



Decree for Eviction granted at court

Step 12
→

(A08) Arrears Court Decree letter advising decree was granted at court.

The Officer must visit property at least twice within the week to speak to tenant, the officer must complete the **arrears house visit on the tablet**, if no contact then letter should be posted through door & tenant's diary updated.



Seeking approval for eviction

Step 13
→

Eviction Report to be prepared by the Officer and checked by the Senior Housing Officer or Neighbourhood Manager and presented to Director of Housing Services or CEO for approval.



Committee Approved Eviction

Step 14
→

(A09) Notification of intention to use Decree.

The Officer must visit the property at least twice within the week to speak to tenant, the Officer must complete the **arrears house visit on the tablet**, if no contact then letter should be posted through door & tenant's diary updated.

Eviction to take place by Sheriff Officer, accompanied by Housing Officer and a Joiner



Appendix 2: Former Tenant Arrears Recovery Procedure

Rent Housing Officers will be responsible for collection of FT Arrears within their patch.

The same process will be followed for all FT arrears, whether they have a current tenancy with ng homes or have moved on.

Stage 1	Week 1	Issue FT1 Letter
Stage 2	1 month later	Issue FT2 Letter
Stage 3	2 weeks later	Issue FT3 Letter
Stage 4	2 weeks later	Issue FT4 Letter copied to SHO to advise the case has been escalated.
Stage 5	Refer to Debt Collector	For cases where no forwarding addresses. (Write off debt where appropriate)

At every stage of engagement, an assessment of the individual's financial circumstances should be made and a realistic repayment arrangement agreed. If the FT is still a current tenant, please consider referral to Money Advice Service.

Cases should be continually monitored and progressed through the relevant stages.

FT Arrears under £50 will be considered for write off at Stage 5 as uneconomical to recover.

Cases where there is no forwarding address, should be fast tracked to Stage 5.



Appendix 3: Rent and Nominal Ledger Guidance

Rents collected by all methods of payments are lodged in ng homes rent bank account. Similarly, all rent credits are refunded by bank transfer (preferred method) or cheque (if requested).

These transactions are posted to the relevant tenancy accounts on Capita Open Housing by the finance team on a daily basis and recorded as a batch with a unique reference number.

The rent control account within the finance software system, Capita Open Finance, is a debtor account in the general ledger. Every transaction posted to a rent tenancy in Open Housing should always result in a double entry being posted to this debtor account and rent bank in Open Finance, thereafter the rent control account balance should equal the sum total of all rent balances in Open Housing system. The process by which we pull through all rent transactions in Open Housing to Open Accounts is by an interface carried out by the finance team on a regular basis.

To ensure the above transactions are recorded correctly the finance team perform monthly reconciliations for both the rent bank account and the rent control account.

Purpose of the bank reconciliation is to check the accuracy of our bank statements, to prove the accuracy of transactions posted to ledgers and helps us identify where there are any problems.

The bank statement should equal the lodgements and withdrawals in our ledgers but there are several reasons why the two balances differ:

- Cheques have been issued, but are still to be presented.
- Items have been paid into our account, but have not yet cleared so not recorded on bank statement.
- Transactions on bank statements have not yet been recorded on our system.

- If there have been any errors in our bookkeeping or there has been a banking error.

To perform this task the finance team check the sum totals of the batches posted against the debits and credits on bank statements rectifying any inaccuracies and noting any timing differences.

Purpose of the rent control account reconciliation is to check the accuracy of the interface allocation of batches posted in Open Housing to Open Finance and that rent balances are the same in both systems. Again, there are several reasons why they may differ:

- Wrong codes used when initially posting transaction so recorded in a different general ledger account.
- Timing differences relating to date transaction processed and interface carried out.

To perform this task the finance team run a "retro balance report" at the end of each month which details all tenancy rent balances from Open Housing system. We check that all the batch numbers and sum totals recorded in Open Housing are reflected in the Open finance rent control account rectifying any inaccuracies. We then compare the total sum of balances in the rent control account to the total sum of balances in the retro report noting any timing differences.

