

OPS020 - Income Management Policy

| MONITORING FORM | |
|---|--------------------|
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| Department Director | Operations |
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1. INTRODUCTION

- 1.1. This document outlines Weslo Housing Managements (Weslo) policy for managing current and former tenant rent arrears. The policy will assist Weslo to meet its strategic objectives with a particular focus on tenancy sustainability maximising income for both Weslo and its tenants.
- 1.2. Weslo recognises that maximising the collection of rent is of major importance as it directly affects the services that tenants can receive and resources available to invest in their homes.
- 1.3. Whilst Weslo must ensure that it maximises rental income, it also recognises the needs of its tenants. Advice, assistance and support will be offered to tenants who have genuine difficulties in paying rent or other debts owed to Weslo. However early and decisive action will be taken against those tenants who refuse to engage.

2. SCOPE OF THE POLICY

- 2.1. The purpose of this policy is to set out the activities and responsibilities involved in the management of rent accounts of both current and former tenants, including accounts with other debts such as Legal Expenses, Rechargeable Repairs and Housing Benefit Overpayments.
- 2.2. The policy applies to all rented properties owned and managed by Weslo Housing Management.
- 2.3. Rent is charged monthly in advance on every tenanted property owned and managed by Weslo. It is the responsibility of the tenant(s) to ensure the rent is paid. This responsibility is enshrined in the Scottish Secure and Scottish Short Secure Tenancy Agreements that all tenant(s) have signed to and agreed.

3. LEGAL AND GOOD PRACTICE REQUIREMENTS

- 3.1. Weslo will ensure that this policy and relevant procedures comply with all legislative and good practice requirements in minimising rent arrears. This includes the following:-
 - 3.1.1 Housing (Scotland) Act 2001.
 - 3.1.2. Scottish Secure Tenancy Agreement - It is the responsibility of the Weslo to enforce the terms of the Scottish Secure Tenancy (SST) and the Short Scottish Secure Tenancy (SSST) Agreements held by tenants to protect the interests of Weslo and to assist with tenancy sustainability.

- 3.1.3 Legal Action - Where legal/recovery action is taken to recover arrears, we will comply with the relevant legislation contained within the Housing (Scotland) Act 2001.
- 3.1.4 Matrimonial Homes (Family Protection) (Scotland) Act 1981 - We will comply with the terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 when providing advice on the occupancy rights to people whose home is at risk due to eviction.
- 3.1.5 The Housing (Scotland) Act 1987 as amended by the Homelessness etc. (Scotland) Act 2003.
- 3.1.6 We will comply with the Housing (Scotland) Act 1987 and the Homelessness (Scotland) Act 2003 when providing advice to people whose home is at risk due to eviction.
- 3.1.7 The Debt Arrangement and Attachment (Scotland) Act 2002 – Weslo will comply with the requirements of the Debt Arrangement and Attachment (Scotland) Act 2002 with regards to tenants seeking to address debts and seeking sequestrations, trust deeds and other formal debt arrangements.
- 3.1.8 Housing (Scotland) Act 2010 Pre-Action Requirements – Weslo will abide by the Pre-Action regulations, as brought into force in August 2012 to ensure that prior to any legal action being taken (including the service of a Notice of Proceedings for Recovery of Possession), adequate attempts to contact tenants and resolve arrears have been made.
- 3.1.9 The Scottish Social Housing Charter - As required by Section 31 of the Housing (Scotland) Act 2010, the Scottish Ministers, in the Scottish Social Housing Charter, set the standards and outcomes that all social landlords should aim to achieve when performing their housing activities. This policy reflects Weslo’s commitment to the Charter.

4. RESPONSIBILITIES

Both the landlord and tenant responsibilities are detailed within the terms of the Scottish Secure and Short Scottish Secure Tenancy Agreement.

Under the terms of these Agreements, it is the tenant(s) responsibility to ensure all rent due is paid on a monthly basis in advance or on the 1st day of each payment period.

4.1. Tenant(s) Responsibilities

- 4.1.1 Where any tenant has applied for or is in receipt of Housing Benefit, the responsibility to pay rent remains, and the tenant(s) has the responsibility to ensure payment is made from Housing Benefit.
- 4.1.2 Under the provisions of Universal Credit, it remains the responsibility of any tenant to ensure their claim is submitted and evidenced and

also that any payments made for Housing Costs are paid timeously to Weslo.

4.1.3 It is the tenant(s) responsibility to make Weslo aware of any change in their circumstances that may affect their ability to pay to enable the relevant support and advice to be given to prevent arrears accruing.

4.1.4 Weslo offer a range of payment methods for rent and it is a tenant's choice which method they choose to use. Weslo will encourage tenants to pay by Direct Debit where this method is appropriate.

5. PREVENTION

The fundamental aim of Weslo is to prevent arrears from arising in the first instance. This Policy underpinned by our procedures, ensures that our tenants are provided with advice and assistance prior to and throughout their tenancy.

To achieve this, Weslo will use appropriate preventative measures to avoid debt accruing including:

- The provision of advice and assistance to prospective tenants before tenancies commence and to focus the payment of rent as a priority including pre-tenancy interviews
- Promote a positive payment culture by ensuring that tenants are aware of their obligation to pay rent and request payment in advance at the commencement of the tenancy
- Support tenants who are to claim Housing Benefit, Universal Credit or any other Welfare Benefit to assist with tenancy sustainability
- Where tenancy support has been identified ensure that access to the appropriate assistance is offered
- Make tenants aware of the consequences of not paying rent and sign post to other agencies for support and assistance with debt and income advice
- Make referrals to the Welfare Rights Service or any agencies that are available to support and assist with debt and income advice

6. EARLY INTERVENTION

Weslo recognises the need to intervene early and respond to arrears as early as possible to ensure that support is provided to tenants. This approach allows Weslo and our tenants the opportunity to address the debt before it becomes unmanageable and ensure that the appropriate level of advice and support is provided.

In order to achieve this, Weslo will:

- Follow up all new tenancies with a settling in visit within 6 weeks from the start of their tenancy. Where a tenant is found to be vulnerable, further follow up visits may be required
- Make best use of personal contact especially during the early stages of the tenancy and at the first indication of debt. Targeting personal contact should increase engagement between tenants and Weslo and make it easier for tenants to request help
- Ensure that where there is a change in a tenant's circumstances that they are supported where appropriate to notify Housing Benefit or the Department of Work and Pensions
- Make tenants aware of the consequences of not paying rent and the agencies that are available to support and assist with debt and income advice
- Make referrals to the Welfare Rights Service or any agencies that are available to support and assist with debt and income advice

7. COMMUNICATION

How we communicate with our tenants from prevention through to legal action is key in ensuring that we establish a strong tenant/landlord relationship where our tenants feel supported and encouraged to engage with us.

In order to achieve this, Weslo will:

- Ensure that we communicate with tenants using their preferred method wherever possible
- Provide all new and existing tenants with a Benefit Health Check and any assistance or advice on how to submit a claim for Welfare Benefits
- Provide regular updates and reminders on the importance of paying rent through for example our Tenants newsletter

8. RECOVERY OF CURRENT RENT ARREARS

Where rent arrears occur it is important that Weslo acts quickly and follows a process which allows for continued engagement with our tenants but at the same time takes a firm approach which supports the evidence required should further legal action be needed.

9. REPAYMENT ARRANGEMENTS

Where a tenant is unable to repay the full outstanding arrears balance then a repayment arrangement can be made with the tenant to repay the debt due over an agreed period of time. Arrangements will be based upon the completion of an income and expenditure assessment to ensure they are affordable and therefore sustainable for the tenant. Minimum repayment amounts reflect Rent Arrears Direct Payment set by the Department of Work and Pensions (DWP) and be set at

10% of the household income. A tenant will only be permitted to enter into and default on two repayment arrangements.

10. PRE-COURT ACTION

Prior to considering legal action against a tenant Weslo will take steps to ensure tenants are given a final opportunity to engage through what will be considered to be pre-court action.

The service of a Notice of Proceedings (NOP) will only be considered once Weslo is satisfied that the Pre Action Requirements (PARs) have been met, including the adherence of the rent arrears procedure and at least 3 attempts at personal contact (including 1 home visit).

11. LEGAL ACTION

Court action will only ever be pursued as a final resort and never entered into lightly. Weslo will consider the impact of the addition of court costs and the potential of a loss of tenancy before approval is sought.

As a consequence, the Policy ensures that:

- 11.1 Approval to progress to court is granted by the Assistant Housing Manager and will only be given where the process for the prevention and collection of rent arrears has been followed.
- 11.2. Weslo will not automatically request Decree for Recovery and Possession at court if the tenant has made and is maintaining a repayment agreement prior to the hearing date.
- 11.3 Alternative outcomes will be sought at court as appropriate and include Decree for arrears and costs only, where the tenant is working and an application for an earnings arrestment is likely to be successful.
- 11.4 Where Decree for Recovery and Possession is granted by the court Weslo will take action on this with 6 months of extract to ensure the action is not lost. Eviction action will be taken against tenants who refuse to engage and address rent arrears.
- 11.5 If the arrears detailed on the Decree plus any associated court costs are paid in full prior to the Decree being enforced, then the eviction will be cancelled.

12. EVICTION

Weslo will only consider evicting a tenant as a last resort. The Chief Executive will only authorise an eviction on receipt of case report prepared by the Housing Manager and approved by the Operations Director.

13. RECOVERY OF OWNER ARREARS

Where an owner arrear occurs it is important that the Weslo acts quickly and follows a process which allows for continued engagement with our owners. At the same time Weslo will take a firm approach should legal action be needed.

14. CURRENT GARAGE SITE AND LOCK UP ARREARS

All arrears for garage sites or lock ups will be pursued in accordance with the staged escalation as set out in the Garage Site and Lock up Arrears Procedure.

Where a debt remains unpaid despite the procedure being followed, Weslo will take action to terminate the lease and recover the lock up or garage site.

15. FORMER TENANT RENT ARREARS (AND OTHER DEBTS)

15.1. Through the prevention and early intervention on rent arrears Weslo will mitigate against the level of former tenant rent arrears that are left by terminating tenants.

15.2. Where an arrears balance is identified prior to the end of a tenancy, Weslo will make attempts to contact the tenant and advise of the need to pay the debt prior to the termination.

15.3. Contact attempts will be made via telephone call, letters and where practical through home visits.

15.4. Former tenants will have the opportunity to set up repayments arrangements to clear outstanding debts as outlined in Section 9 of this Policy.

15.5. Where a former tenants forwarding address is not known, previous contact attempts have failed or they are not maintaining their arrangement, consideration will be made to passing the case to a Debt Recovery Agency. This consideration will be based on the level of the debt and whether we have a known forwarding address.

15.6. Where the value of debt is considered to be uneconomical to collect then consideration will be given to seeking approval to write off the debt.

16. WRITE OFFS

16.1. Debts will only be considered for Write Off where at least one of the following criteria has been met:

- Uneconomical to pursue due to the level of the debt outstanding
- Unable to Trace/Gone Away
- The debt has been passed to the contracted debt collection company, who have been unable to trace the debtor and it is their recommendation that the debt be written off

- Debt Prescribed - The debt is too old to be recovered and barred by statute (i.e. 5 years have elapsed with no recovery action been taken)
- Sequestration or Protected Trust Deed - The debtor has been sequestrated or has entered into a Trust Deed and confirmation of this has been received.
- Tenant Deceased - The debtor is the only person liable for the debt and has left no estate, or an inadequate estate to recover the debt from
- Capacity - The debtor has dementia or a severe learning difficulty or where the debtor has a terminal illness
- Financial Hardship/No Funds - The debt has been passed to the contracted debt collection company, who have recommended that the debt be written off as the potential to recover the debt is negligible

16.2. All write off requests have to be approved in line with the delegated authority levels outline below:

| Total Value of write off | Approver | Authoriser |
|--------------------------|---------------------|---------------------|
| Up to £2000 | Housing Manager | Operations Director |
| In excess of £2,000 | Operations Director | Chief Executive |

17. WELFARE REFORM

- 17.1. Weslo recognise the ongoing changes to the benefit system and the rollout of Universal Credit (UC) and take measures to ensure our tenants are informed of changes and how these may impact them.
- 17.2. Housing Staff are trained to provide basic advice on housing and other elements of UC. We have a Welfare Rights Team and make referrals to specialist advice service.
- 17.3. It remains the responsibility of the tenant to ensure the full rent is paid, including tenants who may have a shortfall though the introduction of the Under Occupancy Charge, those in receipt of Universal Credit or Housing Benefit.

18. EQUALITY & DIVERSITY

This Policy will always be carried out in accordance with Weslo's Policy of Equality & Diversity which aims to promote diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures.

19. PUBLICISING AND AVAILABILITY

This policy is available on the Weslo website, to Board and staff members and any other key stakeholders. Copies are available free of charge. A summary of this policy can be made available in other formats and languages.

20. MONITORING AND REPORTING

20.1. Performance management is extremely important in order to assess whether the policy objectives and statutory obligations are being met. In line with the introduction of the Scottish Social Housing Charter we aim to involve tenants in the decision making process with regards to anti-social behaviour policies and procedures through planned reviews.

We will seek feedback via the following methods:

- Information (Newsletters etc.)
- Social Media
- Complaints about our service
- Tenant Participation Committee

20.2. It is a requirement to meet the Scottish Housing Regulator's activity standards. The specific indicators to monitor the policy are detailed below:

- Percentage of court actions initiated which resulted in eviction and the reason for eviction (I22)
- Rent collected as a percentage total of the rent due in the reporting year (I26)
- Gross rent arrears (all tenants) as at the 31 March each year as a percentage of the rent due for the reporting year (I27)
- The number of households for which Weslo are paid housing costs directly and the total value of payments received in the reporting year (C6)
- Amount and percentage of former tenant rent arrears written off at the end of the year (C7)

20.3. Quarterly reports will be provided to the Board outlining the volume and value of write offs authorised.

21. COMPLAINTS (if applicable within the Policy)

Anyone wishing to make a formal complaint about the services provided by the organisation should do so as per our complaints procedure.

22. OTHER RELEVANT POLICIES AND PROCECURES

This Policy also relates to:

- Arrears Management procedure
- Former Tenant Arrears procedure
- Recharge Policy & procedure
- Lock up and garage sites arrears procedure
- Termination and Void Policy and procedure
- Complaints Policy and procedures
- Estate Management Services to owners Policy and procedures
- Allocation Policy and procedures
- Write off procedure
- Equal Opportunities Policy and procedures

23. POLICY REVIEW

This policy will be reviewed every three years, or sooner if legislative or best practice changes requires it.