

# Income, Arrears and Debt Recovery Policy



<i><b>Purpose of the policy:</b></i>	To establish DPHA's policy and set out our position on Income Arrears & Debt Management
<i><b>Guidance used for developing the policy:</b></i>	<p>Housing Act (Scotland) 2001 – Part 2, Chapter 1 – Scottish Secure Tenancy.</p> <p>Bankruptcy Scotland Act 1985</p> <p>Bankruptcy and Diligence etc. (Scotland) Act 2007</p> <p>Bankruptcy and Debt Advice (Scotland) Act 2014</p> <p>Debtors (Scotland) Act 1987</p> <p>Debt Arrangement and Attachment (Scotland) Act 2002.</p> <p>The Debt Arrangement Scheme (Scotland) Regulations 2011</p> <p>The Protected Trust Deeds (Scotland) Regulations 2013</p> <p>Human Rights Act 1998 – Article 8 (principles, irrespective of applicability) – proportionality – level of debt in relation to severity of actions taken against debtors.</p> <p>Office of Fair Trading guidelines for the collection and recovery of debt</p> <p>Welfare Reform Act 2012</p> <p>Scottish Housing Regulators Standards of Governance &amp; Financial Management, 2019</p>
<i><b>Policy complies with the following Regulatory Standards:</b></i>	<ol style="list-style-type: none"> <li>1. The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.</li> <li>2. The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.</li> <li>3. The RSL manages its resources to ensure its financial well-being and economic effectiveness.</li> <li>4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.</li> </ol>

	Standard 5: The RSL conducts its affairs with honesty and integrity.
<i>Policy is linked to the following DPHA policies:</i>	Allocations Policy Maintenance and Repair Policy Privacy Policy Equality & Human Rights Policy Complaints Policy or Grievance Policy Rechargeable Repairs Policy Factoring Policy Write Off Policy Service Charge setting Policy Rent Setting Policy
<i>Date Policy last reviewed:</i>	10.12.2024
<i>Date revised policy approved by the Board of Management (or PRWG if delegated):</i>	TBC
<i>Date policy is next due to be revised:</i>	TBC
<i>Equality Impact Assessment carried out for policy?</i>	YES
<i>Publish revised policy published on the website?</i>	Yes

## CONTENTS

## PAGE NO.

1.	INTRODUCTION .....	5
2.	AIMS OF THE POLICY .....	5
3.	LEGAL AND REGULATORY REQUIREMENTS .....	6
4.	ARREARS MANAGEMENT .....	7
5.	NON PAYMENT .....	8
6.	ROLES AND RESPONSIBILITIES .....	10
7.	TERMINATION OF SERVICE .....	11
8.	FORMER TENANT ARREARS .....	12
9.	WRITING OF DEBT .....	12
10.	ARREARS/DEBT ACCURED BY MANAGEMENT BOARD OR STAFF .....	13
11.	PERFORMANCE MONITORING .....	13
12.	STAFF TRAINING AND AWARENESS .....	14
13.	EQUALITY AND HUMAN RIGHTS .....	14
14.	COMPLAINTS .....	14
15.	DATA PROTECTION .....	14
16.	POLICY REVIEW .....	14

## LIST OF APPENDICES

Appendix 1 Rent Arrears Repayment Guidance Note .....	15
Appendix 2 Current Tenant Arrears Procedure .....	16

## **1.0 INTRODUCTION**

- 1.1 This policy provides guidance to staff and customers of Dalmuir Park Housing Association (DPHA) about how we will collect income, manage arrears and recover any debt due across all our services (rent, factoring and Dalmuir Out of School Care Group (DOSCG). It also makes clear the support we will provide around income maximisation, and the role and responsibilities of staff in supporting our customers.
- 1.2 Our staff work to a principle of supporting customers from the earliest opportunity, thereby promoting a culture of positive payment throughout the duration of the contractual agreement.
- 1.3 DPHA complies with legislation and follows good practice principles in managing income and any associated debts:
- We provide services to our customers that are in line with the Social Housing Charter and our supporting strategies.
  - We expect our customers to pay for the services they receive on the due date.
  - Our customers will be made aware of the consequences of not complying with their responsibilities and obligations to pay the charges due.
  - Our staff will provide advice, information and support and where appropriate, we will refer people to other agencies that can provide additional support.
  - When we introduce new payment methods, we will accompany it with a communications strategy to promote and embed use. This will support a positive customer payment culture. Where appropriate we will work with partners to establish and help support this, particularly where vulnerable customers are involved.
  - We will make sure our customers are always treated with respect and dignity.
  - We will work with our customers to understand their needs and take account of any vulnerability that they may have. For instance, this may include disabilities or support requirements and changes to the welfare system which affect them.

## **2.0 AIMS OF THE POLICY**

- 2.1 The effective management of income and prevention of customer debt is crucial to the maximisation of resources available to DPHA. We aim to continually reduce the overall

level of arrears owed to us. We will ensure all staff fully comprehend this policy and deliver services in a consistent manner.

## 2.2 The aims of this policy are to:

- To communicate clearly to customers the cost of the service, both their and our role and responsibilities, and our approach to collecting income and the consequences of non-payment.
- To ensure there is a positive payment culture where all our customers are aware of their responsibility to meet their financial obligations.
- To ensure we have collection methods that are simple, convenient and demonstrate value for money. Our customers will be given as wide a choice of payment methods as is practical. We will provide the most cost-effective methods to meet our customer needs. Our preferred method of payment is direct debit.
- To follow specific, write off and credit refund procedures and have provision for bad debt.
- To improve the quality of available data to support performance management and reporting and maintain an up-to-date overview of debt.
- To equip staff with the necessary skills, knowledge, training and resources to deliver this policy.

## 3.0 LEGAL AND REGULATORY REQUIREMENTS

### 3.1 This policy has been developed considering the legislation and regulations governing Registered Social Landlords (RSLs). Legislation relevant to this Policy includes: -

- Housing Act (Scotland) 2001 – Part 2, Chapter 1 – Scottish Secure Tenancy.
- Bankruptcy Scotland Act 1985.
- Bankruptcy and Diligence etc. (Scotland) Act 2007.
- Bankruptcy and Debt Advice (Scotland) Act 2014.
- Debtors (Scotland) Act 1987.
- Debt Arrangement and Attachment (Scotland) Act 2002.
- The Debt Arrangement Scheme (Scotland) Regulations 2011.
- The Protected Trust Deeds (Scotland) Regulations 2013.
- Human Rights Act 1998 – Article 8 (principles, irrespective of applicability) – proportionality - level of debt in relation to severity of actions taken against debtors.
- Office of Fair Trading guidelines for the collection and recovery of debt.
- Welfare Reform Act 2012

- Scottish Housing Regulators Standards of Governance & Financial Management, 2019.

## 4.0 ARREARS MANAGEMENT

***Our customers will always be clear on what they must pay, when they have to pay and how they will be charged.***

- 4.1 We will always discuss tenant, owner occupier and service user responsibilities, with the customer before they sign any contract or agreement. We will ensure the customer is fully aware of the contract terms and obligations that they are agreeing to.
- 4.2 The contractual obligations of any agreement will be discussed in full with the customer at the earliest opportunity.
- 4.3 We will clearly explain any obligations and responsibilities and specifically provide in writing:
  - The total cost of any rent & service charges for tenants.
  - Any payments to be made in advance of tenancy commencement.
  - When and how those payments should be made.
  - The relevant terms and conditions of that agreement.
  - The risk associated with non-payment.
  - A handbook will be provided to Owner Occupiers, along with details of service charges, insurance and Management Fee.
  - A parents charter will be provided to Service Users, along with details of service fees.
- 4.4 Where we confirm with the customer that there is a charge to be paid, we will expect this charge to be paid in full on the date of entry and/or date of commencement of service usage.
- 4.5 Staff will refer and signpost any customer for appropriate support and advice where there may be a concern about vulnerability or ability to pay. We will encourage customers who may experience difficulties to contact us at the earliest opportunity, so that we can prevent debts from accruing or increasing or becoming difficult to manage.

- 4.6 Our customers will be given as wide a choice of payment methods as practical which are convenient and accessible. These options include Direct Debit, Bank Transfer (also available online), we also accept payment over the phone by Debit or Credit Card, Pay Point and Call Pay.
- 4.7 We will make sure customers know they have a responsibility to pay any monies due, in full and on time as per the terms of their agreement. The customer will be told of the various methods of payment available to them, what they are expected to pay and when those payments should be made, so that they do not break the terms of their agreement with us. Customers will also be clear about their responsibility to notify staff of any change of circumstances.
- 4.8 If we decide that a charge must be increased, we will give written notice of the change in accordance with our agreement.
- 4.9 We will work with our partners to create opportunities for our customers to receive the best possible support, advice and information where necessary.
- 4.10 Our discussions will capture essential customer data such as household composition and support needs, to help us to provide the most appropriate services, options and support where required. This data will be used to help us develop tailored approaches and any subsequent collection, prevention, management and recovery of debts and charges.
- 4.11 We are committed to building and sustaining positive relationships with all our customers. We will do this by:
- Staying in touch regularly with all our customers at least annually.
  - Making sure we have accurate profile information about our customers.
  - Knowing each customer and their needs.
  - Helping our customers through any changes in their circumstances.

## **5.0 NON PAYMENT**

- 5.1 There will be occasions when a customer either cannot or will not maintain payments to their account. If that happens, we will:
- Make contact at the earliest opportunity after the payment due date to establish the reason for non-payment and to avoid the debt becoming unmanageable.



- Discuss payment of the debt and/or agree an appropriate and affordable repayment arrangement, as per repayment guidelines, where staff roles and responsibilities are detailed and prescribed **(See Appendix 1)**.
- Make any decision on a case-by-case basis, informed by our knowledge of our customer's circumstances.
- Enforce sanctions where appropriate – this may include but is not restricted to; withdrawal or limitation of service including our repairs service, removal from any improvement programme, deduction of payments from compensation, suspending housing applications and withdrawal of care service. We will also escalate to debt recovery agencies and consider court action including repossession of property for rent arrears cases.

## 5.2 Where collection from a customer is required, we aim to:

- Ensure our staff have a clear set of procedures to follow when dealing with the collection and recovery of monies. **(See Appendix 2)**
- These procedures ensure DPHA can demonstrate compliance with legislative pre court requirements in the event that the Association has to finally escalate a case to court.
- Contact customers quickly where a debt occurs.
- Apply all payments timeously to relevant accounts.
- Adhere to any time limits set in recovery procedures.

## 5.3 Where a customer accrues a debt and contacts us to discuss this, we will:

- Agree an appropriate and affordable repayment arrangement as per the agreed repayment guidelines. If this recommended payment remains unachievable, we will take into account the customers personal circumstances through an income and expenditure assessment.
- Negotiate arrangements for a single payment to cover all indebtedness where a customer may owe multiple debts. Examples may include but are not restricted to, current charges, former account charges, court costs, repair charges.
- Confirm any arrangement in writing.
- Use any credit in a customer's account to offset their debt owed to us.

- 5.4 If a customer fails to engage with us when debt accrues, debt recovery and court action may be some of the steps taken to recover any sums owed. In the case of rent arrears, we will also seek eviction and recovery of our tenancy. Where an owner has accrued debt we will consider the use of Notice of Potential Liability (NOPL) or Decree.
- 5.5 Before issuing a Notice of Proceedings (NOP) intimating to the tenant that we are intending raising court action, we will carry out all Pre-Action Requirements to satisfy that legal action is necessary and compliant with legislation. This will be reviewed in each case by the Senior Customer Services Officer to ensure adherence to this policy and that all pre-action requirements are completed before the decree is applied for. Where decree for eviction is granted by a Sheriff, these cases will be subject to a final review and authorisation by the Chief Executive before the eviction is carried out to ensure full adherence to this Policy.
- 5.6 We will follow our debt escalation process and engage appropriately with our legal advisers and debt recovery agents. They will provide advice and support to staff who are responsible for collecting the agreed charges, to assist them in the collection or pursual of any debts owed.

## 6.0 ROLES AND RESPONSIBILITY

### 6.1 Rent / Tenancy

Implementation of the policy in relation to rent arrears is the responsibility of the Housing Officers & Senior Customer Services Assistant with day-to-day operational responsibility lying with the Senior Customer Services Officer (under the direction of the Customer Services Manager). The table below outlines the roles of the team in respect of the management of rent arrears cases. Further explanation of roles and responsibilities is detailed in **Appendix 1**.

Arrears level	Responsibility	Escalation to
<£500	Senior Customer Services Assistant	Housing Officers
£500 - £2000	Housing Officers	Senior Customer Services Officer
>£2000	Senior Customer Services Officer	Legal Action to be considered. Customer Services Manager

- 6.1.2 Housing Officers will report monthly to the Senior Customer Services Officer on progress against agreed KPI targets.

- 6.1.3 The Senior Customer Services Officer will report quarterly performance report to the Management Board presenting results against all agreed KPI targets.
- 6.1.4 The Senior Customer Services Officer in conjunction with the Customer Services Manager will make all decisions in relation to referring cases to court. The Chief Executive is the only member of staff with the delegated authority for instructing the enforcement of decree.

## **6.2 Owner Occupiers and Other Service Users**

- 6.2.1 The responsibility for the implementation of the policy, income maximisation and recovery of any debt for lies with the Finance Officer and in conjunction with the Financial Regulations and Procedures.

## **7.0 TERMINATION OF SERVICE**

### **7.1 End of Tenancy**

When either party gives notice to end the tenancy agreement, we will:

- Conduct an exit interview and inspection of the property.
- Conduct a full check and if arrears are identified, make suitable arrangements for prompt repayment.
- Provide any documentation where appropriate.
- Provide references upon request at our discretion and include any adverse matters that we see fit.
- Refund credits (after deductions for any debts)

- 7.1.2 In circumstances where there is current court action and where we have contact information, we will remain in touch with the customer until proceedings have concluded. We will review the case throughout the duration and may alter our planned actions in agreement with the customer.

### **7.2 Change of Ownership – Owner Occupiers**

- 7.2.1 When an owner's Solicitor gives notice of a property sale, we will:

- Provide the Solicitor with a final account detailing any outstanding monies due which includes work/repairs commenced or anticipated

- Ensure monies are received prior to date of sale

### **7.3 Ending Service Usage**

7.3.1 When a customer ends their service (DOSCG), we will:

- Conduct a full financial check and if arrears are identified, make suitable arrangements for prompt repayment.
- Refund credits (after deductions for any debts)

7.4 We will consider all options available to us for managing the debt including court action and eviction. The Chief Executive is responsible for authorising the enforcement of decrees to recover a property.

7.5 Each case will be managed individually, considering the circumstances of the case and the reason for ending the agreement.

7.6 Customers with outstanding debts will be made aware of the consequences for any future services from us, should they fail to make or keep to a repayment plan.

### **8.0 FORMER TENANT/ CUSTOMER / SERVICE USER ARREARS**

8.1 Former tenant arrears arise when the tenancy is terminated with rent or any other charges owing (e.g. service charges, re-chargeable repairs etc) owing. Other customers/ service users may also accrue arrears that are still recoverable after their relationship with us ends (e.g. factoring debt, debt accrued by users of our support services).

We will ensure that:

- We maintain accurate information.
- Action is pursued to recover former tenant / customer and service user arrears in accordance with the relevant policies and procedures in place for each – Reference should be made to; Rechargeable Arrears Policy, Factoring Debt Policy and all associated procedures.

### **9.0 WRITING OFF DEBT**

9.1 We will write off debt periodically in line with our Write Off Policy.

9.2 A debt may be written off where it has been deemed to be irrecoverable. We have set out defined criteria to assist our staff in deciding whether a debt is deemed recoverable

Dalmuir Park Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

or not. We will still attempt to recover written off debt if the opportunity arises, e.g. we trace a former tenant who leaves our tenancy owning debt or any other debtor is traced.

## **10.0 ARREARS/ DEBT ACCRUED BY MANAGEMENT BOARD, MEMBERS OR STAFF**

- 10.1 We expect the highest standards of conduct from our people (governing body members and staff). This does not mean that our people, who are also tenants/ customers/ service users of the Association may not experience difficulty in paying their bills including charges due to us.
- 10.2 Where debt to the Association is owed by Board of Management, members or staff members, they will be subject to this policy in the same manner as all other customers.
- 10.3 However, in the case of a member of the Board of Management, the Rules of the Association require that they cease to be a member if they are party to any legal proceedings in any Court of Law by or against the Association. This will include any action raised under this policy.
- 10.4 In the case of a staff member, failure to positively engage with the association to address any debt issues in a manner acceptable to the Association may be considered a conduct issue and could result in action being taken against the employee under the Association's Disciplinary Policy.

## **11.0 PERFORMANCE MONITORING**

- 11.1 We will submit quarterly reports, statistics and trend analysis to our Board of Management. Generally, this will cover issues such as; income collected; arrears accrued; debt written off; former tenant arrears. Key measures of assessing success include:
- Reduction in % and value of gross rent arrears (which includes sitting tenant arrears, former tenant arrears and arrears write off).
  - Increase in rent collected as % of total rent due.
  - % of customers in arrears.
  - Reduction in other levels of debt.
  - Number of court actions raised, and evictions granted/ carried out.
- 11.2 The Key Performance Indicators being measured will be reviewed and approved by The Board of Management each Year prior to the commencement of Quarter 1 performance report being produced.

## **12.0 STAFF TRAINING AND AWARENESS**

- 12.1 We will ensure that all staff and our Board of Management are aware of this policy and receive appropriate training. We have detailed procedures, guidelines and staff training to underpin this policy.

## **13.0 EQUALITY AND HUMAN RIGHTS**

- 13.1 The Association is committed to promoting an environment of respect, understanding, encouraging diversity, and eliminating discrimination by providing equality of opportunity for all. This is reflected in its Equality and Human Rights Policy.

## **14.0 COMPLAINTS**

- 14.1 Although we are committed to providing high levels of service, we accept that there may be occasions where you may not be satisfied with the service you have received from us. We value all complaints and use this information to help us improve our services. Our Complaints Policy describes our complaints procedure and how to make a complaint.

## **15.0 DATA PROTECTION**

- 15.1 We will treat personal data in line with our obligations under the current data protection regulations and our Data Protection Policy. Information regarding how data will be used and the basis for processing data is provided in our Fair Processing Notices.

## **16.0 POLICY REVIEW**

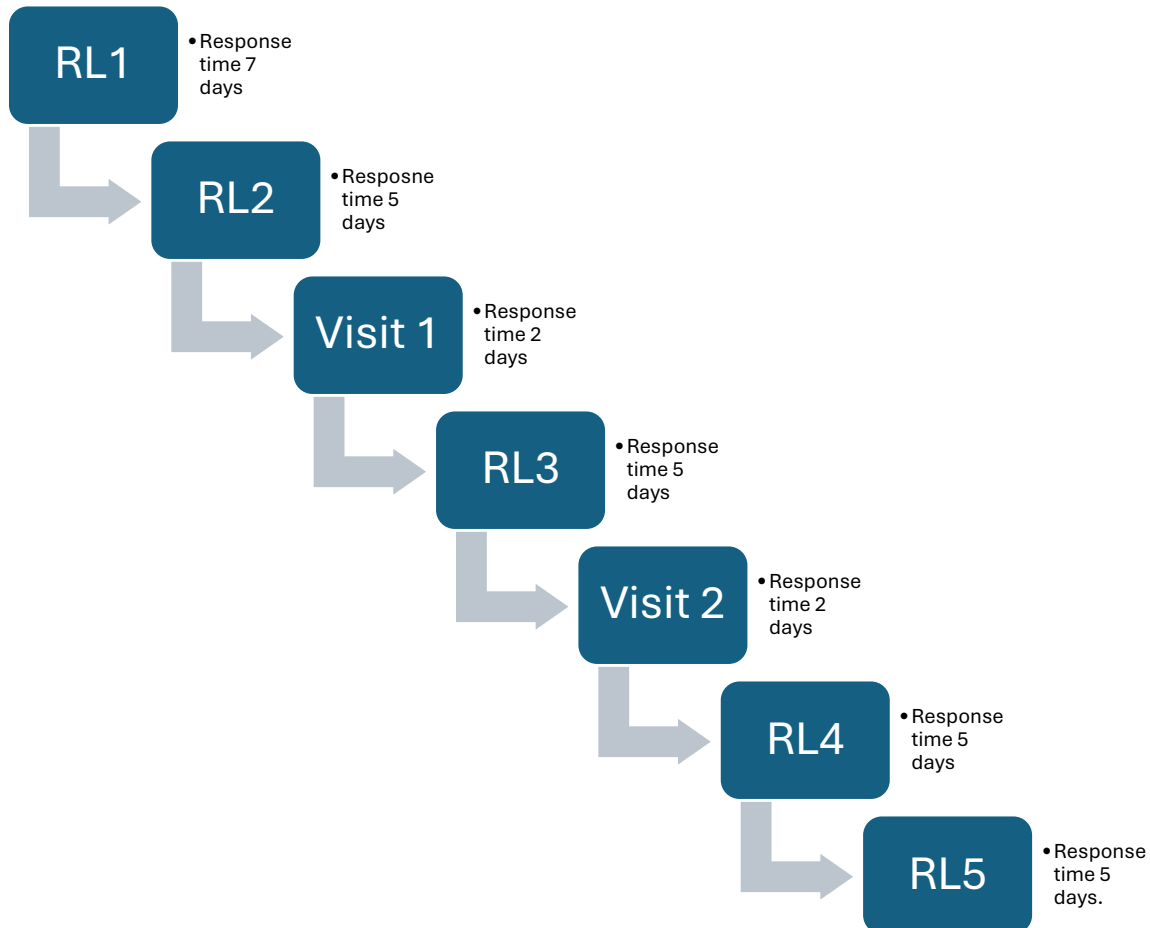
- 16.1 This policy will be reviewed on a three-yearly cycle by the Board, or earlier if required.

## Rent Arrears Repayment – Guidance Note

Average Arrears						Months to clear			If in receipt of HB or UC
No of months in arrears	1Apt	2Apt	3Apt	4Apt	5+Apt	Approximately	Min	Max	
<1month	£325.45	£361.33	£406.11	£443.62	£553.75	6	£27.50	£50.00	£20.00
1 – 2 months	£330 - £650	£365- £720	£410 - £820	£445 - £890	£555 - £1110	12	£40.00	£80.00	£27.50
2 – 3 months	£650 - £975	£720 - £1,080	£820 - £1,230	£890 - £1335	£1110 - £1665	18	£50.00	£100.00	£37.50
3-4 months	£975 - £1,320	£1,080 - £1,440	£1230 - £1,640	£1335 - £1780	£1665 - £2200	24	£55.00	£130.00	£45.00
> 4months	>£1350	> £1450	>1,650	>£1800	>£2,200	>24	£60.00	£150.00	£50.00

- Housing Officers can set arrangements within the variations specified above. The circumstance of each individual will be taken into account when assessing affordability to repay debt.
- If the specified arrangement remains unaffordable to the tenant then an income and expenditure calculation must be submitted for approval by the Senior Customer Services Officer. The arrangement will be set at a minimum of 50% of any excess income.
- If a tenant is in receipt of Universal Credit (and the rent account is more than 2 months in arrears) requests for direct arrears deductions will be an acceptable method of repayment. The level of repayment is decided by the DWP and is calculated between 10 - 20% of the total benefit income.
- If a tenant fails to agree to an arrangement to pay and is in receipt of UC and the account is more than 2 months in arrears, an application for managed payments & arrears direct will be made.

Dalmuir Park Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

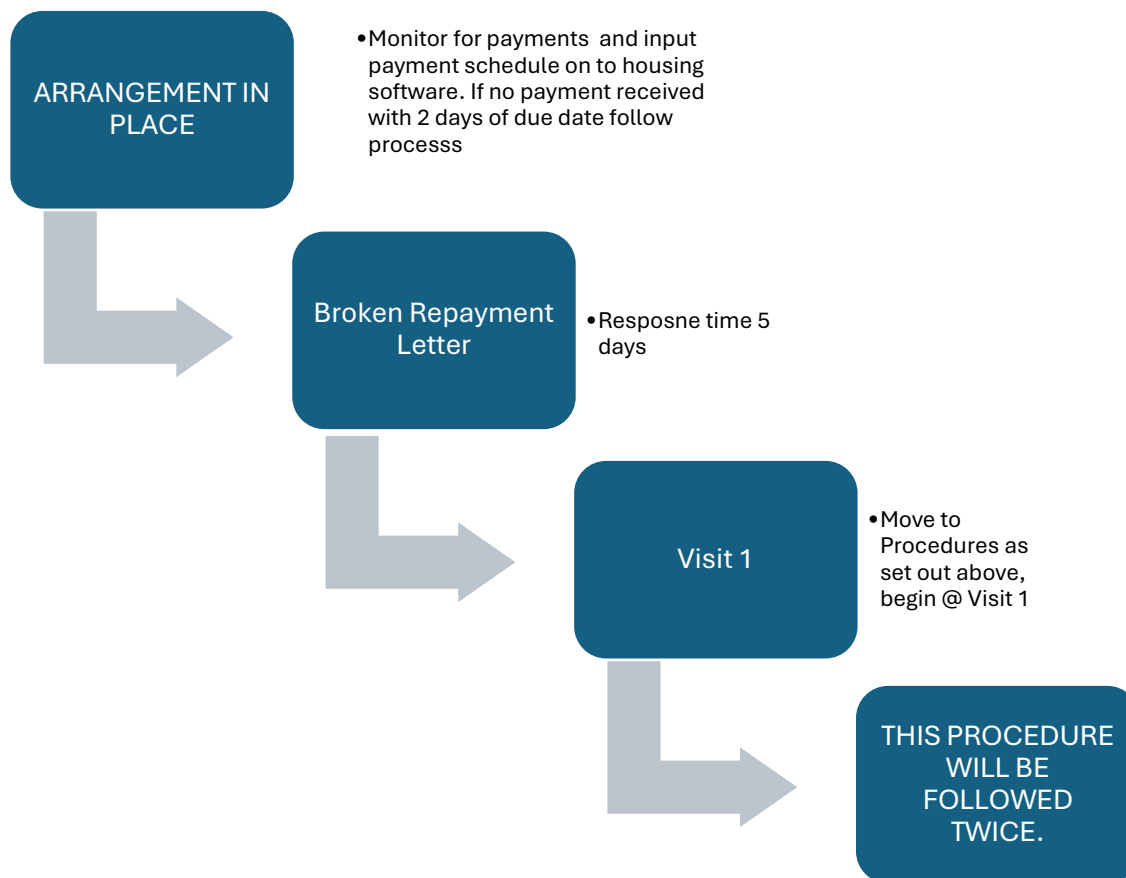
**CURRENT TENANT ARREARS PROCEDURES****CURRENT TENANT ARREARS - PROCEDURE 1**

A repayment arrangement can be established at any point during the process. Refer to Procedure 2.

Dalmuir Park Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.

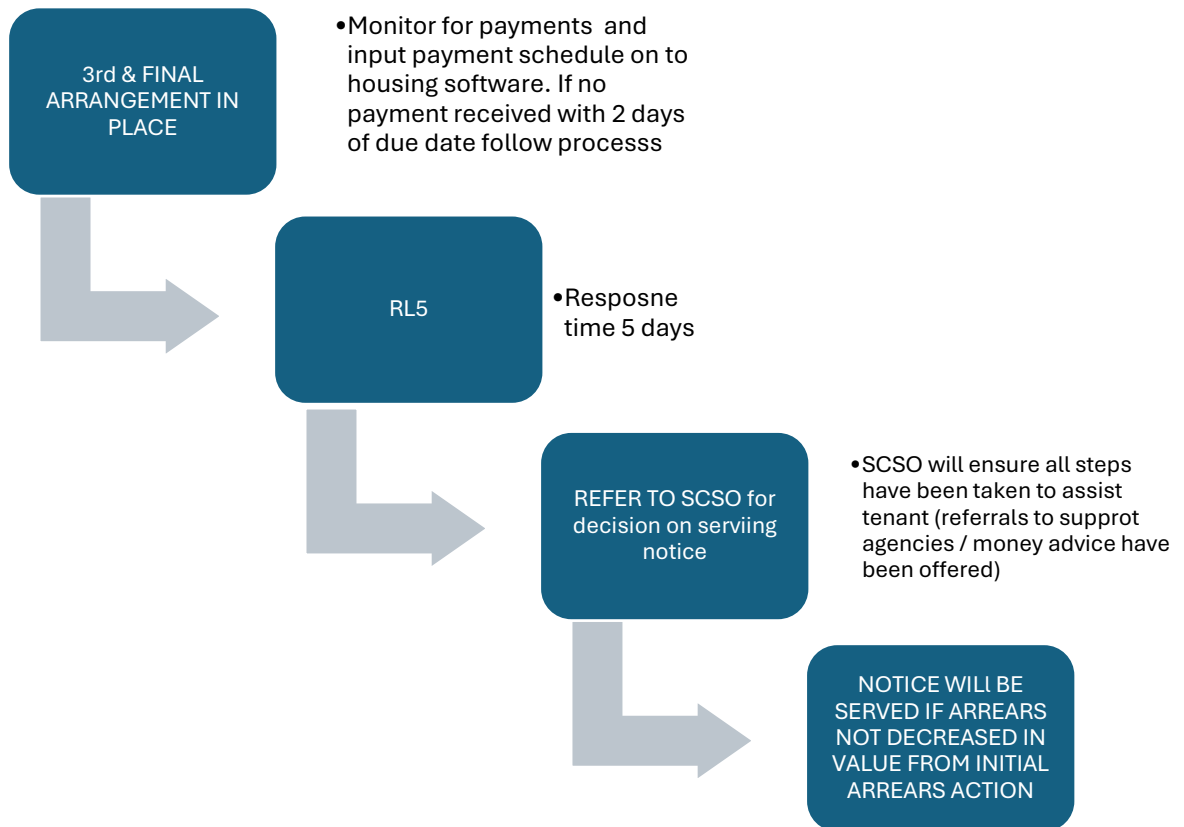


## CURRENT TENANT ARREARS - PROCEDURE 2 (ARRANGEMENT MADE)



On agreement of 3rd arrangement tenant will be notified that this is the final opportunity to pay by arrangement and a future failure to pay the agreed amount will result in legal action being taken.

### CURRENT TENANT ARREARS - PROCEDURE 3 (FINAL ARRANGEMENT)



Dalmuir Park Housing Association can provide this document on request, in different languages and formats, including Braille and audio formats.