

Rent Management Policy



Approved by Management Committee: March 2009

Date of next Review: March 2012

1 Introduction

- 1.1 The purpose of this policy is to outline how Easthall Park Housing Co-operative will provide an effective, customer focussed rent management service. This involves processes that maximise rental income and providing advice and information to support tenants in sustaining their tenancies.

2 Equal Opportunities

- 2.1 Easthall Park Housing Co-operative is committed to equal opportunities for all sections of the community. Accordingly, no person will be discriminated against during the implementation of this policy on the grounds of sex, marital status, family circumstances, race, ethnic or national origins, disability, age, religion, political or sexual orientation.
- 2.2 In this context, the policy can be made available in a variety of different formats including large print, alternative languages and audiotape.

3 Legal, Regulatory and Good Practice Context

The policy has been developed within a framework that ensures proper compliance with the following legislation, regulatory standards and good practice.

The legal framework in relation to rent management is set out in the Housing (Scotland) Act 2001. This Act explains the processes and grounds in which a landlord can initiate recovery of possession when the tenant has breached the condition of their tenancy agreement by accruing arrears.

The Easthall Park Scottish Secure Tenancy Agreement contains contractual responsibilities each tenant is required to observe. The Tenancy Agreement requires tenants pay rent a month in advance before the first day of each rental period.

The Scottish Housing Regulator has performance standards the Co-operative has to meet. Section AS 1.8 requires the Co-operative “*act to prevent arrears of rent and service charges building up. We recover any arrears fairly and effectively*”.

The policy has also considered the Scottish Federation of Housing Association’s Raising Standards Chapter that relates to arrears management. This was last reviewed in February 2002. Accordingly, the policy has also been informed by more contemporary guidance, “*Guide on Effective Arrears Management*”, published in 2006 by the Housing Corporation.

The policy has also been influence by a good practice briefing produced by the Quality Efficiency Forum (September 2008), a benchmarking club the Co-operative is part of.

4 Arrears Prevention

Easthall Park Housing Co-operative believes prevention is integral to a successful arrears strategy. Accordingly, the Co-operative has in place a wide range of preventative measures to ensure arrears are controlled and minimised.

The Co-operative offers a wide range of options to tenants for making rent payments. The aim is to provide accessible and convenient payment facilities. At the moment, payment options include payment by Allpay (at any Paypoint terminal), standing order, cheque, via the Co-operatives webpage or, by arrangement, cash at the office. The Co-operative is committed to regularly reviewing payment options – always in full consultation with tenants – to ensure the most appropriate and flexible options are in place.

As part of the sign-up process, the Co-operative provides a comprehensive introduction to an Easthall Park Housing Co-operative Tenancy. This involves explaining the connection between payments of rent and delivery of a responsive and effective housing management and maintenance service. At the sign-up tenants will be advised of the rent charge and, if not eligible for Housing Benefit, required to pay a months rent in advance. At this stage, the Co-operative will also provide a rent payment card and, if appropriate, complete standing order forms or explain and support tenants in applying for Housing Benefit.

All new tenants receive a new tenant visit within 6 weeks of the start of their tenancy. The purpose of the visit is to assess how the tenant is “settling-in” and to quickly identify and provide support if there is evidence of an emerging rent payment problem. A date for the new tenant visit will be agreed at the sign-up and confirmed to the tenant in writing.

The Co-operative believes excellent communication and provision of quality information is necessary to reinforce the recognition and acceptance of need to pay rent in full and on time. The Co-operative has introduced information leaflets that provide advice and support to those in arrears. “Your Voice Your Choice”, a Tenants Panel, is also in place where tenants have the opportunity to inform the development of rent management policy and practice.

Maximising tenant income and minimising debt is a critical contributory process in preventing arrears problems. The Co-operative has worked collaboratively with local landlords to provide a Money Advice and Financial Inclusion Service. The Co-operative actively promotes this service.

5 Managing Rent Arrears

Early contact is critical when an arrear occurs (or a payment is missed). This should be direct and personal rather than by relying on correspondence. In order for this approach to be effective, staff need to monitor accounts on a

daily basis. The added value of regular monitoring is developing a “feel” as to how and when tenants pay, which allows for quick intervention when a payment does not appear in the account.

The Co-operative uses a mix of standard and non-standard arrears correspondence. Standard letters are used for new arrears cases or missed payments. These letters have details of rent payment methods and other relevant information on the reverse. It is acceptable though – and appropriate - for non-standard letters to be used for more complex cases.

Effective communication is again vital to the successful management of rent arrears. It is expected Housing Officers will make a judgement and tailor communication to each individual arrears case. Accordingly, although contact can be varied – telephone calls, visits, email, texts, letters – staff need to determine the appropriate communication method for each case.

The Scottish Housing Regulator Performance Standards recommend a “*fair and effective*” repayment arrangement. To achieve this the Co-operative asks for details of the tenants income and expenditure. If the tenant refuses to provide this, it will be recorded in the file and on the payment plan. Both Co-operative and tenant sign the payment plan, with copy provided to tenant and one kept on file.

6 Legal and Court Action

The Co-operative will commence legal action for termination of a tenancy and possession of the property if this is the only option left available. Normally this occurs when a tenant fails to reduce arrears, refuses to make payment arrangements or continuously breaks payment arrangements.

The initial stage of legal action is the serving of a Notice of Proceedings. Prior to the Notice being served enquiries should be made to determine if any qualifying occupiers (persons aged 16 or over who are not a tenant) reside in the property. If a qualifying occupier exists in the household, they will also be served a Notice. A qualifying occupier has the right to be represented in any legal action relating to the recovery of possession.

The Housing (Scotland) Act 2001 sets out the relevant ground for recovery of possession for rent arrears. This is Ground 1, Schedule 2, Part 1: “*Rent lawfully due from the tenant has not been paid, or any other obligation of the tenancy has been broken*”. A failure by the tenant to respond to the Notice, or to make a satisfactory arrangement towards the arrears, will result in case being booked to court.

Tenants will be kept informed of development of the legal process. At the court date, if there have still been no satisfactory attempts to repay the arrears, the Co-operative will request a decree for eviction plus expenses. In all cases – even if the case is dismissed at court, as tenant has cleared arrears – the Co-operative will seek recovery of expenses. This should always be explained to tenants when informing of legal action.

If a decree is awarded the Management Committee will decide if it is to be enforced. Generally a tenant will be expected to clear the total outstanding arrears and any legal expenses to prevent the decree from being implemented. Any arrangement to clear the majority of the arrears prior to the eviction date will be delegated to the Director or Core Services Manager for approval.

When a decree has been granted any payments to rent have to be regarded as “violent profits” and placed in an “unallocated suspense” account. This is to avoid any payments being perceived as a payment of rent and risk invalidating the decree by creating a new contractual tenancy.

If a decision is made not to enforce the decree (for example, the tenant has cleared the arrears) the tenant has to sign a new tenancy agreement as their tenancy has legally ended. In law, the tenancy ends on the live date on the decree. In effect, although the tenant remains in their home, the original tenancy has ended and they are considered a new tenant.

7 Technical Arrears

The Co-operative will accurately quantify and record technical arrears. For the purpose of this policy, the Co-operative consider technical arrears as amounts we are confident of receiving from Glasgow City Council Housing Benefit department.

This position is informed by the definition of technical arrears provided by the Scottish Housing Regulator. This describes technical arrears as “*the amount of rent arrears caused by maladministration of housing benefit (for example, outstanding housing benefit which has not yet been received by your RSL)*”.

The Co-operative recognise the recording of technical arrears is necessary to evaluate arrears performance and, if large amounts are owed, facilitate quick and effective liaison with the Council Housing Benefit department.

Aside from Housing Benefit the Co-operative is confident of receiving, the only other instance when an arrear will be defined as technical is if a tenant is formally withholding rent payments.

8 Former Tenant Arrears

A former tenant arrear is when a tenant has terminated a tenancy and had outstanding rent arrears. The Co-operative will make every effort to recover this debt. This will involve using internal resources and external debt recovery agencies. A specific procedure is in place to support staff. The Co-operative will also periodically monitor the effectiveness of our approach.

9 Liaison with Other Agencies

The Co-operative will develop and maintain excellent, collaborative working arrangements with key external agencies to successfully achieve the purpose of the policy.

This will include Glasgow City Housing Benefit, Social Work and Homeless departments. A procedure is in place to notify relevant departments when a Notice of Proceedings is served. The purpose being to raise awareness of tenants at risk of eviction so appropriate external support can be provided.

As indicated previously, the Co-operative has also worked with other local landlords to introduce a successful Money Advice and Financial Inclusion service.

10 Performance Reporting

The Co-operative will provide regular performance reports to the Management Committee. The general aim of the reports is provide detail of performance against target, highlight how performance compares with preceding years and benchmark performance against other landlords.

11 Training

11.1 Prior to the implementation of this policy, training will be provided to all relevant staff. Ongoing training requirements will also be regularly reviewed.