



## Debt Recovery Policy

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<b>Owner - role</b>	Director of Housing Services

<b>Record of Updates/Changes</b>			
<b>Current Version</b>	<b>Date Approved</b>	<b>Approved By</b>	<b>Changes</b>
V1	March 23	Solutions Board	New solutions policy
V2	September 24	Solutions Board	Addition to cover repayment arrangement parameters and Former Tenant Debt collection. Added an introduction.

## 1. INTRODUCTION

Castlehill Solutions Ltd was established in 2011 and is a non-registered, non-charitable subsidiary organisation of Castlehill Housing Association.

The effective administration of Solutions rent arrears and other related debts is crucial to the financial management of Castlehill Solutions.

We recognise that rent arrears can be a difficult issue to manage for our customers and Castlehill Solutions has a responsibility to prevent our customers from accumulating housing related debt which can have serious consequences for households and lead to unsustainable tenancies, abandonment or eviction.

## 2. POLICY AIM

This policy aims to set out how Castlehill Solutions Ltd (CS) will maximise rental income and recover outstanding debt due by tenants, in a consistent and reasonable way. Internally it is recognised that non-payment of rent directly impacts upon other financial functions of CS and this policy sets out how best to prevent, manage and recover arrears. The policy aims to reflect good practice and to deal with arrears and other debts in a constant and equitable way.

The Letting Agent Code of Practice sets out the standards expected of letting agents operating in Scotland. Section 5, Management & Maintenance 76-79 details rent collection.

## 3. RELATED POLICIES

- Equalities & Diversity Policy
- Data Protection Policy

## 4. LEGAL FRAMEWORK

- Housing (Scotland) Act 2014
- Letting Agent Code of Practice (Scotland) Regulations 2016
- Coronavirus (Scotland) (No. 2) Act 2020
- Equality Act 2010
- Data Protection Act 2018
- Human Rights Act 1998
- Children's Scotland Act 1995
- Debtors Scotland Act 1987
- Bankruptcy (Scotland) Act 2016

## 5. ROLES AND RESPONSIBILITIES

### 5.1 Role of the Solutions Board

The CS Board has responsibility for monitoring the performance of debt recovery by the Housing Services Team. The Board is also responsible for reviewing the policy. The Board meets quarterly to review the arrears reports. They will consider all cases in rent arrears and any cases pending legal action. Where legal action is recommended by the Housing Services Manager, Board approval must be granted before eviction action for recovery of possession and repayment are taken.

#### 5.2 Role of the Housing Services Manager

The Housing Services Manager will bring cases which warrant legal action to the attention of the Solutions Board. The Housing Services Manager takes a strategic overview of performance as well as delivering operational management of the arrears and income management service provided by the Housing Services Team.

#### 5.3 Role of the Senior Housing Services Officer

The Senior Housing Services Officer, under the supervision of the Housing Services Manager is responsible for ensuring that cases are dealt with appropriately and promptly and that action has been undertaken in line with the published policy and procedures. Where required the Senior Housing Services Officer will, along with the Housing Officer, visit and correspond with tenants where the level of their arrears, are of concern and where there has been a breakdown in an arrangement or communication. The Senior Housing Services Officer will review all arrears cases with the Housing Officers as part of an arrears review each month.

#### 5.4 Role of the Housing Officer

The Housing Officer will be responsible for the management of all the cases within their area and ensuring that new arrears cases are identified and contacted promptly. Any action taken and/or contact with the tenant regarding the case must be recorded in the arrears monitoring section within customer relation management module in QL. Housing Officers are responsible for contacting the tenant to discuss the reason for the arrear and to set up arrangements to reduce the balance. Once in place, the Housing Officer is responsible for ensuring that the arrangement is adhered to and taking appropriate action if the arrangement defaults. The Housing Officer may liaise with Housing Benefit/Universal Credit to confirm applications have been made or are in progress if a tenant's circumstances have changed and they find themselves no longer in employment.

#### 5.5 Role of the Housing Services Assistant

Housing Services Assistants are responsible for processing all rent payments to the tenants rent accounts that are received through reception.

#### 5.6 Role of the Finance Team

The Finance Officer is responsible for processing bank standing orders to tenants rent accounts which includes the housing costs from the Department of Work and Pensions and for raising the monthly rent debit. Efforts are made to ensure that all payments relevant to that month are posted to the accounts before the debit is raised. The debit should be raised on the 1st working day of the new month for the Housing Officers to receive the arrears report.

## 6. KEY PRINCIPLES

### 6.1 Pre-Action Requirements

The Coronavirus (Recovery and Reform) (Scotland) Act came into force on 1 October 2022 and sets out the steps a landlord can take to meet the pre-action protocols before taking a case to the Tribunal on the grounds of rent arrears.

To comply with the pre-action requirements landlords must:

1. Provide to the tenant clear information relating to:
  - (a) the terms of the tenancy agreement,
  - (b) the amount of rent for which the tenant is in arrears,
  - (c) the tenants' rights in relation to proceedings for eviction (including the pre-action requirements set out in this regulation), and
  - (d) how the tenant may access information and advice on financial support and debt management.
  
2. Make reasonable efforts to agree with the tenant a reasonable plan to make payments to the landlord of:
  - (a) future payments of rent, and
  - (b) the rent for which the tenant is in arrears.
  
3. Give reasonable consideration to:
  - (a) any steps being taken by the tenant which may affect the ability of the tenant to make payment to the landlord of the rent arrears within a reasonable time,
  - (b) the extent to which the tenant has complied with the terms of any payment plan agreed, and
  - (c) any changes to the tenants' circumstances which are likely to impact on the extent to which the tenant complies with the terms of any payment plan agreed.

### 6.2 Prevention

CS recognises the importance of early identification and intervention to stop a case progressing to the stage where legal action is necessary. Clear information on the rent and services will be given before a tenancy commences and at signing of a tenancy stage. Arrears can arise, in a number of ways. The approach that CS will take will be flexible but will also aim to be consistent, fair and will use the following principles:

- Early identification of potential arrears problems through knowledge of tenant's circumstances and regular detailed monitoring of accounts.
- Sensitive, immediate and individual action by staff which seeks to address the cause of the arrear not only of the failure to pay.
- Acknowledgement of the need to address the wider issues of low income, pension and benefit levels which can cause poverty to tenants, especially if their circumstances have changed such as no longer being in employment.
- Where a CS tenant indicates that they wish to terminate their tenancy we will proactively prevent former tenancy debts from occurring by giving clear information to tenants including an end of tenancy balance which must be paid prior to the keys being handed back to the Association.

- CS will ensure that tenants understand their responsibilities and liabilities prior to undertaking repairs work that is recharged to the tenant

### 6.3 Early Intervention

Our priority is to prevent debts from occurring or re-occurring through early intervention. Where we can we aim to give good quality information and assistance to tenants taking a person-centred approach to take account of the individual circumstances.

- We aim to agree affordable repayment arrangements with tenants to allow them to pay back housing related debts by instalment. Repayment arrangements will normally be set up to recover the debt within 12 months. We will usually not accept a repayment that would take longer than three years to clear the debt.
- We will offer tenants a limited number of opportunities to reach a successful and sustainable repayment arrangement before proceeding to serving a notice to leave and applying to the first-tier tribunal to take enforcement action.
- Repayment arrangements will include a set payment date in line with the tenancy agreement, a frequency, amount and duration.
- CS will use a Debt Recovery Agency to pursue and collect Former Tenancy Debt where appropriate. The agency will operate to the Code of Conduct set down by the Credit Services Association. The Debt Recovery Agency will pursue debt due to CHA by use of door-step collection, small claims actions, wages arrestment and decree for recovery of debt.
- CS will discuss a settlement figure with a tenant for clearing former tenant arrears. Where an offer is made, CHA will make the decision to accept or decline the offer for full and final payment.

## 7. REPORTING

To assess the performance of both the policy and the officers implementing the policy it is essential that suitable data is available from the Housing Management System. This enables targeting of resources and workload to be monitored and to encourage a performance culture of arrears recovery. Information such as this allows performance targets to be set by the organisation at a strategic level and by the managers within the department at a personal level. The Board receive statistics at the quarterly meeting. The reports aim to give information on:

- Quarterly arrears totals
- Quarterly arrears totals as a percentage of rent receivable/annual rent receivable
- Level on quarterly technical arrears
- Update on all cases at legal action
- Level of former tenant arrears
- Write offs

## 8. TRAINING

CS recognise the importance of regular and systematic training for housing staff on the effective and sensitive collection of arrears. Housing Officers should be trained on the arrears policy and be aware of the legal issues surrounding Private Residential Tenancy Agreement. Both in-house and external trainers should be used as appropriate. Training on Housing Benefit or Universal Credits and Welfare Benefits changes will also be carried out to ensure efficiency of the income maximisation policy.

## 9. REVIEW OF POLICY

The Housing Officers and the Senior Housing Services Officer should review the effectiveness of the policy during the monthly arrears meetings. Any areas where the policy could be improved should be brought to the attention of the Housing Services Manager. Any issues of good practice or clarification of legal issues should also be brought for discussion.