



Prevention of Rent Arrears and Debt Collection Policy

**Approval date – December 2017
Review date – December 2020**

This policy applies to

- Link Group
- Link Housing
- Link Living
- Link Property
- Horizon
- Larkfield
- West Highland
- Lintel Trust

Policy Summary

Link Group and its subsidiary companies provide a range of services for which charges are payable. Rental income and payment of these charges is the main source of revenue for Link, therefore it is important that we adopt rigorous policies and processes around the collection of arrears and debt.

We recognise that effective prevention and management of arrears is essential for maximising rental and services income and prevention of debt. For tenants this helps them sustain their tenancy.

This document sets out how, across Link and its subsidiaries, we apply common principles and take a clear and consistent approach to the collection of our various income streams.

Equalities

An Equalities Impact Assessment has been carried out as potentially age and disability groups could be affected by this policy.

Privacy

Recovery of arrears and collection of debt requires, at times communicating with customers and third parties regarding personal information. Data sharing agreements and protocols will be strictly adhered to for sharing information with a third party e.g. Housing Benefit, Department of Work and Pensions, solicitors etc.

Policy Owner
 Director of Housing Services

Review Manager
 Housing Services Manager

Approved By
 All subsidiary Boards

Revision History

Date	Version Number	Comments

1. INTRODUCTION

Link Group and its subsidiary companies provide a range of services for which charges are payable. Rental income and payment of these charges is the main source of revenue for Link, therefore it is important that we adopt rigorous policies and processes around their collection.

We recognise that effective prevention and management of arrears is essential for maximising rental and service income. Our aim is to promote early intervention to prevent debt from accruing and to sustain tenancies

The terms “we” and “us” in this document refer to Link and its subsidiaries.

This policy is designed to enable us to deliver the outcomes, and achieve the standards, set out in the Scottish Social Housing Charter (SSHC) for the following areas:

Standard 1 Equalities
Standard 2 Communication
Standard 11 Tenancy Sustainment
Standard 13 Value for Money

The statutory framework for this policy is set out in the following legislation:

- Housing (Scotland) Act 2001
- Housing (Scotland) Act 2010
- Housing (Scotland Act) 1988
- The Data Protection Act 1998
- Equality Act 2010
- Debtors (Scotland) Act 1987
- Homeowner & Debtor Protection Act (Scotland) 2010
- The Debt Arrangement & Attachment Scotland Act 2002
- Bankruptcy and Diligence etc (Scotland) Act 2007
- Bankruptcy (Scotland) Act 2016

This policy supports Link’s compliance with these statutory and regulatory responsibilities and its obligations to its tenants, staff and funders to maximise revenue, while assisting tenants to manage and minimise any debt.

2. PRINCIPLES AND SCOPE

The following principles govern the operation of this policy:

This policy relates to all properties owned by Link and its subsidiaries and to the people for whom we provide a service. The scope encompasses:

- Rent
- Service charges
- Former tenant debts

- Recovery of legal or administrative costs incurred in the recovery of the above

The term “arrears” refers to rent of one month or less, “debt” refers to any rent due greater than one month. “Arrears” and “debt” applies to all monies due to Link and its subsidiaries.

This policy links to the following strategies and policies:

- Financial Inclusion Strategy
- Equality and Diversity Strategy
- Welfare Reform Strategy
- Financial Policy
- Recoverable Repairs Policy
- Rent Setting Policy
- Lettings Policy

This policy is supported by detailed principles and processes for staff to follow whilst managing rent arrear and debt.

Prevention

The key driver in Link’s approach is to prevent arrears arising in the first place. We want tenants to sustain their tenancies and to do this they have to pay their rent. Accordingly we have a wide range of practices in place to ensure tenants understand their absolute obligation to pay. We will provide support to help them meet this obligation. Further details on how we aim to prevent arrears are provided below under Approach and Method.

Legal, fair, respectful and responsive

We are committed to ensuring that our approach to preventing arrears and debt collection management is carried out legally and fairly, taking into account the circumstances of each case.

Responsibility

The Scottish Secure Tenancy contains contractual responsibilities each tenant is required to observe and this includes a requirement to pay rent in full on or before the 1st of each month. It is the tenant’s responsibility to pay their rent and/or service or other charges in line with their tenancy agreement. Payment for housing costs must be considered a priority. We will provide clear and understandable information to anyone falling into arrears with us and be clear on the consequences of ongoing debt.

3. OBJECTIVES

The objectives of this policy are to ensure that:

- We have effective controls in place and a range of payment options available to maximise rental income and minimise debt.
- All tenants know how much they are due to pay, when they are due to pay and how often they are expected to pay.
- All tenants who need advice services will be referred to Link's in-house advice service or alternatively sign posted to external agencies that can provide independent advice on welfare benefits, budgeting assistance or debt advice.
- We have a culture of tenancy sustainment where prevention and management of arrears and debt are high priority.
- We monitor our performance in debt management and income collection by means of regular reports, target setting and benchmarking against other Registered Social Landlords.

4. APPROACH AND METHOD

The Link group subsidiary Boards in their formal approval of the policy acknowledge that they accept full responsibility for its implementation. Day-to-day responsibility for the operation of this policy lies with the appropriate directors and managers of the Link group of companies. All relevant employees have a responsibility to ensure that this policy is applied as instructed.

The policy will be implemented using the following approaches:

Link and its subsidiaries and boards, in their formal approval of the policy acknowledge full responsibility for its implementation. Day-to-day responsibility for the operation of this policy is within the remit of the appropriate directors and managers of the Link group of companies. All relevant employees have a responsibility to ensure that this policy is applied as instructed.

The policy will be implemented using the following approaches (although this is not an exhaustive list)

Prevention

We will give full information about the rental charge of the property and be clear with prospective tenants that they understand the costs involved in holding a tenancy, including that rent and associated charges are due in advance.

We will carry out a financial assessment of a prospective tenant's circumstances and sign post them to our Advice Service if required. (Income will not be used to assess an applicant's suitability for a property).

We will be accessible and provide a wide range of ways for our customers to contact us and for us to communicate with them. We will continually focus on the importance of paying rent as a priority through newsletters and our website.

We will provide and publish a wide range of payment methods and promote direct debit as the most effective way of paying rent and, service charges.

Management of arrears and debt

We will continually review our processes to ensure they are effective, proactive and fit for purpose:

We believe that early contact is critical and staff are aware of the requirement to contact customers at the earliest opportunity to alert them to any arrears and discuss the reason for this.

We will use an affordability tool to assess tenants' circumstances and, if the tenant is unable to clear the arrear in full, agree affordable and realistic repayment plans over a set period of time.

We will refer and promote our in-house Advice Service and sign post to other advice services where appropriate, e.g. external support providers.

We will work closely with the Department for Work and Pensions and Local Authority Housing Benefit departments to ensure that tenants receive appropriate advice and their full benefit entitlement.

Legal and court action

Our approach will be one of prevention; however, if a tenant continues to be in debt and fails or refuses to engage with us in adhering to a repayment schedule we will take court action and apply any direction given by the courts. This may lead to tenants losing their home.

We will only start legal action as a last resort where all efforts to reach an agreement and to provide support and advice are exhausted and a customer's debt is not reducing.

We will ensure that tenants understand the implications of non-payment and/or late payment and encourage them to engage in any legal proceedings.

If eviction or repossession is unavoidable, we will refer tenants to the local authority homelessness services in an attempt to help secure alternative accommodation.

All information received in connection with arrears or debt is confidential and will only be shared with or passed to a third party with prior consent of the person providing the information, unless Link is obliged or required by law to provide this. If we do pass on any information this will be within agreed protocols, service level agreements and relevant legislation.

In order to carry out the above we will ensure that:

- Staff adhere to debt recovery procedures appropriate to each subsidiary
- Staff are fully trained in our policy, principles and process.

- Staff fully adhere to our policy, principles and process.
- Staff are kept up to date with changes or amendments to policy, principles and process.
- We monitor adherence to policy, principles and processes.

5. MONITORING OF THE POLICY

Any matter which demonstrates a serious failure of internal controls should be reported immediately to the Chief Executive.

6. COMPLAINTS AND APPEALS

Link welcomes complaints and positive feedback, both of which provide information which helps us to improve our services. We use a complaints handling procedure (CHP) developed by the Scottish Public Services Ombudsman (SPSO) and the Scottish Housing Regulator.

The CHP allows for most complaints to be resolved by front line staff within a five day limit (first stage), or if the complaint is complex, a detailed investigation will be made by a manager within a 20 day limit (second stage). At the end of the second stage our response will be made by a director. If the customer remains dissatisfied he/ she may then refer the matter to the SPSO.

The SPSO does not normally review complaints about our factoring service. If a factoring customer is dissatisfied after using the CHP, the complaint may be referred to the First-tier Tribunal (Housing and Property Chamber).

Anyone receiving care or support service from us has the right to complain either direct to the Care Inspectorate or to us.

At each stage Link will advise the customer how the complaint should be taken forward, and advise which agency would be most appropriate to consider the case.

7. SERIOUS PERFORMANCE FAILURES

A significant performance failure occurs if Link and its subsidiary companies fails to do something or takes action that puts customers' interests at risk; it will affect many or all of Link's tenants. If a tenant is aware of a significant performance failure he/she should report this to the Chief Executive. If the customer is dissatisfied with Link's response he/she may then refer the matter to the Scottish Housing Regulator.

8. POLICY AVAILABILITY

A summary of this policy can be made available in a number of other languages and other formats on request.

9. POLICY REVIEW

Link undertakes to review this policy regularly, at least every three years, with regard to:

- Applicable legislation, rules, regulations and guidance
- Changes in the organisation
- Continued best practice

Privacy Impact Assessment Screening Questions

Carrying out a Privacy Impact Assessment [PIA] will be useful to any project – large or small – that:

- Involves personal or sensitive data about individuals
- May affect our customers' reasonable expectations relating to privacy
- Involves information that may be used to identify or target individuals

Please tick the applicable statement(s) below. Will your project involve:

1. A substantial change to an existing policy, process or system that involves personal information Yes No
2. A new collection of personal information Yes No
3. A new way of collecting personal information (for example collecting it online) Yes No
4. A change in the way personal information is stored or secured Yes No
5. A change to how sensitive information is managed Yes No
6. Transferring personal information outside the EEA or using a third-party contractor Yes No
7. A decision to keep personal information for longer than you have previously Yes No
8. A new use or disclosure of personal information you already hold Yes No
9. A change of policy that results in people having less access to information you hold about them Yes No
10. Surveillance, tracking or monitoring of movements, behaviour or communications Yes No
11. Changes to your premises involving private spaces where clients or customers may disclose their personal information (reception areas, for example) Yes No

If you have answered 'Yes' to any of these points, please complete a full Privacy Impact Assessment. If you have answered 'No', you need take no further action in completing a Privacy Impact Assessment.

Equality Impact Assessment Screening Questions

Will the implementation of this policy have an impact on any of the following protected characteristics?

- | | | |
|-----------------------------------|---|--|
| 1. Age | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 2. Disability | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Gender reassignment | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 4. Marriage and Civil Partnership | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 5. Pregnancy and Maternity | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 6. Race | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 7. Religion or belief | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 8. Sex | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 9. Sexual orientation | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

If you have answered 'Yes' to any of these points, please complete a full Equality Impact Assessment. If you have answered 'No', you need take no further action in completing an Equality Impact Assessment.