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## **Blue Triangle (Glasgow) Housing Association Ltd**

### **Arrears Policy**

**FIN 001 REV 1**

**29 September 2016**

### **Our Mission Statement**

***“Blue Triangle exists to support, accommodate and assist vulnerable people achieve better lives.”***

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## REVISION HISTORY

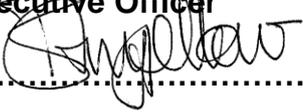
Rev No.	Rev. Date	Consultation Requirements (See Section 4 – Consultation)	Lead Officer	Committee	Approved by MB
0	Feb 2013	Review and new template	GH	Finance	28 Mar 2013
1	August 2016	Review and new template	GH	Finance	29 Sept 2016

**Chairman**

Signed:  .....

Dated: 29/09/2016

**Chief Executive Officer**

Signed:  .....

Dated: 29/09/2016

## **Section 1 Introduction**

### **1.1 Rationale for the Policy**

The Arrears Policy is the policy that is used by Blue Triangle (Glasgow) Housing Association Ltd. to minimize levels of arrears owed by service users. As charges represent our main income source, this is an extremely important policy.

In order to deal with arrears effectively, therefore, we have established an extremely comprehensive arrears policy and procedural framework.

The Association has developed this policy to meet its financial and business objectives.

The Association is referred to generally as “we” throughout this document. “Service users” covers both occupants and other service users.

The term “arrears” in this policy is used to cover both arrears in weekly charges payable by service users and arrears in service charges due.

Controlling debts is an essential part of effective governance; it is also an essential part of efficient Housing Management practice.

Four main reasons underpin the establishment of this policy.

Firstly, Debt Management is important for maximising our income. This, in turn, is essential if we are to deliver quality services to all service users.

Secondly, managing debt effectively is important if we are to meet business and financial commitments, both current and future.

Thirdly, managing arrears properly is an essential part of quality service provision as it helps service users to control their debt and keep debt manageable.

Fourthly to comply with the Regulatory Standards as detailed at 2.2

### **1.2 Risk Assessment Statement**

This policy relates to a medium area of risk within the Association because of the internal controls in place to review and monitor arrears, linked to robust procedures at operational level.

### **1.3 Policy Context**

The policy is required to ensure that the Association ingathers the rent levels set, timeously and with the minimum of loss through bad debt.

## **Section 2 Legal and regulatory standards**

### **2.1 Legal Framework**

This section refers to key legal and regulatory standards that we meet; detailed information on these standards is contained in our other internal documentation.

This section lists some key Acts but is not intended as a definitive list of all relevant legislation.

Housing (Scotland) Act 2001

Housing (Scotland) Act 1987

Debtors (Scotland) Act 1987

Children (Scotland) Act 1995

Debt Arrangement Scheme

## **2.2 Regulatory Standards: The Scottish Housing Regulator (SHR) (Governance and Financial Management)**

### **Scottish Housing Regulator Regulatory Standards:**

The Association 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;

The Association manages its resources to ensure its financial well-being and economic effectiveness.

### **The Scottish Social Housing Charter: Indicators and Context Information:**

Charter Indicator

30 : Rent collected as percentage of total rent due in the reporting year.

31 : Gross rent arrears (all tenants) as at 31 March each year as a % of rent due for the reporting year.

## **2.3 Regulatory Standards: the Care Inspectorate**

No relevant standards.

## **Section 3 Policy content**

### **3.1 Content**

**3.1.1** We ensure that our practices meet legal and good practice guidance in minimising arrears. Thus, we do not seek to evict service users in arrears without first considering all appropriate ways of recovering the debt. For example, we make reasonable repayment arrangements if service users fall into arrears.

**3.1.2** We have established an Arrears Policy based on prevention of debt. For example, we provide service users with quality advice regarding benefits to ensure that payments can be made on time. This includes referring them to appropriate advice agencies.

**3.1.3** We seek to minimise both levels of arrears outstanding and numbers of service users in arrears. This applies to both current and former service users.

- 3.1.4** We consider all relevant methods of collection of charges owed to meet, as far as possible, the needs and preferences of service users. The main forms of collection are:
- Direct Payments
  - Cash or Cheque
  - Standing Order
  - Direct Debit/BACS
- 3.1.5** We arrange with service users for housing benefit payments to be mandated directly to the Association to ensure that payments are received consistently. We work closely with local authorities to ensure that supported accommodation costs are paid on time.
- 3.1.6** We work closely with other agencies to tackle arrears, for instance, with housing benefit sections of local authorities.
- 3.1.7** We provide comprehensive training for staff involved in arrears collection to manage debt effectively.
- 3.1.8** We monitor debt patterns through our performance management system.
- 3.1.9** We seek to recover former occupants' debt, if possible. We have established procedures for agreeing when debt is not recoverable.
- 3.1.10** We review this policy formally on a regular basis. Amendments are made, as required, after consultation with staff and service users.

## **3.2 Work Practice**

This section summarises the main procedures that we operate. Internal staff procedures exist that cover:

- advice and information provided to occupants;
- actions we take to recover debt;
- time scales;
- performance monitoring;
- standard documentation such as arrears' correspondence.

### **3.2.1 Charges**

Charges relate to payments for providing supported accommodation and related heating, lighting and electricity charges.

Costs of this service are covered by housing benefit - generally mandated direct to the Association – and support costs paid by local authorities.

Service Users are liable for a weekly heat and light charge. They may also be liable for payments where housing benefit does not cover accommodation costs. For example, occupants may be working and do not, therefore, receive full housing benefit.

The main arrears for which occupants are liable comprise of housing benefit payment shortfalls and heat and light charges.

### 3.2.2 Arrears Procedures

#### a. General principles

Prevention of arrears is the key to effective arrears management. We apply, therefore, the following principles to control arrears:

- establishing realistic repayment arrangements for occupants in arrears;
- regarding technical arrears such as delayed housing benefit as non-arrears;
- working closely with the local authority to minimise delays to payments of housing benefit and support costs;
- having housing benefit payments mandated to the Association.

#### b. Arrears management: specific procedures

As noted above, we operate organisational procedures to manage debt effectively.

The principles that underpin these procedures are as follows:

##### i. Management actions

In line with good practice guidance, we will not consider termination of occupancy unless management actions have proven to be ineffective. These actions include:

- regular monitoring by finance staff of charges owed, in liaison with the Project Manager;
- discussing methods of dealing with debt through personal interviews with occupants;
- making suitable and affordable arrangements to clear arrears based on the occupant's ability to pay;
- monitoring payment arrangements and taking appropriate action if arrangements are broken;
- providing information to occupants about agencies that offer debt counselling services; we also liaise with agencies to provide support when occupants consent;
- using standard letters that are easy to understand.

##### ii. Legal action

We consider appropriate legal actions to recover debt before ending a person's occupancy agreement. For example, we may use the small claims procedures.

Termination of someone's occupancy agreement will only be carried out after management actions have proven ineffective and other legal action is inappropriate. In short, we ensure that we act reasonably before ending someone's occupancy agreement.

If we do take steps to end someone's occupancy, we provide occupants with information of agencies they may wish to contact for advice.

iii. Role of Management Board

- Board formulates policy based on staff recommendations and carries out regular reviews in liaison with service users;

Board monitors policy effectiveness through a system of performance monitoring. (Section 5).

### 3.3 Training

Training is essential for ensuring that this policy is implemented effectively. Arrears management training should be comprehensive and involves both staff and board.

Examples of training we consider are:

#### Staff

- legal and policy issues;
- good practice;
- welfare rights and benefits;
- managing multiple debt.
- Training for individual staff is determined by their particular job roles. For example, senior staff must all undertake policy training; whereas training on benefit issues is restricted to staff involved in advice provision.

#### Board

- policy issues;
- effective monitoring, for example, assessing how to interpret arrears trends.

Training for board members is assessed initially during the board induction process. However, training needs are evaluated on an ongoing basis as policy and organisational practices evolve.

### 3.4 Performance Management

Monitoring of arrears performance is an essential element of effective governance and financial accountability. We have, therefore, established a number of key performance indicators that we use to measure performance.

The key information that we gather is:

- arrears as a percentage of overall income due;
- arrears that are technical, for example, arrears due to delayed housing benefit payments;
- numbers of occupants in arrears by length of time;
- level of arrears, that is, amounts of arrears;
- court cases and outcomes (small claims);
- evictions.

Note:

We also assess court and eviction cases by reference to age, gender, race and

accessibility issues; this is to ensure that there is no discrimination on any of the grounds covered by our equality policy.

### **3.5 Former Occupants Debt**

While the association endeavours to recover former occupants' debt, it is recognised that the association's service users are, in many cases, distant from the labour market and reliant on benefits. In addition, the period of stay can be relatively short-term and tracing former service users can therefore be difficult.

When a service user leaves the association's accommodation, their individual account is reviewed by the finance department and the recoverability of any sums outstanding is discussed with the respective project manager.

Wherever possible arrangements will be made to collect any sums due, however when it is clear that they are not recoverable and where further pursuit is neither practicable nor cost effective, the decision to write off such bad debts will be taken by the finance director and reported through the management accounts.

## **Section 4 Consultation**

Section 54 of the Housing (Scotland) Act 2001 stipulates a requirement of RSL's to consult their tenants on policies and procedures which significantly affect their tenants; BTHA has no tenants but considers this a right which should be given to its service users/residents. The occupancy agreement that we use, therefore, includes a clause which indicates our commitment to consult with service users/residents.

The regulatory standards (Care and Housing) also stipulate that service providers should have robust consultation processes in place in order to comply. This means that if there are proposals or policies which could significantly impact on service users/residents such as those in relation to housing management, repairs and maintenance or more strategic changes that we endeavour to notify service users/residents of this and listen to any concerns. The main vehicle for this will be our service users/residents' forum.

We also operate a policy on consulting with staff and taking feedback on board. Service users/residents and staff will not be consulted on all policies – an assessment will be made at policy review as to what level of consultation (if any) will take place.

## **Section 5 Monitoring and review link with KPIs**

Policies will be reviewed on a three yearly cycle according to a policy programme provided for committees on an annual basis at the start of the financial year. All policy reviews will take into account our Equality Impact Assessment toolkit requirements. Committees will report on performance to Committee of Management at the end of the year. We use a small number of key performance indicators (KPIs) which monitor critical success factors. Our policy monitoring framework tracks any policies which impact on KPIs. Other policies may have indicators which are monitored at departmental level.

The policy and its implementation will be reviewed by the Committee of Management.

## **Section 6 Publishing and availability of policy**

This policy is available in electronic format or hardcopy to all staff, service users and other customers, as appropriate.

## **Section 7 Accessibility**

We are committed to promoting accessible services that address the needs of individual service users, as appropriate. For example, our policies can be provided in other formats such as in larger print or in audio-format.

## **Section 8 Other relevant policies and procedures**

The Association has a wide range of policies covering corporate services (covers the entire Association) and operational services (covers only specific operational areas). It is important that this policy is not viewed in isolation but consideration is given to the wider context in which it operates.

## **Section 9 Complaints**

We follow the Model Complaints Handling System that has been developed by the Scottish Public Services Ombudsman (SPSO). This is a comprehensive procedure that allows for complaints to be dealt with in either one of two stages.

Complaints must be dealt with in line with set timescales so that complaints are dealt with quickly.

If still dissatisfied after Stage 2 has been completed, a dissatisfied customer can take their complaint to the SPSO.

Any service user wishing to complain should ask for a copy of our complaints procedure. A service user, alongside their right to complain to the SPSO, can also complain to the Care Inspectorate, the Local Authority or other commissioner of the service, and they may have the right to complain to the Scottish Housing Regulator. To take their complaint further, a service user generally needs to go through our internal complaints procedure in the first instance.

## **Section 10 Equality Impact Assessment**

Equality Impact Assessments are required when developing or amending or reviewing policies. This is to ensure that the impact of any policy is understood in terms of EO requirements.