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blue triangle

Arrears Management Policy

February 2023

Our Mission Statement

“To empower people to thrive.”

Revision history

Rev No.	Rev. Date	Consultation Requirements	Lead Officer	Committee	Approved by COM	Review Due:
0	Feb 2013	Review and new template	GH	Finance	28 Mar 2013	
1	August 2016	Review and new template	GH	Finance	29 Sept 2016	
2	February 23	Updated Policy	JL	FIA	30 th March 2023	March 26

Chairperson

Signed: 

Dated: 30th March 2023

Chief Executive Officer

Signed: 

Dated: 30th March 2023

The Arrears Policy is used by Blue Triangle to minimise 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.

Blue Triangle has developed this policy to meet its financial and business objectives.

Blue Triangle 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:

- ▲ Debt Management is important for maximising our income. This, in turn, is essential if we are to deliver quality services to all service users.
- ▲ Managing debt effectively is important if we are to meet business and financial commitments, both current and future.
- ▲ Managing arrears properly is an essential part of quality service provision as it helps service users to control their debt and keep debt manageable.
- ▲ To comply with the Regulatory Standards detailed below.

Legal and regulatory standards

We must ensure compliance with the following regulatory standards in Financial Management:

The Scottish Social Housing Charter: Indicators and Context Information:

- ▲ Rent collected as percentage of total rent due in the reporting year.
- ▲ Gross rent arrears (all tenants) as at 31 March each year as a % of rent due for the reporting year.

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.

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.

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.

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

We arrange with service users for housing benefit payments to be mandated directly to Blue Triangle to ensure that payments are received consistently. We work closely with local authorities to ensure that supported accommodation costs are paid on time.

We work closely with other agencies to tackle arrears, for instance, with housing benefit sections of local authorities.

We provide comprehensive training for staff involved in arrears collection to manage debt effectively.

We monitor debt patterns through our performance management system.

We seek to recover former occupants' debt, if possible. We have established procedures for agreeing when debt is not recoverable.

We review this policy formally on a regular basis. Amendments are made, as required, after consultation with staff and service users.

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.

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 Blue Triangle – 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.

Our procedure for dealing with arrears is outlined in [Appendix 1](#).

Training

Training is essential for ensuring that this policy is implemented effectively. Arrears management training should be comprehensive.

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.

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.

Former Occupants Debt

While we endeavour to recover former occupants' debt, it is recognised that our 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 our accommodation, their individual account is reviewed by the finance department and the recoverability of any sums outstanding is discussed with the respective Service Manager.

APPENDIX 1: ARREARS PROCEDURES

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 Blue Triangle.

Arrears management: specific procedures

As noted above, we operate organisational procedures to manage debt effectively. The principles that underpin these procedures are as follows:

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 Service 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.

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.

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.

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 Director of Finance and Corporate Set and reported through the management accounts.