



**INCOME MAXIMISATION
POLICY
HANDBOOK**

JUNE 2016

REVIEW

This policy and associated documentation will be reviewed every three years or earlier if statute and good practice dictates.

AMENDMENT REGISTER

Where any amendment or revision is made to the policies contained in this handbook, the appropriate section should be updated and the date amended accordingly. The former policy handbook should be kept in a separate file for reference purposes and to demonstrate an auditable trail of policy development.

Amendments of a more 'cosmetic' nature (e.g. changing Communities Scotland to The Scottish Housing Regulator) do not require committee approval; however will be entered into the amendment register (below).

All relevant personnel should be made aware of the amendments/revisions made

Section(s)	Amendments	Date approved by Board of Management	Next Review Date
All	Full handbook review	04 October 2011	October 2014
All	Regulation updates	02 October 2012	October 2015
All	Full handbook review	14 June 2016	June 2019

EQUALITY AND DIVERSITY

Scottish Social Housing Charter - SSHC 1: Social landlords perform all aspects of their housing services so that:

Every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.

We aim to encourage an environment of equality amongst our customers, employees, committee members and other individuals. Our policy on equality and diversity sets out the principles that Thenue will apply to all its work in governance, employment and service provision. We will ensure that all our processes comply with our policy and that those suppliers of goods, services and works have Equal Opportunity policies.

Our information will be clear, simple and consistent, and personal information gathered for the purposes of monitoring equal opportunities will be handled in accordance with the principles set out within the Data Protection Act. Individual monitoring forms will be used for statistical purposes only and destroyed on completion of analysing.

We will seek to ensure that there are no barriers as a result of gender or marital status, race, colour, disability, age, sexual orientation, language or social origin, or other personal attributes, including beliefs, or opinions, such as religious beliefs or political opinions.

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INCOME MAXIMISATION

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1. INTRODUCTION

- 1.1 This policy outlines Thenue Housing's approach to maximising our rental income through optimising opportunities for payment, early intervention and prompt, effective recovery and control of rent arrears for all tenancies and commercial leases.
- 1.2 Thenue aims to incorporate best practice in achieving our overall objective of collecting the maximum amount of rent and other related charges promptly to protect the provision of services and to keep our rents affordable.
- 1.3 Thenue accepts that a tenant's personal circumstances may change (for example through illness or unemployment) and this can sometimes make it difficult to pay rent. Thenue aims to assist tenants in sustaining their tenancies through effective support to prevent, minimise and clear rent arrears. Our Financial Inclusion Service forms an integral part of this support.
- 1.4 Rental income for Thenue includes current and former tenant rent accounts and any service charges applied. Rents are due monthly in advance. An account will be considered to be in arrears if the required payment has not been received by the date it is due (usually 28th of month).

2. POLICY BACKGROUND

- 2.1 The Scottish Social Housing Charter most relevant to this policy is:
Value for money
Social landlords manage all aspects of their businesses so that: tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay. This standard covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; and giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers.
- 2.2 This policy also takes account of the Statement of Best Practice in Joint Working between Glasgow City Council, DWP, HSCPs and Registered Social Landlords Operating within Glasgow in particular that on Sustaining Tenancies and Preventing Homelessness

3. POLICY OBJECTIVES

- 3.1 We will adopt a firm but fair approach to rent arrears recovery and have effective and accountable policies for dealing with the prevention, control and recovery of rent arrears.

- 3.2 Our policy for maximising rental income and controlling rent arrears is to provide all tenants with early advice on benefits, inform tenants promptly of changes to their rent charges and make early personal contact with tenants whose accounts go into arrears.
- 3.3 We will emphasise to tenants in rent arrears that our aim is to assist them to come to sensible and affordable repayment arrangements with Thenue but that we will take action against those who persistently or willfully do not pay.
- 3.4 Although our primary objective is to assist tenants to sustain their tenancy we recognise that where all other efforts have failed, and as a last resort, Thenue may have to take legal action to repossess the property.
- 3.5 Thenue recognises that effective arrears management and recovery procedures are inextricably linked to rent collection services and accounting systems. We will therefore establish rent collection systems that offer a choice of payment methods where possible and rent accounting systems that record payments made accurately and promptly.
- 3.6 We will ensure that all procedures and systems set up for rent collection, arrears monitoring and debt recovery support and complement the objectives set out in this policy.
- 3.7 Income Maximisation Officers will establish, at the earliest opportunity, personal contact with tenants in arrears.
- 3.8 We will have an organisation wide approach to maximising our cash collected by optimising our customer contacts. We want to take every opportunity to engage with all customers at every point of contact with regards to the financial position of their rent account.

4. ARREARS PREVENTION

- 4.1 Thenue will seek to maximise income and minimise rent arrears by:
 - Early intervention by carrying out financial assessments with potential tenants and advising of responsibilities with regard to payment of rent in offer letters
 - Maintaining accurate rent accounting systems to avoid tenants being wrongly pursued for rent arrears.
 - Advising new tenants of their responsibility to pay their rent and payments options available.
 - Interviewing tenants at sign up and take first months rent payment and set up payment plan for future payments, if appropriate. We will also order a payment card for every new tenant.
 - Completing an online Universal Credit questionnaire for every new tenant to assist them in preparation for changeover of benefit and make referrals to assist with opening a bank account and setting up an email address, if appropriate.

- Carrying out new tenancy visits or effective online engagement within 6 weeks of the tenancy beginning
- Ensuring that there is early intervention in rent arrears before a debt becomes unmanageable
- Making applications for Direct Payments from DWP for rent arrears where possible
- Providing as many options as possible for payment including online payment, by direct debit, payment by cheque and payment cards, Callpay and Chip & Pin.
- Encouraging uptake of Housing cost element of Welfare Benefit and other appropriate benefits through assistance and advice at sign up and throughout the tenancy.
- Advising tenants of any change to the rent payable promptly and in accordance with the statutory notice periods
- Checking with housing benefits/DWP to see whether there is an outstanding claim
- Having in place efficient monitoring systems which enable staff to quickly identify non-payment or reduced payment on a monthly basis.
- Providing as many options as possible for tenants to view their rent balance and recent transactions, issuing rent statements to tenants through a variety of efficient and effective means to suit individual needs and circumstances.
- Treating all joint tenants as jointly and severally responsible for rent arrears on the account.

5. ARREARS RECOVERY

- 5.1 Our policy aims will be supported by procedures that include achievable and realistic timescales for prevention and recovery action.
- 5.2 We will produce, and keep up to date, detailed guidance for Income Maximisation staff responsible for rent arrears recovery. This guidance will clearly establish for staff what actions staff should take at each stage in our attempts to recover debts.

6. WELFARE BENEFIT AND OTHER ADVICE

Thenue will:

- Work closely with local authority Housing Benefit Departments/DWP to ensure that claims for our tenants are processed as efficiently as possible.
- Assist tenants to complete a Housing Benefit form at sign up of their tenancy.
- Visit tenants at home who have failed to complete a Housing Benefit/Universal Credit review form within the target date.
- Agreeing with the tenant an appropriate payment if applicable, until an award of Housing Benefit/Universal Credit is confirmed. Where assessment shows that the tenant may not be entitled to full Housing Costs Benefit, the tenant will be advised of their estimated monthly charge, which will be due until further notice.
- Refer any appropriate cases to our Financial Inclusion Team for welfare benefits and debt advice

7. LEGAL ACTION

- 7.1 Thenue will commence legal proceedings (issue Notice of Proceedings) (NOP) against any tenant who does not make, or fails to honour an arrangement to clear their arrears and that arrear is equal to or greater than two months rental charge.
- 7.2 Court action will be commenced when no arrangement has been made or honoured to clear or reduce the arrears.
- 7.3 In accordance with the terms of Section 11 of the Homelessness Act 2003 and the Statement of Best Practice on Sustaining tenancies and preventing homelessness, written contact will be made with the Local Authority Homelessness Dept. and contact made with the CHP so that a joint discussion can be arranged with the tenant, the CHP and Thenue representatives when Court Action is raised. A record will be kept of such contacts and responses given.
- 7.4 In accordance with Pre-Action Requirements introduced in the 2010 Act a NOP will not be issued unless the following requirements have been complied with:
1. The landlord has provided the tenant with clear information about the terms of the tenancy agreement, the outstanding rent and any other outstanding financial obligation of the tenancy, including a description of any charges likely to be incurred if the money is not paid.
 2. The landlord has made reasonable efforts to provide the tenant with advice and assistance on whether the tenant may be able to get housing benefit or other financial help (such as benefits or grants).
 3. The landlord has provided the tenant with information on where to go for debt advice and assistance.
 4. The landlord has made reasonable efforts to agree with the tenant a reasonable plan for paying the money due and paying the rent in the future.
 5. The landlord has asked the tenant if they have made an application for housing benefit and, if they have done, the landlord has considered the likely effect of that application on the money due.
 6. The landlord has considered whether the tenant is taking any other steps to pay the money due.
- 7.5 The decision to request a decree for eviction will only be taken when all other means of recovery of rent arrears have been exhausted. If decree for eviction is granted we will either through letter or email, inform Social Work Services of the date from which it is valid and provide any new additional information.
- 7.6 Every effort will be made by the Income Maximisation Team to maintain personal contact with the tenant throughout the legal process. This will include evening or other out of hours visits to their home or workplace if necessary.
- 7.7 Decrees for eviction and summary cause action for repayment of rent arrears will be requested at the court hearing.

- 7.8 All requests to implement a decree for eviction or to continue a tenancy will be approved by the Head of Housing and authorised by the Executive Team.
- 7.9 Thenue will aim to recover legal costs, as determined by the Court, associated with court action from the tenant.

8. ENFORCING DECREE

- 8.1 A report will be made to the Executive Team allow them to make the decision to proceed with the removal of a tenant from their home once a decree has been granted or to continue the tenancy if payment is made in full.
- 8.2 The tenant and any qualifying occupiers will be notified of their decision and contact made with the relevant statutory authorities
- 8.3 The tenancy will then be ended on the arranged eviction date. This would normally be within 6 months of decree being granted.

9. FORMER TENANT ARREARS

- 9.1 Our policy and procedures in relation to the recovery of former tenant arrears will be largely similar to recovery of current rent arrears with the obvious exception of options available for legal action e.g. small claims action as opposed to repossession.
- 9.2 Tenants will have to give 28 days' notice of leaving a property.
- 9.3 Thenue's policy is to pursue all recoverable former tenants' arrears unless a debt is uneconomic to pursue when it may be written off in accordance with Thenue's Policy on Write-Offs.
- 9.4 Thenue may refer former tenant arrears cases to a debt recovery agency.
- 9.5 Thenue may use a Tracing Agent to trace the current whereabouts of a Former Tenant.
- 9.6 Thenue will create an Executor Tenancy on the death of a tenant where there are no succession rights. Any rent due from two weeks after the date of death until we receive the keys will be recoverable.

10. LIAISON WITH STATUTORY AGENCIES

- 10.1 Thenue will involve other agencies to assist in supporting the tenant when appropriate e.g. Social Work Services.
- 10.2 Thenue will not evict a tenant who would be considered vulnerable if they were to lose their home (e.g. family with children under 16, young single person under 25, elderly household), without initiating a formal request to Social Work and the City

Council's homeless accommodation team to support the tenant in reducing their arrears or supporting the tenant with help in finding suitable alternative accommodation with an eviction pending.

- 10.3 Thenue will liaise with the DWP on matters relating to the direct payment towards rent arrears from their welfare benefit.

11. INFORMATION

- 11.1 Information on this policy will be displayed in a leaflet in all Thenue's offices in the reception area.
- 11.2 A copy of the summary policy will be made available, where required, on tape, in large print, or in other languages.

12. TRAINING

- 12.1 The Income Maximisation Manager and Financial Inclusion Coordinator are responsible for ensuring all staff involved in the recovery of rent arrears and welfare advice are adequately trained in Thenue's procedures and interviewing skills.
- 12.2 Appropriate staff will be given the necessary training to be able to meet the requirements of this policy including the ability to carry out a basic evaluation of a tenant's household's entitlement to Housing Benefit/Universal Credit.
- 12.3 Thenue will also offer training in arrears policy and legal requirements to the Board of Management as appropriate.

13. COMMUNICATION & CONFIDENTIALITY

- 13.1 We will not discuss the tenant's arrears with a third party without the written permission of the tenant with the following exceptions:
- the tenants' solicitor
 - Social Work
 - Housing Benefits
 - DWP
 - Any other person formally mandated to act on the tenant's behalf about their rent account according to their communication preference which will be recorded on our housing systems.
- 13.2 Where tenants have provided an email address and mobile phone number we will use these to communicate confidential rent account information unless they have advised us they do not wish these methods to be used for this purpose.
- 13.3 All cases reported to Thenue's Executive Team will not detail the tenant's name or address or identify the tenant in any other way.

- 13.4 Tenants in arrears calling at an office will be interviewed in private interview facilities. Staff will not discuss their details in public at reception.

14. PERFORMANCE MONITORING AND REVIEW

- 14.1 The Board of Management will receive information on Income Maximisation performance as part of their quarterly KPI report.
- 14.2 Thenue will benchmark our arrears performance against other Glasgow RSL's.
- 14.3 On an annual basis, the Board will receive a report on all Evictions. Staff will also carry out a review of Eviction cases involving the Financial Inclusion Co-ordinator to ensure we make any appropriate changes to policy and procedure as a result.

15. RESPONSIBILITY

- 15.1 Income Maximisation Officers dealing with rent arrears have authority to proceed with action up to and including the service of a Notice of Possession (NOP) and completion of Pre-Action Requirements (PAR's).
- 15.2 The decision to seek a decree for eviction or repayment of the debt will be taken only by the Income Maximisation Manager or Head of Housing.
- 15.3 Thenue's Executive Team will make the decision either to proceed with the removal of a tenant from their home once a decree has been granted.
- 15.4 The Head of Housing will have delegated authority to suspend removal action where a change in circumstances or payment arrangement merits a review of the Executive Team decision prior to the eviction date.
- 15.5 The Income Maximisation Manager is responsible for ensuring the implementation of this policy and supporting procedures by their staff, for monitoring the arrears performance of their teams and reporting on team performance.
- 15.6 The Head of Housing is responsible for the review and monitoring of this policy and general Income Maximisation Strategy.

16. CONSULTATION

Consultation with tenants and residents groups will take place where significant changes are made to this Policy.

WRITING OFF DEBTS AND CREDITS

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1. INTRODUCTION

- 1.1 This policy document outlines the way in which the Association will address the issue of managing and writing off irrecoverable debts and non-refundable credits arising from the management and maintenance of its properties.

2. SCOTTISH HOUSING REGULATOR PERFORMANCE STANDARDS

- 2.1 The way in which Thenue is expected to deliver all its services is defined in the Scottish Social Housing Charter. Particularly important in this context is the following standard:

2.2 **Value for money**

Social landlords manage all aspects of their businesses so that: tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay. This standard covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; and giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers.

3. DEFINITIONS

- 3.1 An irrecoverable debt is one where an invoice or rent debit has been correctly raised but no payment or only part payment has been made and there is considered to be no prospect of further recovery of the debt.
- 3.2 A non-refundable credit is where a credit exists on an account and the former tenant or owner cannot be traced to allow a refund to be made.
- 3.3 In circumstances where a debt has been considered irrecoverable the Association's surplus will be reduced in the year in which the debt is written off as a bad debt. The reverse of the above applies where non-refundable credits are written off. Sums owing to the Association (i.e. debtors) are shown in the Balance Sheet at their realisable/recoverable value. It is important for financial planning purposes that an accurate picture of debtors is presented in order to avoid overstating potential income due to the Association at some point in the future.

4. CATEGORIES OF DEBT AND CREDITS

- 4.1 Irrecoverable debts and credits affected by this policy may be defined as:
- Rent and Occupancy Charge
 - Tenants' Rechargeable Repairs
 - Owner Occupier Charges and their Rechargeable Repairs
 - Recharges of Notice of Potential Liability for costs (NOPL)

- Recharges of Court Costs
- Charges to owners or lessees of commercial premises
- Rent and service charge overpayments
- Home loss and disturbance payments
- Ex gratia payments
- Miscellaneous refunds

4.2 The association would not normally consider any debt owed by a current tenant of the association or a current owner occupier or lessee to be irrecoverable and will take all reasonable steps to recover such debt in accordance with its Income Maximisation policies and procedures. The following exceptions to this apply:

- a) Sequestered debt: Sequestration is a form of insolvency that results in a person's assets being transferred into the control of an appointed Trustee so that they can be used to satisfy creditors to the greatest extent possible.
- b) Prescribed debt: A debt is prescribed (extinguished) five years from the date the work was completed or the rent debt accrued. Former and current account debts can become prescribed. The period of prescription can be extended in the following ways:-
 - The Association serving a summons on the debtor to instigate court action for recovery of the outstanding debt. The summons is known as a relevant acknowledgement of the debt.
 - The period of prescription can also be extended if the debtor has admitted, in writing, to the debt being owed or made a payment toward this debt.
 - In cases where it is agreed that a current account debt is prescribed, adjustments will be made to current balances to show recoverable debts only.

5. CRITERIA FOR WRITE OFF

5.1 The Association will consider "write offs" in the following circumstances:

1. The age/level of debt in the context of the likely cost of recovery makes it non-cost effective to pursue;
2. The debt was charged more than 2 years ago and there has been no payment or activity on the account (contact with the debtor) in the last year;
3. The individual has been admitted to long-term hospital or institutional care and has insufficient income or capital to meet the debt;
4. The individual has been declared bankrupt or has been sequestered and limited or no dividend is payment.
5. The individual has been referred to a debt recovery agency and no trace has been found of the debtor
6. The individual has left without notifying a forwarding address and reasonable attempts to establish their current whereabouts have been unsuccessful

7. The individual has no assets, is dependent on state benefits and is likely to be so for the foreseeable future and recovery of the debt could not be achieved without causing undue hardship;
8. The individual is deceased and their estate is insufficient to meet the debt or there is no next of kin to receive the credit
9. The debt is prescribed.
10. The level of debt has been reduced following the outcome of a court case
11. The debt or part of the debt should be written off due to processing error/s on the account which make it irrecoverable.

5.2 Where smaller debts or credits have been written off in respect of Criteria 1 and 2 above, the threshold for non cost effective credits and debits will be 2 years/£100. This threshold will be reviewed with this policy every 3 years.

5.3 The Head of Housing and/or Head of Finance may also prepare a list of debts/credits to be written off which meet a set criteria in order to more efficiently identify accounts for write-off. For example:

- the debt was charged more than 2 years ago, and
- there has been no payment or activity on the account (contact with the debtor) in the last year.

6. WRITE OFF AND MANAGEMENT ADJUSTMENT PROCESS

6.1 On an annual basis as part of the budgeting process, the Association will make appropriate provision for bad debts which may require to be written off. The amount of provision may vary from year to year in recognition that debt levels themselves may vary.

6.2 The Association will regularly consider debt cases that fulfil the criteria for write off and account adjustment and approve action as appropriate. Debts identified for write off will be presented for approval to the Board of Management.

6.3 Cases for write-off will be presented anonymously to the Executive Team and no individual's details will be included.

6.4 In circumstances where a debtor is subsequently traced after write off of debts owing to the Association has taken place, the sums recovered are treated as income at the point they are recovered.

7. RESPONSIBILITY

7.1 The Head of Housing is responsible for ensuring this Policy is implemented.

7.2 The Income Maximisation Manager and the Finance Manager are responsible for approving recommended write-offs for their respective teams.

7.3 The Board of Management is responsible for approving the write-off of arrears and credits.

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