

Loreburn Group  
**Income Maximisation Policy**



**Creating Great Places to Live**

<b>Policy</b>	Income Maximisation Policy			
<b>Version Reference</b>	2			
<b>Approved by</b>	MC	LET	MT	X
<b>Date of Approval</b>	September 2022			
<b>Review Period</b>	Every 3 Years <b>or</b> as legislation or substantive changes occur			

<b>Review Due</b>	September 2025							
<b>Policy Champion</b>	Head of Housing Services							
<b>Who this policy affects</b>	Staff	Customers	Contractors	Members of the Public				
<b>Where this policy affects</b>	General needs	Later Living	Supported	Offices/staff base				

## Contents

1. Purpose of Policy
2. Aims of Policy
3. Communication and Advice
4. Early Intervention
5. Support and Partnership Working
6. Recovery of Current rent arrears
7. Serious and Persistent Arrears
8. Legal Action
9. Ending a Tenancy and Eviction
10. Shared Ownership Arrears
11. Rechargeable Repairs
12. Recovery of Debts including Former Tenant Arrears (FTC) and Rechargeable Repairs
13. Credit Balances
14. Bad Debt Provision
15. Staff Training and Development
16. Supporting Documents for the Income Maximisation Policy
17. Measuring Performance
18. Complaints
19. Equality and Human Rights
20. Risk Management
21. Responsibilities Chart
22. Legislative Background
23. Associated Policies
24. Policy Review

## 1. Purpose of this Policy

The policy describes the activities and responsibilities involved to maximise rental income where rent account of current and former customers are in arrears. The term 'rent arrears' applies to both rent and service charges. The Policy applies to all stock owned or managed by Loreburn HA including current and former customers, rental income, service charges and rechargeable repairs. Factored owners are covered by a separate policy.

1.1 To outline Loreburn's policy for managing current and former customer rent arrears and replaces previous policies. The policy will assist Loreburn H A to meet its Corporate Plan and Business Improvement objectives with a particular focus in helping promote tenancy sustainability and preventing homelessness.

1.2 The Management Committee recognise that maximising the collection of rent is of major importance as it directly affects the services that customers can receive and resources available to invest in their homes. Rental income pays for the maintenance of the housing stock and its surrounding environment, EESSH improvements, and the maintenance of homes to the Scottish Housing Quality Standard. Rental income is also invested in the building of new, modern and energy-efficient homes.

1.3 Income maximisation is of increasing importance due to the pressures on our customers incomes from external factors. This will see many customers experience increasing financial hardship as a result and put further pressures on Loreburn H A's ability to recover income due.

1.4 Whilst Loreburn H A must ensure it maximises income, it must also recognise the needs of its customers. Advice, assistance and support will be offered to customers who have genuine difficulties in paying rent or other debts owed to Loreburn H A but swift and decisive action will be taken against those who refuse to engage and reach agreements on repayment.

1.5 Loreburn H A promotes a culture of payment. Rent payment options will be discussed at a Pre-Allocation Call where applicable or at Tenancy Sign Up and Direct Debit will be promoted where appropriate.

## 2. Aims & Outcomes of this Policy

The key policy aim is to maximise income by:

- Early intervention to prevent arrears and debt
- Helping tenants to sustain their tenancy
- Ensuring effective and appropriate management and control of income due
- Only evicting as a very last resort

To achieve this Loreburn H A will ensure that we follow timely and consistent processes.

2.1 Every customer will be clearly reminded of the responsibility to pay rent in a positive, proactive and supportive way.

2.2 Advice and assistance will be provided at the earliest opportunity by referring customers to specialist external agencies, including Dumfries and Galloway Citizen's Advice Service and the Welfare and Housing Options Team.

2.3 Loreburn H A will work with customers to carry out a financial assessment of their circumstances to help maximise their income and when needed sustain their tenancy.

2.4 Customers will be informed promptly of any changes to their charges and early personal contact will be made with those who fall into rent arrears.

2.5 Provide customers with a range of payment methods that are convenient and easily accessible.

2.6 Maintain an effective arrears control system which adopts a staged approach in which action is targeted and recorded and adheres to pre-action requirements.

2.7 Loreburn H A will work proactively with relevant agencies to minimise evictions and prevent homelessness.

Whilst every effort will be made to support customers to manage rent arrears, if they are unwilling to pay rent or agree and maintain a suitable repayment plan, Loreburn H A will consider all forms of legal action available through the court process to recover rent arrears. Eviction will only be used as a last resort once all other options have been applied.

Loreburn H A is committed to maximising rental income and reducing arrears and will seek to create a culture where customers attach a very high level of importance to pay their rent. Loreburn H A staff will support a payment culture ensuring customers understand their rights and responsibilities

Loreburn H A will make appropriate provision in their Annual Accounts for Bad Debt and Write Offs as agreed with Management Committee.

Whilst maximising income Loreburn H A will always comply with Scottish Housing Regulator standards, other statutory guidance and good practice.

### 3. Communication and Advice

3.1 Effective communication will be maintained with customers throughout the tenancy with the emphasis on maintaining regular personal contact using all available and appropriate methods, including personal visits, letters, telephone calls, e-mails and text messages.

3.2 Accurate and timely information will be provided about rent accounts through the issue of **twice-yearly statements**. Up-to-date statements can be issued at any time.

3.3 Customers will be advised promptly of any changes to the rent payable and reason for the change.

3.4 Loreburn H A will offer a range of payment methods to maximise the opportunities for customers to pay rent and to suit individual needs and preferences. These methods include:

- Direct debit
- Allpay
- Card payments via the telephone or online

3.5 All interviews/contacts with customers, whether in their home or over the phone will be conducted in private, and the outcomes recorded are on Homemaster. Where a customer is known to be vulnerable, arrangements will be made for his/her advocate to be present.

3.6 Where a customer requires an interpreter or signer, arrangements will be made to have one present.

## 4. Early Intervention

The ultimate aim of this policy is to avoid customers accruing rent arrears, to help and support that aim Loreburn will adopt measures at the earliest opportunity.

4.1 Loreburn will start raising awareness of arrears as part of the housing application process when all applicants will be offered income maximisation checks. Applicants will receive professional advice and assistance through a Pre-Allocation Call carried out by the appropriate Neighbourhood Officer prior to the offer of their tenancy.

4.2 Loreburn H A will take early action to contain and prevent arrears to remove the need for other costly recovery and enforcement action. At the tenancy offer and sign-up stage, all new customers will be advised of their obligations to pay rent. The importance of making regular payments and what methods of payment they can use will all be discussed to ensure that those eligible for housing benefit and universal credit will complete and submit claims.

4.3 Follow-up contact via a **New Tenant Visit** will be made to all new customers **within 4 to 6 weeks** of the start of the new tenancy at which early problems with rent and Housing Benefit and Universal Credit can be addressed. Where customers are considered vulnerable, an earlier visit will be made near the beginning of the tenancy.

4.4 Loreburn H A's arrears process follow all legislative guidance and apply an escalation process as the debt increases. A first reminder action will be taken when 2 weeks' rent arrears have accrued and personal contact made with customers to identify the cause of the arrears and discuss potential solutions. When triggers are met, staff will arrange early morning and evening phone calls or visits to offer support and prevent escalation of arrears.

4.5 Where the arrears cannot be cleared in a single payment, a reasonable and affordable repayment plan will be agreed. Repayment agreements will be based on a detailed assessment of the customer's ability to pay and will be monitored weekly.

## 5. Support and Partnership Working

5.1 Loreburn H A will maintain good relationships and work in partnership with internal and external support agencies to support and assist customers to pay their rent and prevent arrears at each stage of the recovery process.

5.2 Early intervention is carried out by the Income Officers and referrals where appropriate are made to a range of service providers including the **Welfare and Housing Options Team at D & G Council and D & G Citizens Advice Service** who will help tenants maximise their income by accessing professional services and enabling them.

## 6. Recovery of current rent arrears

6.1 Rent Arrears recovery will be based on a staged and preventative approach with an emphasis on:

- personal contact by housing & income staff
- maximising customers' income
- securing regular rent payments
- negotiating affordable repayment plans
- ensuring all legal requirements are fully met
- only taking legal action where all other options have been pursued

6.2 At each stage of the process Loreburn H A will provide customers in arrears with clearly written arrears letters which detail their outstanding arrears balance, the action they need to

take, the consequences of non-payment, and where they can go to for independent support and advice.

6.3 Personal contact will be a priority to discuss with customers their individual circumstances and to offer individual advice and assistance.

6.4 All forms of contact will be accurately recorded on Homemaster at each stage of the process as will the customers' responses to attempts to contact them.

6.5 The involvement and actions taken by support and advice agencies will be noted and reviewed at key stages along with any other relevant information about the customers and their household. This will ensure Loreburn H A is fully aware of each customer's personal circumstances at all times and can be sensitive to their particular issues and needs.

## **7. Serious/persistent arrears**

7.1. Legal action to pursue the debt will begin whenever customers are not complying with arrangements to reduce their arrears or have failed to engage with staff. This will start with the serving of Notice of Proceedings for Recovery of Possession giving Loreburn H A the power to seek an order of the Court to end the tenancy and evict. Before we can issue a Notice of Proceedings we must satisfy the pre-actions requirements.

7.2 Loreburn H A will ensure that customers in arrears are informed in writing that legal action will be taken if payment of rent and arrears is not made regularly.

## **8. Legal Action**

8.1 Legal action will only be raised when all other means of recovery of rent arrears have been exhausted. Details of this process are in the Income Maximisation Procedure.

8.2 We will comply with good practice linked to statutory pre-action requirements, evidence of which accompanies the Notice of Proceedings for Recovery of Possessions. NOP will only be issued when Loreburn H A is satisfied that all legal requirements have been met and:

- clear information has been provided to the tenant about the tenancy agreement and unpaid rent
- reasonable efforts have been made to provide advice and assistance on eligibility for housing benefit information and Universal Credit, about sources of help with managing debt have been provided reasonable efforts to agree a repayment plan with the tenant have been made
- consideration given to the result of any outstanding benefit application
- consideration to the tenants ongoing compliance with an agreed repayment plan
- The case to serve the NOP is authorised by a Community Team Manager or Head of Housing.
- The case to pass a customer to Court is authorised by a Community Team Manager or Head of Housing.
- Proceeding to eviction has to be approved by the Director of Housing or in their absence a member of LET.

8.3 Customers will be kept informed of the legal process involved in all stages of legal action. Legal action may include a Payment Decree or Ejection Decree or both. A decree for expenses is requested at both stages.

8.4 Once court proceedings have commenced they cannot be stopped even if a customer has made an agreement to repay the arrear. However we can seek the case to be continued, sisted or Decree for Expenses only.

## **9. Ending a tenancy and eviction**

9.1 If a customer is unwilling to pay rent or agree and maintain a suitable repayment plan, Loreburn will, as a last resort, take legal action to evict the customer from their home.

9.2 Where decree is awarded, Loreburn H A will seek to evict customers within six months of the date on the decree paperwork, once approval has been given by the Director of Housing.

9.3 If Loreburn H A recovers possession of the property (eviction) on the basis of the decree, which is usually live for six months from the date of the extract, the tenancy will end. If the property is not recovered during this period, the tenancy continues.

9.4 Loreburn H A will ensure that any person who has been evicted for rent arrears is advised of any statutory obligations in terms of homelessness and arrangements made for a statutory homeless application to be made.

## **10. Shared Ownership Occupancy Agreements**

10.1 The recovery of occupancy arrears for Shared Ownership customers is based on a staged process with the customer being provided with clearly written arrears letters which details their outstanding balance.

10.2 Legal action to pursue the debt will begin where customer is not maintaining arrangements to reduce their arrears or they have failed to engage with staff. They will be served with a Notice of Default. If the Sharing Owner does not respond to advice or negotiation and does not keep to any agreed arrangements for paying their occupancy arrears, then the repossession action will be required to be instigated jointly by the Association and the lender. Authorisation is sought to commence legal proceedings.

10.3 Where there is no mortgage on the property Loreburn will commence proceedings and seek to recover the outstanding debt via Division and Sale.

## **11. Rechargeable Repairs**

11.1 The Association has a right to recharge customers for any repairs that are their responsibility in accordance with terms of the Tenancy Agreement.

11.2 When a customer reports/instructs a repair that is their responsibility, they must be notified of the cost and they must agree they will meet it prior to the works being carried out. When this cannot happen, for example if a repair is instructed out of office hours or in an emergency, or due to the vulnerability of a customer instructed by support workers, the customer will be recharged after works have been completed.

11.3 Customers will also be charged for missed gas safety check appointments which can include costs incurred for joiner's attendance for force entry, the Sherriff Officer serving a notice and the Gas Safety Check.

11.4 When a customer terminates their tenancy any repairs not completed at the end of the tenancy will be recharged to the outgoing tenant.

## 12. Recovery of debts including Former Tenant Arrears (FTA) and Rechargeable Repairs

### 12.1 FTA's can be minimised by:

- Making prompt responses to reports of abandoned properties
- Liaising with the Council's Housing Benefit Department and the
- Commitment to the current arrears policy to ensure arrears are minimised and fewer cases become former arrears.
- Maximisation of tenants' income through referrals to our Money Management Service and other agencies i.e. Citizens Advice Bureau.
- Early identification of debts which are not economically viable to pursue, and arrangements to have debt written off
- Ensuring all balances are checked on transfers and mutual exchanges before handing keys out or giving permission for the exchange to proceed
- Adopting a proactive approach i.e. giving advice at the time of sign up as to what action will be taken if the account falls into arrears

12.2 Our policy is to minimise the number of new FTA cases arising and prevention is always better than cure. Prevention is the key to any good rent recovery procedure and if current arrears can be prevented it will have a positive effect on FTA performance. At sign up we should consider if this tenant became an FTA what information would be required to recover the debt. Their National Insurance Number should always be recorded.

12.3 We should always try to trace a former customer and where they do not respond the case should be referred to a Debt Collection Agency. The Agency will use a number of methods to collect the arrears, and will try to trace tenants for whom we do not have an address.

12.4 When a pre-termination notice is received from a customer who is in rent arrears, the Income Officer will contact during the termination period to reach an agreement for the payment of the arrears. Wherever possible arrears should always be paid within the Notice period and where it is not possible, the Income Officer will advise the customer of the procedures.

12.5 Loreburn H A will ensure that, where possible, debts are cleared before tenancies are terminated and ensure that, where possible, forwarding addresses are known for all customers terminating tenancies.

12.6 Customers who terminated a tenancy and have outstanding debts including rent arrears or repairs relating to the property vacated will be pursued by following the Former Tenant Arrears process.

12.7 Recovery action will be activated when the status of the tenancy changes to former tenant and a staged escalation process will be instigated, which can include arrestment of earnings or bank account for non-payment of the debt owed.

12.8 Debts will be pursued by the relevant Income Officer who has responsibility for tracing and pursuing former tenants owing monies to Loreburn H A and to pursue recovery, including legal action where appropriate. If it is a joint tenancy, both joint tenants will be pursued.

12.9 Where it is economical to do so debts will be pursued through the small claims court.

12.10 Where the debt is in respect of a deceased customer, action will normally be limited to contacting the next of kin or executor to claim against the estate.

12.11 Where the debt is uneconomic to pursue or there is no prospect of recovery, the debt will be written off in accordance with the Procedure for Writing-Off Debt contained within the Income Maximisation Procedure.

12.12 In cases where a write-off has occurred, the information will remain on the Homemaster could be reinstated for recovery should the former customer be located or re-apply for housing at a later date.

### **13. Credit Balances**

13.1 Credit balances can occur on the rent accounts of both existing and former customers in particular circumstances. These balances will be managed through a process of regular monitoring with refunds being made to current customers where requested and to former customers where possible.

13.2 Where there are outstanding recoverable charges (such as charges for repairs, legal fees, etc.), any credit balance will be off-set against this before a refund is made.

13.3 If there is no prospect of returning the credit balances these will be dealt with as a credit balance write off in accordance with Loreburn H A's Financial Regulations.

### **14. Bad Debt Provision**

14.1 Loreburn H A aim to collect the maximum amount of rental income, rechargeable repairs and all charges and debts promptly from customers, former customers and organisations in order to protect the delivery of services. A bad debt is an outstanding sum of money owed to the Loreburn HA that has not been paid, despite repeated efforts to collect the debt.

14.2 Writing off bad debts will only be considered when the recovery process has been exhausted. At all times Loreburn HA will comply with the requirements of the Scottish Housing Regulator.

14.3 The procedure for Bad Debt Provision is included within the Income Maximisation Procedure.

### **15. Staff Training and development**

15.1 The success of the Income Maximisation Policy and proper implementation of the supporting procedures depends on the knowledge and skills of the staff implementing them.

15.2 Regular coaching will be provided to staff to ensure a consistent approach and to make sure staff are supported and equipped to carry out the requirement of role.

15.3 Regular quality audits will be in place to check the effectiveness of the coaching and to ensure that procedures are followed consistently by all staff. A sample of arrears cases at all stages of the escalation process will be audited on a regular basis.

### **16. Supporting Documents for the Income Maximisation Policy**

16.1 The supporting procedures for the Income Maximisation Policy are the Income Maximisation Procedure and the Rechargeable Repairs Procedure.

### **17. Measuring Performance**

17.1 Performance on rent arrears is monitored through Loreburn H A's Performance Management Framework using the Scottish Housing Regulator Annual Return Indicators

and Loreburn H A's Strategic Performance Indicators and operational performance indicators.

17.2 Annual targets for collection are set based on the Scottish Housing Regulators' ARC national performance data, HouseMark peer benchmarking and internal results.

17.3 Loreburn H A will consult customers, stakeholders and other agencies in order to continually measure good practice in the management of arrears.

17.4 Monthly, quarterly and annual performance measuring processes are operating. This policy will adhere to Loreburn H A's commitment to continuous improvement and Value for Money.

## **18. Complaints**

Loreburn has a commitment to valuing complaints and ensures the organisation benefits from feedback to identify areas for change or improvement.

Loreburn has a Complaints Policy which ensures there are robust and effective procedures in place for complaints to be properly managed and acted upon.

Anyone dissatisfied with the outcome of their complaint having exhausted Loreburn's complaints procedure has the right to refer the matter to the Scottish Public Services Ombudsman.

## **19. Equality & Human Rights**

Loreburn aims to ensure that equality, fairness, dignity and respect are central to the way we work and how we treat our customers. We support diversity and uphold equal opportunities in all areas of our work as an employer and service provider.

Loreburn will not discriminate against tenants, staff, visitors, suppliers or others based on their age, sex, sexual orientation, race, disability, religion or belief, marital status, pregnancy and maternity or gender reassignment (collectively referred to as 'protected characteristics' in the Equality Act 2010).

## **20. Risk Management**

Loreburn has a Risk Management Strategy, Policy and Procedure. These documents set out how the organisation will manage risk as an integral part of its governance and management systems, ensuring risks are identified, evaluated and controlled effectively.

Identifiable risks arising from this policy will be monitored and managed by the internal processes set out herein and by regular review of this and all other associated policies and procedures, ensuring risks are mitigated and Loreburn complies with all legislative requirements and regulatory and best practice guidance.

## **21. Responsibilities Chart**

The chart below illustrates the responsibilities of all staff pertaining to this policy:

<b>Responsibilities</b>	<b>CEO/ MC</b>	<b>LET</b>	<b>MT</b>	<b>Team Managers</b>	<b>All Staff</b>
To set the policy and direction with regards to income maximisation	✓				
To set performance indicators and collection rates		✓			
Day to day operation of the policy and actions				✓	
Managing the collection of rent arrears, FTA and rechargeable repairs			✓		
Ensure the approach meets the requirements of the SHR Charter	✓				
Policy Champion			✓		
Ensure Loreburn H A offer a range of easily accessible payment methods			✓		
Ensure effective and clear communication with customers			✓		
Ensure LHA adopt a Rent Arrears recovery process based on a staged and preventative approach		✓			
Ensure NOPs are served appropriately and in line with Pre-Action Requirements				✓	
Ensure Court Action is sought when all other means of recovery and exhausted				✓	
Ensure appropriate outcomes are sought when cases call at Court				✓	
Approve enforcement of the Decree when appropriate		✓			
Ensure arrears are cleared before tenancies are terminated and ensure that, where possible, forwarding addresses are known for all customers				✓	
Authorise write off uncollectable arrears up to £5,000		✓			
Authorise write off uncollectable arrears over £5000	✓				
Complete write off procedure				✓	

<b>Responsibilities</b>	<b>CEO/ MC</b>	<b>LET</b>	<b>MT</b>	<b>Team Managers</b>	<b>All Staff</b>
Working with P & C arrange appropriate training			✓		
Ensure performance targets are achieved			✓		
Ensure complaints feedback is used to improve service			✓		
Ensure policy is reviewed annually or as necessary			✓		
Ensure E & D guidance is adhered to		✓			

## 22. Legislative Background

Loreburn H A will ensure that Income Maximisation Policy meets with legislative and good practice requirements.

- 22.1 Housing Scotland Act (2001) as amended by the Housing (Scotland Act) 2010. The acts provide the legislative framework for Scotland's guidance for proceedings for possession. Order 2012 provided the guidance for social landlords confirming the pre-action requirements. The policy adheres to the guidance in relation to the recovery of possession of a tenancy when a tenant has breached the conditions of their tenancy agreement by accruing rent arrears.
- 22.2 Scottish Secure Tenancy – the Tenancy Agreement contains specific conditions in relation to the payment of rent and other tenancy related charges. Non-payment of these charges represents a breach of the tenancy conditions involved.
- 22.3 Section 14 of the Housing (Scotland) Act 2001 as amended by the Housing (Scotland) Act 2010 – the policy has been drafted to take account of the arrears and eviction related provisions introduced through the amendments in the 2010 Act. These include the provision of clear information to tenants on their tenancy and arrears situation, direct provision of advice and assistance, provision of information about other sources of information and advice; agreeing reasonable repayment plans; and revised arrangements for when a Notice of Proceedings can be served
- 22.4 Loreburn H A's Financial Regulation (VII Dec 2016) which reflects current legislation and best practice.
- 22.5 Data Protection Act 1998 Loreburn H A has a duty to handle personal information about its customers responsibly and to respect the privacy of tenants. It may only share information with services where we have an information sharing protocol in place and/or where we are legally required to do so.
- 22.6 The Scottish Social Housing Charter this policy reflects Loreburn H A's commitment to the Scottish Social Housing Charter, specifically:

22.6.1. Equalities: *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 service.*

22.6.2 Communication: *Social landlords manage their businesses so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.*

22.6.3 Housing Options: *Social landlords ensure that people at risk of losing their homes get advice on preventing homelessness*

22.6.4 Tenancy Sustainment: *Social landlords ensure that tenants get the information they need on how to obtain support to remain in their home; and ensure suitable support is available, including services provided directly by the landlord and by other organisations*

22.6.5 Value for Money: *Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continual improving value for the rent and other charges they pay.*

22.6.6 Rents and Service Charges: *Social landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them; and tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed*

## **23. Associated Policies**

- The Rechargeable Repairs Policy
- Complaints Policy
- H & S Policy
- Privacy Policy

## **24. Policy Review**

The Policy Champion is the Head of Housing

The Policy Champion is responsible for completing the Health and Safety Assessment and Equality, Diversity and Inclusion Assessment Checklist.

This policy will be reviewed by the Policy Champion every 3 years or sooner as required due to legislative or substantive change.



## Policy Assessment Checklist

### Health & Safety Assessment

**Does this policy have the potential to affect:**

Lone Working	Yes
Safety and/or wellbeing of staff	Yes
Safety and/or wellbeing of customers	Yes
<b>Have the above items been considered in the preparation of this policy?</b>	Yes

**Comments:**

### Equality, Diversity & Inclusion Assessment

**Does this policy have the potential to affect:**

Staff's rights to equal opportunities	No
Tenants' / Customer's rights to equal opportunities	Yes
Tenants' / Customer's ability to access to homes and/or services	Yes
<b>Have the above items been considered in the preparation of this policy?</b>	Yes

**Comments:**

### Agile Working Assessment

**Agile working requirements have been considered and addressed in the preparation of this policy:** Yes