

HORIZON HOUSING ASSOCIATION LIMITED	HOUSING SERVICES
TITLE	DEBT RECOVERY POLICY
DATE OF APPROVAL	DECEMBER 2008
DATE OF REVIEW	DECEMBER 2011

1.0 POLICY STATEMENT

1.1 Aim of Policy

The Association aims to:

- encourage tenants (current and former), sharing owners, owners and other customers to be responsible for their actions in relation to money owed to the association, and to manage their debt;
- adopt a consistent, sensitive and objective approach to the recovery of outstanding debts;
- consider the financial and staffing resources required to recover the debt and ensure that the Association's actions are appropriate to the level of the outstanding debt;
- work in partnership with other landlords to ensure tenants are held accountable for their outstanding debt without breaching the law on data protection.

1.2 Purpose of the Policy

The intention of this policy is to ensure that tenants/customers receive a consistent and unambiguous approach to debt recovery. This will ensure that tenants/customers are aware of their responsibility for payment, and the consequences of non-payment.

2.0 SCOPE OF THE POLICY AND DEFINITIONS

2.1 Definition

The Association has defined debt as:

Rent Arrears: non technical (rent payable directly by the tenant) and technical (housing benefit payable direct to the association by a local authority);

Service charges: non payment of invoices or charges for service, cyclical or major works;

Former tenant arrears: with or without forwarding address;

Occupancy Charges for Sharing Owners

Factoring Fees for Owner Occupiers

Rechargeable repairs: whether caused by wilful damage or not;

Court costs: where the court has awarded costs against the tenant or former tenant;

Interest accrued on an outstanding debt that is legally due but not paid;

Repayment of vouchers or compensation: when tenants or customers fail to comply with conditions of reward/compensation.

3.0 RESPONSIBILITIES

The Management Committee has responsibility for the financial management of the Association, however as the debt relates to the provision of housing services, responsibility for implementation, monitoring and review of the policy is delegated to the Housing Services Sub Committee.

The Housing Services Sub Committee will monitor the extent of debt, consider proposals for the pursuance and write off of debts and credit balances and make a recommendation to the Management Committee for approval.

The Director of Housing Services is responsible for the implementation of this policy and ensuring that detailed procedures and guidance are developed for staff.

The Management Committee is responsible for authorising legal action and its subsequent enforcement, where this could result in a tenancy being terminated. The Chairperson will utilise the delegated authority should the timing of meetings make a full Management Committee inappropriate. This action will be presented for homologation at the next meeting.

4.0 PRINCIPLES

4.1 Reasonableness

Horizon, as a landlord, has a role in ensuring that all tenants and former tenants are held accountable for money payable to the Association. As our principal income is rent and we have adopted a standard tenancy/occupancy agreement, there are no special contractual circumstances that prevents the Association pursuing outstanding debt.

Horizon will consider the risk to the Association from debt when developing their risk map for the organisation.

4.2 Working with Others

In many cases, Horizon will only be able to tackle the recovery of debt in partnership with other agencies.

The Association is committed to forming relationships and inter-agency approaches to debt recovery where appropriate. This is aimed at preventing debts arising in the first place and subsequently to secure repayment. In all instances this is to safeguard the financial viability of the organisation and protect the interests of its tenants. The Association will therefore involve and work with partner agencies, such as Citizen Advice Bureaux, Local Authorities, Welfare Rights Agencies, Solicitors and Debt Recovery Agents, in the management and recovery of outstanding debt.

Where it is likely that court action for repossession will be successful, the relevant housing officer will contact the appropriate local authority homeless unit within the local authority. This will prompt intervention by the local authority to try and avoid an eviction. If there are young children who are not qualifying occupiers, we will contact the social work authority to assist the family. All other household members are also notified should they be determined as a qualifying occupier.

4.3 Working with Tenants

The Association recognises that tenant involvement is crucial to preventing and tackling debt effectively. This in turn helps to develop agreed standards on key areas of service delivery. The Association will consult with tenants on future review and seek their opinion on debt recovery action where major changes are proposed.

5.0 OPERATIONAL FRAMEWORK

The framework below will be supported by detailed procedures.

5.1 Prevention

Prevention is better than cure and we aim to make the Association's policies and procedures as clear and consistent as possible. Staff will ensure that tenants are aware of their responsibility for the payment of their rent and any other relevant costs for which they are accountable.

5.2 For tenants rent account the Association will:

- explain the importance of paying rent when due, prior to sign up of a new tenancy and throughout the tenancy;
- monitor rent payments regularly, thereby allowing early intervention when a debt arises;
- initiate early intervention, aiming for personal contact to avoid events spiralling out of control;
- offer assistance and advice and wherever possible, refer the tenant to a benefits or debt advisory service;
- maximise uptake of relevant benefits;
- facilitate different methods of payment and appropriate timescales;
- benchmark with other providers, particularly on the main source of income, i.e. rent arrears and consider the affordability of our rents;
- empower operational staff to make decisions;
- wherever practicable, avoid eviction for debt recovery;
- continually monitor and report our performance.

The arrears management process will include the use of a standard letter together with special features in newsletter(s) and the production and distribution of annual rent statements, to remind tenants of their responsibilities and the potential outcomes should they choose not to repay an outstanding debt.

5.3 For sharing owners and owners, early contact on the charges they are responsible for paying will be made through lawyers and the use of sales leaflets. In addition, sharing owners will be advised on the availability of Housing Benefit, and how they could apply if and when necessary.

5.4 Financial Hardship: Involving, Supporting and Assisting Vulnerable Tenants

When we are aware of tenants, sharing owners and owners experiencing debt problems they will be encouraged to play a full part in agreeing action to deal with the issue. Their views will be taken into account in reaching decisions on courses of action. The outcome will be dependent on the particular circumstances.

Debtors will be encouraged to seek appropriate advice and assistance. This may be through Welfare Rights Assistance, Solicitors, Housing Benefit Departments and/or Support Providers.

Housing Officers are likely to be aware of the debtors financial circumstances and capacity to understand the situation. If it is necessary to seek support for the tenant, due to their lack of understanding, an approach will be made to the local authority for the opportunity for specialist advice.

Throughout the process of debt recovery, staff will be flexible to changes in circumstances and will work towards a resolution of the debt. Assessments will be carried out on the persons financial capacity and a suitable repayment arrangement will be made. This arrangement will be monitored and will remain flexible, to accommodate changes in circumstances.

5.5 Legal Action

There may be occasions when there is no other option but to take legal action to recover outstanding debt.

The Association will agree with our lawyers the best way to pursue the debts dependent on the nature of the debt and the tenure of the debtor.

5.6 Information and Advice

The Association will ensure that its debt recovery policy and procedures are publicised and communicated effectively to staff, tenants, sharing owners, owners and partners. This will include use of the tenant newsletter and website.

5.7 Record Keeping

The Association will keep an accurate record of action taken to investigate and resolve the problem. The Finance Department will monitor all actions where a debt recovery action is implemented either via Solicitor or Sheriff Officer. Records may be required as background information, should a case proceed to court.

6.0 PERFORMANCE MONITORING

- 6.1** The Association is committed to monitoring and measuring the success of this policy and its accompanying operational procedures.

6.2 Staff will monitor the progress of all tenant rent arrears, shared ownership occupancy charges and owner factoring arrears cases. Staff will attempt to identify any trends and the effectiveness of the policy will be judged on a monthly basis. Where legal action has been instigated, this will be reported to the Housing Services Sub Committee.

6.3 The Housing Services Sub Committee will receive quarterly reports monitoring the performance of:

- arrears against Business Plan targets;
- the number of tenants with arrears and a comparison with the previous quarter;
- number of evictions resulting from debt recovery actions.

6.4 The Housing Services Sub Committee will also receive an annual report on comparison with other landlords and recommendations for write-offs of former tenant debts.

7.0 INTERNAL MANAGEMENT OF DEBT

7.1 The Association will follow the detailed procedures set out within the Housing Services Procedures Manual when pursuing repayment of outstanding debt.

8.0 PROVISION FOR BAD DEBT

8.1 The Association recognises that it is not always possible to recover outstanding debt and will therefore make an allowance for such instances within its Annual Budget.

8.2 The Housing Services Sub Committee will present the case for the write-off of debt to Management Committee following due consideration.

8.3 Debts under £25 will be presented cumulatively for write off.

9.0 POLICY REVIEW

9.1 The policy will be fully reviewed in three years.