



Arrears Policy:
Mid Market Rent & Market Rent Properties
Ref. PW03

Prepared By	Operations Director
Date of Review	December 2021
Date of Next Review	December 2024
Reviewed By	PWL Board

1. Introduction

- 1.1 The effective management of arrears is a crucial element of financial control. Financial viability is paramount to a steady rental income with minimal arrears.
- 1.2 This policy outlines the approach adopted to ensure Partick Works Limited (PWL) meets its corporate responsibility to prevent, manage and recover arrears through effective policy and practice.
- 1.3 PWL will act at all times to maximise its income, prevent homeowners from building up rent arrears and take fair, firm and effective action to recover arrears when they occur. We define arrears as income which is lawfully due in terms of the Tenancy Agreement, but which the tenant has not paid.
- 1.4 Our Arrears Policy: Mid Market Rent (MMR) & Market Rent (MR) Properties applies to all MMR and MR tenants and the policy sets out how we will manage and control such arrears.
- 1.5 PWL is committed to operating a positive payment culture, where tenants are encouraged to pay their rent in full and by the due date. As part of this culture, we will reinforce the impact that arrears may have on future service delivery.
- 1.6 For tenants who are experiencing genuine payment difficulties, we are committed to providing appropriate advice and assistance to help them get their payments back on track.
- 1.7 The Factoring Manager will be responsible for overseeing and managing performance in relation to arrears. The Property Assistant and Senior Factoring Assistants play an important role in managing the rent arrears. Their duties include ensuring that all tenants comply with their Tenancy Agreement, including the payment of rent charges when they are due. The detailed procedures for managing arrears are set out separately within our Mid Market Rent & Market Rent Arrears Procedure.

2. Aims & Objectives

- 2.1 The aim of the Arrears Policy: Mid Market Rent & Market Rent Properties is to manage our residential tenancy income effectively so that PWL is a financially viable and sustainable organisation. We will use Direct Debit as a convenient and cost effective payment method for customers, but where there are rent arrears we will address them in a firm, fair and effective manner.
- 2.2 Our objectives are to tackle rent arrears in a manner that:
 - complies with legislation;
 - complies with the Tenancy Agreement;
 - is firm, fair, and effective;
 - is customer-focused;

- focuses on prevention of rent arrears and prompt intervention where arrears arise;
- promotes a positive payment culture;
- undertakes continuous monitoring of all MMR and MR accounts and responds promptly to missed payments;
- makes appropriate and realistic repayment arrangements with tenants in arrears and ensures that these arrangements are monitored and escalated appropriately if repayments are not maintained; and
- is professional and confidential.

3. Corporate Fit

Our Arrears Policy: Mid Market Rent & Market Rent Properties is consistent with our:

- Group Corporate Plan;
- Business Plan;
- Risk Management Policy;
- Financial Regulations;
- Standing Orders;
- Allocation Policy: Mid Market Rent & Market Rent Properties; and
- Rent Setting Policy: Mid Market Rent & Market Rent Properties.

3.1 Legislation & best practice

When addressing MMR and MR arrears, we will take account of appropriate best practice and comply with relevant legislation.

3.2 Equalities

Our Arrears Policy: Mid Market Rent & Market Rent Properties complies with our Equality Policy to ensure equality of treatment for all tenants without discrimination or prejudice.

3.3 Confidentiality

PWL recognises that privacy is important to tenants and will treat their tenancy information in the strictest confidence in terms of the General Data Protection Regulation (GDPR) and our Privacy Policy.

3.4 Risk Management

PWL seeks to mitigate against business risk by maximising our MMR and MR income and minimising our MMR and MR arrears. Managing arrears in an efficient, effective and economic manner will minimise our MMR and MR arrears.

3.5 PWL Board Responsibility & Accountability

The PWL Board is responsible for monitoring the implementation of this policy to ensure it is properly operated, that there is appropriate staff involvement in the rent setting processes and effective scrutiny of the Rent Setting Policy: Mid Market Rent & Market Rent Properties to ensure that it meets its intended policy objectives.

In implementing the Rent Setting Policy: Mid Market Rent & Market Rent Properties certain functions are the responsibility of the PWL Board although staff have delegated authority to undertake specific tasks.

The Operations Director has responsibility for overseeing the implementation of the Arrears Policy: Mid Market Rent & Market Rent. The Factoring Manager is responsible for the effective operational delivery of the policy. Specific tasks within the arrears process are delegated to appropriate staff within the organisation.

The Factoring Manager will be responsible for overseeing and managing performance in relation to arrears. The Property Assistant and Senior Factoring Assistants play an important role in managing allocations. Their duties include ensuring that all allocations comply with the Allocation Policy: Mid Market Rent & Market Rent. The detailed procedures for managing allocations are set out separately within our Mid Market Rent & Market Rent Allocation Procedure.

The PWL Board has the ultimate responsibility for arrears and for policy review, so will receive updates on the implementation of the Arrears Policy: Mid Market Rent & Market Rent so that they can have reasonable assurance that it is operating effectively in practice and meets its intended policy objectives.

In implementing the Arrears Policy: Mid Market Rent & Market Rent Properties certain functions are the responsibility of the PWL Board although staff have delegated authority to undertake many tasks. Examples of key functions/tasks are summarised below:

- The Factoring Manager and Operations Director are responsible for reviewing the policy and referring any amendments to the PWL Board for approval.
- The Factoring Manager and Operations Director are responsible for developing and implementing operational procedures that reflect the principles set out within the Arrears Policy: Mid Market Rent & Market Rent Properties.
- The Factoring Manager and Operations Director are responsible for overseeing the effective monitoring of individual cases by the Property Assistant and Senior Factoring Assistants and reporting key performance information to the PWL Board routinely.
- Under the direction of the Factoring Manager, the Property Assistant and Senior Factoring Assistants are responsible for referring cases for legal action to the solicitor. The Factoring Manager and Operations Director are responsible for controlling the legal budget.

4. Mid Market Rent (MMR) & Market Rent (MR) Properties

4.1 Definition of 'Mid Market Rent'

Mid Market Rent (MMR) properties are aimed at assisting people on low and modest incomes to access affordable rented accommodation, who are unlikely to have priority to enable them to access social rented housing, but have an income level which means they cannot afford to access full market level properties or to buy a home. The rent levels for Mid Market are set between those of Social Rented and Market Rent properties within our area of operation. MMR properties are generally let on an unfurnished basis, but with floor coverings, blinds and white good provided.

4.2 Definition of 'Market Rent'

Market Rent (MR) properties are designed to assist in meeting the accommodation requirements of households who have incomes generally in excess of that of normal Social Rented or MMR properties. The rent levels for MR properties are determined by the location, property type and property size, and we compare local housing market rental charges for similar properties. MR properties are generally let on an unfurnished basis, but with floor coverings, blinds and white goods provided.

5. Tenancy agreement, etc.

5.1 Tenancies will be let on the basis of a Private Residential Tenancy Agreement

Some historic tenancies are let on the basis of a Short Assured Tenancy agreement, but tenancies will generally be let on the basis of a Private Residential Tenancy agreement.

The tenancy agreement is a legally binding contract, setting out the rights and responsibilities of the tenant as occupier of the property and of PWL as landlord.

When we make an offer of housing to joint applicants we will create a joint tenancy. This will help protect the rights of each joint tenant, while making them jointly and severally responsible for maintaining their conditions of tenancy – this includes the payment of rent, etc.

The tenant will be expected to pay a tenancy deposit equivalent of 1 month's rent at the start of the tenancy. This is a security deposit and will be held in an approved scheme in accordance with the Tenancy Deposit Scheme (Scotland) Regulations 2011. Rent will be payable in advance, calendar monthly using Direct Debit. The rental payment will be reviewed on an annual basis.

We will make all reasonable efforts to fulfil our part of the contract and we will expect the tenant to do the same. We will take action against any tenant who breaches any part of the tenancy agreement.

6. Arrears prevention – new tenants

- 6.1 Before allocating a tenancy we will check that rent is affordable within the context of the income thresholds stated within the Allocation Policy: Mid Market Rent & Market Rent Properties. We will also carry out a credit check for assurance that any potential new tenant has the means and credit rating to sustain a tenancy.
- 6.2 We will work closely with all new tenants to ensure that they are aware of their full range of responsibilities contained within their Tenancy Agreement. We will confirm that failing to pay rent when due constitutes a breach of tenancy and could have serious implications.
- 6.3 We will provide our new tenants with a range of advice and assistance when they are allocated a tenancy. This will include advice and information on rent charges, how often the rent charges are due, how they should pay their rent charges and who they should contact if they have any difficulties with their payments.

7. Arrears prevention – all tenants

- 7.1 We will engage quickly and work closely with all tenants whose rent account goes into arrears in order to prevent arrears building up. This may include issuing letters, text messages, emails, phone calls, home visits and where required carrying out rent and wage arrestment.
- 7.2 We will explain to tenants in a clear and concise way the action that we are taking to recover arrears, stressing the serious implications of non-payment.
- 7.3 We will arrange and monitor repayment plans closely in accordance with our Mid Market Rent and Market Rent Arrears Procedure to prevent the arrears from increasing. All repayment plans will be formally agreed in writing between the tenant and the Property Assistant or Senior Factoring Assistant. If the tenant fails to keep to the repayment plan, the Property Assistant or Senior Factoring Assistant will pursue the tenant for the missed payments. This may take the form of text messages, phone calls, emails, letters or home visits.

8. Arrears enforcement

- 8.1 We will take prompt action against tenants who fail to pay their rent. This action is detailed within our Mid Market Rent and Market Rent Arrears Procedure, but will normally start with a reminder text message or letter. All action will be formally recorded so that we have a clear audit trail. We will enforce our Mid Market Rent and Market Rent Arrears Procedure in a consistent manner.
- 8.2 We will be firm but fair when dealing with tenants who have arrears and will explore all reasonable options to assist them in reducing and clearing their arrears. On request we will meet with tenants face to face, or virtually, to discuss any issues about their rent account, either in our office, at their home or some other convenient location.
- 8.3 We will take legal action as a last resort where a tenant continually fails to engage with us and co-operate in reducing their arrears balance, or repeatedly breaks a formal repayment arrangement. We will explore the full range of legal sanctions available.

9. Writing off MMR & MR arrears or rechargeable repairs

- 9.1 Rent arrears can occur in a number of circumstances. For example a tenant may die with a balance of arrears, they may leave their property without informing us, and they might be sequestered or made bankrupt.
- 9.2 When the Mid Market Rent and Market Rent Arrears Procedure has been exhausted and the arrears cannot be recovered, arrears may be considered for write off.

- 9.3 The Property Assistant or Senior Factoring Assistant will consider each arrears case and agree appropriate action in consultation with the Factoring Manager. The Factoring Manager will prepare a quarterly report of proposed write offs for the PWL Board for approval. The report to the PWL Board will include reasons for the proposed write off, such as:
- uneconomical to pursue (small value arrears);
 - unreasonable to pursue (tenant in long-term care, tenant left the country, tenant moved out and has no forwarding address, tenant deceased with no estate, etc.) and
 - sequestrated, bankruptcy and trust deed cases.

10. Informing tenants

- 10.1 We will promote and reinforce a positive payment culture when we communicate with customers. Through our website and through ad hoc queries, we will clearly state the responsibility for tenants to pay rent due and confirm our proactive approach to tackling arrears under our Arrears Policy: Mid Market Rent & Market Rent Properties.
- 10.2 We will seek to ensure that the information that we provide about our Arrears Policy: Mid Market Rent & Market Rent Properties and any letters that we send are clear, concise and in plain language.
- 10.3 Rent charges will be reviewed annually and we will give due notice when formally notifying each tenant of any changes to their rent charges.

11. Monitoring & review

- 11.1 We will review our Allocation Policy: Mid Market Rent & Market Rent Properties every three years or more frequently if there are any significant operational changes, legislation or recommended best practice. We will also monitor, review and update our procedures as required.
- 11.2 We will report performance results to the PWL Board and through routine performance reports. We will use Key Performance Indicators (KPIs) to monitor performance which will include the following:
- current tenant arrears, rechargeable repairs and write offs; and
 - former tenant arrears, rechargeable repairs and write offs.
- 11.3 We will collate and report to the PWL Board the following information:
- rent received as % of rent receivable;
 - current tenant arrears as % of rent receivable; and
 - PWL write offs for current tenant arrears, former tenant arrears or rechargeable repairs where there is no reasonable chance of these sums being recovered.
- 11.4 We will ensure that every arrears case has a full audit trail to assist with any legal action and provide information for monitoring purposes.