



Rent and Debt Management Policy

Reference	
Information Classification	
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Applicable Committee(s)	CHT Board
Owner - role	Trust Manager

Record of Updates/Changes			
Current Version	Date Approved	Approved By	Changes

1. Policy Aim

The Trust aims to ensure that the income generated from rent and service charges is sufficient to support its long-term viability as an organisation and its properties, whilst rents remain affordable to tenants and leaseholders. This policy aims to set out how the Trust will maximise rental income and recover outstanding debt due by tenants, in a consistent and reasonable way. Internally it is recognised that non-payment of rent directly impacts upon our other financial functions and this policy sets out how best to prevent, manage and recover arrears. The policy aims to reflect good practice and to deal with arrears and other debts in a constant and equitable way.

2. Objectives

The objectives of the rental policy are:

- To generate enough rental income to cover the following costs:
 - Management and Administration
 - Day to Day Maintenance
 - Planned Maintenance
 - Provision for Major Repairs
 - Loan Repayments
 - Allowances for Voids and Bad Debts
 - Health and Safety Requirements
 - Compliance with our obligations such as HMO licence conditions
- To generate sufficient service income from each property to annually cover the costs of providing the services. In assessing these costs, the Trust is conscious to review services regularly to ensure cost effectiveness and quality.
- To set rents and service charges which reflect the properties and services that are provided.
- To ensure that the rent setting mechanism prioritises the need for properties to be fairly compared particularly in respect of size, type, facilities, and amenities.
- To ensure that the information relating to rent and service charge setting, and review is conveyed to tenants and leaseholders in a clear and concise manner and is in accordance with the legal requirements described in the tenancy agreement (tenants) or lease agreement.

Related Policies and Legal Context/Framework

- Housing (Scotland) Act 2014
- Coronavirus (Scotland) (No. 2) Act 2020
- Equality Act 2010
- Data Protection Act 2018
- Human Rights Act 1998

- Children's Scotland Act 1995
- Debtors Scotland Act 1987

3. Pre-Action Requirements for Rent Arrears

The Coronavirus (Recovery and Reform) (Scotland) Act came into force on 1 October 2022 and sets out the steps a landlord can take to meet the pre-action protocols before taking a case to the Tribunal on the grounds of rent arrears. To comply with the pre-action requirements landlords must:

3.1 Provide to the tenant clear information relating to:

- (a) the terms of the tenancy agreement,
- (b) the amount of rent for which the tenant is in arrears,
- (c) the tenants' rights in relation to proceedings for eviction (including the pre-action requirements set out in this regulation), and
- (d) how the tenant may access information and advice on financial support and debt management.

3.2 Make reasonable efforts to agree with the tenant a reasonable plan to make payments to the landlord of:

- (a) future payments of rent, and
- (b) the rent for which the tenant is in arrears

3.3 Give reasonable consideration to:

- a) any steps being taken by the tenant which may affect the ability of the tenant to make payment to the landlord of the rent arrears within a reasonable time,
- (b) the extent to which the tenant has complied with the terms of any payment plan agreed, and
- (c) any changes to the tenants' circumstances which are likely to impact on the extent to which the tenant complies with the terms of any payment plan agreed.

4. Role of the Castlehill Housing Trust Board

4.1 Role of the Castlehill Housing Trust Board

The Trust Board has responsibility for monitoring the performance of debt recovery by the Housing Services Team. The Board is also responsible for reviewing the policy. The Board meets quarterly to review the arrears reports. They will consider all cases in rent arrears and any cases pending legal action. Where legal action is recommended by the Housing Services Manager, Board approval must be granted before eviction action for recovery of possession and repayment are taken.

4.2 Role of the Senior Housing Services Officer

The Senior Housing Services Officer, under the supervision of the Housing Services Manager is responsible for ensuring that cases are dealt with appropriately and promptly and that action has been undertaken in line with the published policy and procedures. The Trust Manager will bring cases which warrant legal action to the attention of the Trust Board. Where required the Trust Manager will, along

with the Housing Officer, visit and correspond with tenants where the level of their arrears, are of concern and where there has been a breakdown in an arrangement or communication. The Trust Manager will review all arrears cases with the Housing Officer as part of an arrears review each month.

4.3 Role of the Housing Officer

The Housing Officer will be responsible for the management of all the cases within their area and ensuring that new arrears cases are identified and contacted promptly. Any action taken and/or contact with the tenant regarding the case must be recorded in the arrears monitoring section within customer relation management module in QL. Housing Officers are responsible for contacting the tenant to discuss the reason for the arrear and to set up arrangements to reduce the balance. Once in place, the Housing Officer is responsible for ensuring that the arrangement is adhered to and taking appropriate action if the arrangement defaults. The Housing Officer may liaise with Housing Benefit/Universal Credit to confirm applications have been made or are in progress if a tenant's circumstances have changed and they find themselves no longer in employment for instance.

4.4 Role of Housing Services & Finance Team

The Housing Services Support Team is responsible for processing all rent payments to the tenants rent accounts that are received through Housing Services Support Team except for payments which are made directly to the bank. . The Finance Department are responsible for processing those payments which are made directly to the bank. bank standing orders to tenants rent accounts which includes the housing costs from the Department of Work and Pensions and for raising the monthly rent debit. Efforts are made to ensure that all payments relevant to that month are posted to the accounts before the debit is raised. The debit should be raised on the 1st working day of the new month for the Housing Officers to receive the arrears report.

5. Prevention of Arrears

The Trust recognises the importance of early identification and intervention to stop a case progressing to the stage where legal action is necessary. Clear information on the rent and services will be given before a tenancy commences and at signing of a tenancy stage. Arrears can arise, in several different ways. The approach that the Trust will take will be flexible but will also aim to be consistent, fair and will use the following principles:

- Early identification of potential arrears problems through knowledge of tenant's circumstances and regular detailed monitoring of accounts.

- Sensitive, immediate, and individual action by staff which seeks to address the cause of the arrear not only of the failure to pay.

- Acknowledgement of the need to address the wider issues of low income, pension and benefit levels which can cause poverty to tenants, especially if their circumstances have changed such as no longer being in employment.

6. Board Reporting

Reporting To assess the performance of both the policy and the officers implementing the policy it is essential that suitable data is available from the Housing Management System. This enables targeting of resources and workload to be monitored and to encourage a performance culture of arrears recovery. Information such as this allows performance targets to be set by the organisation at a strategic level and by the managers within the department at a personal level. The Board receive statistics at the quarterly meeting. The reports aim to give information on:

- Quarterly arrears totals
- Quarterly arrears total as a percentage of rent receivable/annual rent receivable
- Level on quarterly technical arrears
- Update on all cases at legal action
- Level of former tenant arrears
- Write offs

7. Training

CHT recognise the importance of regular and systematic training for housing staff on the effective and sensitive collection of arrears. Housing Officers should be trained on the arrears policy and be aware of the legal issues surrounding Private Residential Tenancy Agreements and Assured tenancies. Both in-house and external trainers should be used as appropriate. Training on Housing Benefit or Universal Credits and Welfare Benefits changes will also be carried out to ensure efficiency of the income maximisation policy.

8. Review/Evaluation of Policy

The Housing Officers and the Senior Housing Services Officer should review the effectiveness of the policy during the monthly arrears meetings. Any areas where the policy could be improved should be brought to the attention of the Housing Services Manager. Any issues of good practice or clarification of legal issues should also be brought for discussion.

9. Rent and Services Setting

To assess appropriate rent levels for each property the Trust uses a points-based system (appendix 1). Each property is pointed according to a range of factors:

- Type of property
- Size of property (no of bedrooms)
- Facilities provided (e.g. garden, parking)
- Other H & S requirements such as PAT testing / Legionella Checks

Adjustments made to the points awarded to individual properties or schemes will be considered as required. The Trust may also agree a lower points level if a property or scheme has low demand and thus attracting high void loss or if the rent is far higher than the local housing allowance and a DHP (Discretionary Housing Payment) has been unsuccessful. To calculate the rent for a property, the number of points is multiplied by the value of a “*pounds per point*” level in operation for the financial year. We were aiming with the points-based system to keep rents below local housing allowance for each local authority, but this has proven to only be possible in a few cases given the services that some properties have particularly in shared accommodation.

9.1 Rent Review

Any rent increase over the level agreed will be kept to the minimum necessary to ensure that the Trust is collecting enough income to meet its projected costs, both in the short and longer term. We will advise all tenants of the decision if we must increase the rents further and our reasons for doing this. Consideration of planned maintenance costs will be a significant factor in the decision.

Please bear in mind that this concerns the net rent only as the service costs may fluctuate yearly depending on what our expenditure was the previous financial year and the service charge income we have received.

9.2 Rent Review Notification

All tenants and leaseholders will receive one clear month’s notification of the annual rent and service charge review. All Private Residential Tenants (PRT’s) will be given 3 months’ notice of an increase in line with the legal obligations of their tenancy agreement.

9.3 Service Charges

The Trust sets service charges on a scheme-by-scheme basis according to the actual cost incurred or likely to be incurred in the coming financial year. A service equalisation account is kept for each scheme and surpluses or deficits are carried forward from year to year. Tenants are advised of the services they receive in their tenancy agreement or lease agreement. The Trust undertakes to consult with tenants on any proposed changes to the services which may result in alterations to their rent and service charge. When the Trust board agree to an annual rent increase consideration may be given to charging at cost for the services. At the time of writing (February 2024) the board has agreed to a significant increase in utility costs due to significant shortfalls in service income versus service expenditure.

9.4 Former Tenant Debt

It is the Trust's policy not to write off rent arrears debt except in the case of former tenant arrears where despite extensive investigation, the person cannot be traced or where a tenant has died and there are no available funds from their estate to clear the debt. Former tenant arrears of up to £50 can be written off the Housing Manager. Larger write offs require to be approved by the Board of Directors.

Appendix 1

Property Type	Points Allocated
Flat	5 pts
House/Bungalow	15 pts
Above Ground floor Property	Minus 2 pts
Moray Standalone Tenancies reduced LHA	Minus 10 pts

Bed spaces	Points Allocated
1 Bedroom	10 pts
2 Bedrooms	20 pts
3 Bedrooms	30 pts
4 Bedrooms	40 pts
Under occupancy of one bedroom	10 pts

Communal	Points Allocated
Communal Facilities	10pts
Additional Communal Facilities	5 pts
Use of Communal Facilities (If self-contained flat but can use communal facilities)	5 pts

Heating	Points Allocated
GCH	5 pts

H & S Legislation	Points Allocated
Pat Testing	1 pt
Legionella	2 pts
Fire Safety	6 pts
PEI	1 pt
TMV's (Not Included Yet)	2 pt
Sprinkler System	5 pts

Additional Components	Points Allocated
Door Entry	2 pts
Tunstall	2 pts
Car Port	2 pts
Garden	1 pts
En-Suite	2 pts
Parking	1 pts
Garage	3 pts
Staff Sleepover room	5

CHT Points implemented from April 2019