



Income Management Policy

2021

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1. Policy statement

- 1.1 This policy relates to mid-market rent properties owned and managed by West of Scotland Housing Association (WSHA) and Westscot Living (WL). WL employs WSHA as an 'agent' to supply mid-market rent housing services for properties owned by WSHA and leased to WL.
- 1.2 WSHA views income management as a vital part of the housing management function service delivered to WL. There is a direct relationship between the effective collection of revenues and the ability to deliver high-quality services to customers.
- 1.3 This policy establishes WSHA's requirement to operate an efficient and effective income collection service for WL that complies with legislative requirements. The approach will ensure that priority is given to maximising income and minimising or preventing any risk of customers accumulating rent arrears.

2. Roles and responsibilities

- 2.1 The Director of Housing & Community Services is responsible for ensuring adoption of, and adherence to, this policy and its associated procedures relevant to their operation.
- 2.2 The Housing Manager is responsible for:
 - ensuring that this policy is implemented by their staff;
 - ensuring that staff are designated to deal with the income management of MMR properties;
 - monitoring the systems and practices at local levels in terms of MMR income management, ensuring there is a consistent and fair approach.

3. References and sources

- 3.1 The following legislation, references and sources are relevant to the development and delivery of this policy and associated procedure:
 - [Bankruptcy and Diligence Etc. \(Scotland\) Act 2007](#) sets out requirements in relation to storage of property belonging to evicted tenants.
 - WSHA Cash Handling Procedure
 - [Data Protection Act 1998](#) and the [General Data Protection Regulation](#) set out obligations relating to the control and management of personal information.
 - [Equality Act 2010](#) consolidates existing legislation and makes it unlawful to discriminate in the provision of services based on age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.
 - [Homelessness etc. \(Scotland\) Act 2003](#) duty to notify local authority of eviction proceedings.

- [Letting Agent Code of Practice \(Scotland\) Regulations 2016](#) details the Letting Agent requirements for managing deposits and rent collection.
- [Private Housing \(Tenancies\) \(Scotland\) Act 2016](#) outlines the grounds for possession on which a landlord can commence action and landlord's statutory obligations.
- [Tenancy Deposit Schemes \(Scotland\) Regulations 2011](#) circumstances in which the rent deposit, or part of it, can be retained at the end of the tenancy by reference to terms of the tenancy agreement.
- WL Allocations Policy outlines the income criteria which applicants must meet to be considered eligible for housing.
- WSHA Rechargeable Repairs Policy outlines the process for rechargeable repairs.
- WSHA Write-off Policy outlines the process for writing off tenancy related debt.

4. Equalities

- 4.1 We will not unlawfully discriminate against any person within the protected characteristic groups as contained within the Equality Act 2010. To ensure equal access to the information contained in this policy for all, we are happy to provide copies in Braille, in larger print, translated into other languages or on tape to you or anybody that you know upon request and where practicable.
- 4.2 WL will seek to ensure that tenancies are managed in a manner that is fair to all sections of the community regardless of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.
- 4.3 Although not a social landlord, WL will adhere to Outcome 1 of the Scottish Social Housing Charter (Equalities):

'...Landlords perform in 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'.

5. Consultation

- 5.1 At the time of writing, there are no MMR tenants or applicants to consult with. However, the policy was circulated to our Tenants Action Group (TAG) for information.

6. Monitoring and compliance

- 6.1 This policy will be monitored on a regular basis to ensure that the content remains compliant with legislation and reflects best practice. Audits may take place if commissioned by the Director of Housing & Community Services to ensure there is consistent practice and adoption of the policy principles.
- 6.2 Period of review

- 6.2.1 Until a new policy is formally adopted this document will remain in force and operational.
- 6.2.2 This policy will be reviewed in accordance with the policy review programme agreed by CMT.
- 6.2.3 If there are significant changes to legislation or regulation or there are found to be deficiencies or failures in this policy, as a result of complaints or findings from any independent organisations, the Director of Housing & Community Services will initiate an immediate review.
- 6.2.4 Where appropriate, key stakeholders such as tenants and interested parties will be consulted as part of any review of this policy.

7. Approval

- 7.1 This policy is approved by the Board of Management of WL.

8. Operational arrangements

8.1 Arrears prevention

8.1.1 Westscot Living (and West of Scotland Housing Association as its agent) will take a pro-active approach by helping people to avoid getting into financial difficulties. The approach will also ensure there is a balance between supporting tenants in difficulty and taking firm, but fair, action against individuals that are in arrears.

8.1.2 A number of measures will be employed to prevent accrual of arrears including:

- Implementation of income criteria which must be met for applicants to be eligible for housing (see the Mid-Market Rent Allocations Policy). The applicant(s) must have a gross annual income within a minimum and maximum threshold. The thresholds have been calculated to ensure that tenants will be able to afford mid-market rents. Application reviews will include income checks to ascertain whether this criterion is met.
- Provide the tenant with clear information about the terms of the tenancy agreement and any other financial obligation of the tenancy at sign-up.
- Promote responsibility for payment of rent, before and during the tenancy.
- WL will normally insist that rent is paid in advance and request that payments are received via Direct Debit. New tenants will be asked to complete a Direct Debit mandate form prior to sign-up, so that the mandate can be created as soon as the contract is activated. Where this is not possible, tenants may be provided with a range of other payment options including standing order.
- New tenants will be required to pay the deposit of six weeks rent in full to secure their offer for housing, before signing the tenancy agreement. In the instance that a tenant leaves the property and there are outstanding payments due, attempts will be made to retain part or all of this payment to cover any arrears at the end of the tenancy.
- Early identification of arrears and intervention to encourage payments will occur.
- Regular monitoring of accounts in arrears will prompt staff to regularly engage with tenants and follow a clear, consistent, and compliant process of escalation of arrears action.
- If tenants are not in a position to clear their arrears balance in one payment, a fair and effective repayment arrangement will be agreed. Any arrangements to pay will be monitored regularly and appropriate action taken to address broken arrangements.
- If tenants require extra help and assistance, appropriate advice will be given to ensure they receive support to meet their rental obligations.

8.1.3 The confidentiality of all parties involved in cases of arrears will be respected. It is also recognised that it can be uncomfortable or distressing for tenants to discuss their financial situation with staff. Tenants will be treated with

consideration and respect and we shall ensure that a variety of options are available for tenants to communicate with us.

8.1.4 Our approach to arrears prevention and recovery will be publicised to tenants in a variety of ways, including relevant tenancy literature and as part of consultation exercises on matters such as the annual rent increase.

8.2 **Arrears escalation**

8.2.1 Escalation will begin when a payment is missed or not paid in full. The appropriate Notice for Private Residential Tenancies (PRTs) will be served in the following circumstances:

For PRTs the relevant Grounds are 11 and 12:

- 11 – breach of tenancy agreement
- 12 - tenant is in rent arrears over three consecutive months.

8.2.2 If payment arrangements are broken, escalation procedures will resume.

8.3 **Legal action**

8.3.1 When a tenant fails to co-operate in paying their rent, reducing their arrears or continuously breaking payment arrangements, legal action will be considered. The different forms of action will include:

- Notice to Leave (PRT)
- Recovery proceedings for debt if they become a former tenant
- Arrestment
- Small claims action
- Eviction.

8.3.2 Any decision to commence legal action and subsequent decisions on the course of action taken will be the issued by a Housing Manager or other officer of at least equivalent seniority. The decision will then be referred to our solicitors.

8.3.3 If a decree is obtained, the decision to enforce this will be signed off by the Corporate Management Team (CMT). No action to enforce a decree will be made without approval from the CMT. If approval is obtained our solicitors will instruct the Sheriff Officers to enforce the decree. If a decree is not obtained, the solicitors' will proceed with any other relevant defended court action.

8.3.4 Throughout the court and eviction process, operational staff will continue to contact the tenant to repay the outstanding monies in full.

8.3.5 If the tenant is at risk of homelessness, the relevant local authority will be notified when proceedings for possession are raised. This is to comply with section 11 of the Homelessness etc. (Scotland) Act 2003.

8.4 Former tenants

8.4.1 Where it has not been possible to reduce or clear any arrears before the tenancy has terminated, and if it has not been possible to retain part or all of the tenancy deposit to clear the balance, former tenant arrears will be sought for recovery through other means.

8.4.2 Debts may be written off in accordance with the principles and processes detailed in the WSHA Write-off Policy

8.4.3 Debt may be passed to a third party where this option offers value for money. A third party debt collection agency may also be employed where trace or collect services are available in cases where:

- a forwarding address is unavailable and cannot be located by staff; or
- all internal efforts to recover a debt have been exhausted.

8.4.4 If a period of five years has elapsed since the last payment or last contact with the tenant, or if the debt is deemed irrecoverable by the debt collection agency, then WL will normally request that the arrears are written off, as the ability to recover the debt through court action is likely to have been prescribed. In some circumstances an action in court may be lodged before the five years has elapsed, in order to prevent the debt from prescribing and allow us to take further action.

8.4.5 When it is not possible to engage a former tenant in a voluntary arrangement to repay the debt, all available legal remedies will be used up to and including wage arrestment and sequestration (bankruptcy).

8.5 Death of tenant

8.5.1 The approach to former tenant arrears for deceased tenants will be to pursue any outstanding debt from an estate where one exists. The Housing Manager has the discretion to decide not to pursue the estate for arrears for example, where the debt is uneconomic to pursue or there is no prospect of recovery.

8.5.2 Where the deceased's representative (or executor, where one is appointed) states there are no funds in the deceased's estate to cover this, the representative/executor will be asked to provide a declaration to this effect, and provided such a declaration is provided, the arrears will be written off.

8.5.3 From the date of death, a period of up to two weeks will normally be allowed for the property to be cleared during which rent and any other associated tenancy costs will continue to be charged. The deceased tenant's estate may be pursued for any arrears accrued. The Housing Manager has the discretion

to extend the period allowed to clear the house by a maximum of two further weeks, provided the previous tenant's estate will cover rent loss; a charge equal to the rent sum will be made until the keys are returned.

8.5.4 On death of the tenant, a charge equal to the rent sum will continue until the property is cleared and keys are returned to housing management. Any debt will be claimed from the estate and become former tenant arrears. If the tenancy is succeeded to, the successor does not inherit rent arrears or any other outstanding tenancy related obligations of the original tenant.

8.5.5 Where a tenant dies and there is no successor, there may be a small element of pre-paid rent outstanding. That is a credit owed to the tenant's estate, but any pre-paid rent will normally be retained until a house is cleared and the keys handed back.

8.6 Eviction

8.6.1 Where eviction proceedings have been concluded and there are outstanding former tenant arrears with no forwarding address, this will be immediately referred to an approved debt collection organisation.

8.7 Sundry debts

8.7.1 Sundry debts will be raised and attempts to contact the tenant will be made, to arrange payment. This includes costs such as court expenses and rechargeable repairs. Sundry debts will be pursued unless the cost of recovery is likely to exceed the amount involved. The WSHA Write-off Policy should be referred to for guidance.

8.7.2 If the conditions of the rent deposit allow, attempts will be made to retain part or all of this payment to cover any sundry debts at the end of a tenancy.

8.7.3 Debt may be sold to a third party where this option offers value for money. A third party debt collection agency may also be employed where trace or collect services are available.

8.8 Rent setting

8.8.1 Starting rents (including any charges) will normally not exceed the Local Housing Allowance rate.

8.8.2 Any change to rent charge at re-let or annual rent increase will be calculated based on CPI, local market conditions, competitor analysis and affordability assessments.

8.8.3 Any charges made against the tenancy will be set at a level that recovers the cost borne by WL/WSHA, including administration.

- 8.8.4 Normally rent will only be increased once a year (normally 1 April) using a rent increase notice that conforms to the format prescribed under the section 22(1) of the Private Housing (Tenancies) (Scotland) Act 2016 for PRTs. The rent will only be increased once in a 12-month period and tenants will be given a minimum of three months' notice for PRTs.
- 8.8.5 Tenants who pay by Direct Debit will be informed of the rent increase and WSHA will administer the changes to the mandates to ensure the correct charges are taken from the rent increase date.