



West Granton

Housing Co-op

Our tenants are paramount in everything we do

Debt Management Policy

This policy was approved by the Committee of Management on 19th July 2023. It should be reviewed again no later than June 2025.

The policy has been assessed through the organisational impact assessment process.

We can, if requested, produce this document in different formats such as larger print or audio-format. We can also translate the document into various languages, as appropriate.

SCOTTISH HOUSING REGULATORY STANDARDS

STANDARD 1:

The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.

STANDARD 2:

The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. Its primary focus is the sustainable achievement of these priorities.

STANDARD 4:

The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.

STANDARD 5:

The RSL conducts its affairs with honesty and integrity.

STANDARD 6:

The governing body and senior officers have the skills and knowledge they need to be effective.

WGHC aims to comply with all relevant legislation.

The following legislative requirements and guidance have been considered in relation to this policy:

- Housing (Scotland) Act 1987,
- Housing (Scotland) Act 2001 (as amended by 2010 and 2014 Act)

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West Granton Housing Co-operative Limited is a fully mutual housing co-operative registered as a social landlord with the Scottish Housing Regulator (HAC 225); and is a registered society under the Co-operative and Community Benefit Societies Act 2014 (2357 RS).



- Guidance for Social Landlords on Pre-Action Requirements and Seeking Repossession of Social Housing (Section 155 of the 2010 Act)
- Consumer Credit Act 1974 (as amended by Consumer Credit Act 2006)

WGHC aims to comply with all relevant best practice. The following have been considered in relation to this policy:

- The Scottish Social Housing Charter.

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1.0 INTRODUCTION

This policy covers the management of debt owed to WGHC by tenants or former tenants. The majority of tenant debts will be arrears of rent. Some additional debt may arise from works carried out by WGHC during or at the end of the tenancy which then may then have to be charged to the tenant. It is important to integrate the management of all monies owed to us by tenants, to help us to assist the tenant and to ensure correct pre action procedures are followed.

2.0 POLICY AIMS AND OBJECTIVES

We will try to instil a payment culture and provide relevant information and assistance to our tenants where possible. Our overall objectives are to maximise WGHC's rental income, minimise tenant debt and achieve long term tenancy sustainment.

The Housing (Scotland) Act 2010 provides a pre-action protocol relating to proceedings for claims made by a social landlord against a tenant for possession due to rent arrears. The message of that pre-action protocol, as reflected in this policy, is that eviction proceedings should be a last resort.

We will try to promote proactive, preventative approaches rather than being solely focused on reactive enforcement measures. When required, we will work with external agencies to help resolve individual cases of rent arrears.

We wish to avoid conflicts of interest or responsibility which can arise when a WGHC contractor carries out work on a WGHC property on behalf of a WGHC tenant. We will therefore discourage WGHC contractors from carrying out works which are the responsibility of tenants.

3.0 RENT MANAGEMENT

WGHC depends on the rent collected from tenants for its main source of income. It is therefore the policy of WGHC to keep the level of arrears to an absolute minimum in order to maximise income in the interest of the co-op and its members.

Each tenant will have an individual rent account and we will try to ensure that all transactions are recorded accurately. We will monitor accounts regularly to look for problems including non-payment and overpayments.

Whilst a serious view will be taken of outstanding rent arrears due to non-payment, it is recognised that many tenants are financially disadvantaged and a caring and sympathetic approach will be adopted. Where possible, WGHC will actively assist tenants with benefit claims and signpost to relevant external agencies for assistance with debt and welfare rights advice.

WGHC has absorbed all its service charges into its rent, with the exception of the 12 car parking spaces within the Forthquarter development. For those tenancies, an additional weekly £1 service charge is applied.

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This charge is clearly stated on the tenant's Scottish Secure Tenancy Agreement. For the purposes of this policy any debt relating to this service charge shall be treated in the same way as rent.

Our primary source of income is rent. As WGHC's primary source of income is rent, in cases where a tenant has multiple debts to WGHC, debt priority will be given to rent arrears.

3.1 Paying Rent

Once a tenancy agreement is signed, WGHC tenants are contractually obliged to pay both the rent and service charge (if applicable) weekly, in advance, on a Monday. Tenants who wish to pay by any other frequency (e.g. fortnightly, 4 weekly, monthly) will be advised that payments in advance are expected.

Tenants can pay:

- by debit card in the office or over the phone;
- by cash in the office;
- by bank standing order or direct debit;
- by direct Housing Benefit payments.
- by direct Housing Cost payments (Universal Credit)

3.2 Housing Benefit Claims

WGHC will offer assistance to tenants to complete housing benefit claim forms and verify documents in accordance with the Revenues and Benefits Verification Framework.

We will encourage direct payments to WGHC and where possible, pursue the local authority to process claims within a reasonable time period. Where practicable, we will take intervention action with suspended and cancelled claims. Intervention action includes determining additional information required by the local authority and liaising with the tenant to try to ensure such information is submitted.

We will try to maintain an effective working relationship with both City of Edinburgh of Council and the tenant to help ensure periods of suspension are kept to a minimum.

Ultimately however it is the responsibility of the tenant to claim benefits and to provide any information required in connection with claims. It is the responsibility of each tenant to ensure their rent is paid in full, even if they are entitled to housing benefit.

3.3 Universal Credit Claims

WGHC will offer assistance to tenants who wish to claim or who are claiming Universal Credit, including the housing cost element.

WGHC will verify all rent charges with the DWP through the landlord portal. This includes any changes to rents, such as rent increases.

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We will try to maintain an effective working relationship with the DWP, although it is recognised the DWP does not have a joint working partnership arrangement in place such as WGHC has with the City of Edinburgh Council.

3.4 Discretionary Housing Payment (DHP)

In relation to under-occupancy and Housing Benefit or the housing cost element of Universal Credit, WGHC will always try to ensure that the relevant claim letter is generated on the tenant's behalf, arrange for the tenant to sign the claim letter and then send it directly to the City of Edinburgh of Council's DHP team for processing.

Where a claim for DHP is being made due to a shortfall in rent or financial hardship, again WGHC will always try to assist the tenant in making this claim.

3.5 Start of Tenancy

Rent obligations will be made clear at the sign up date.

New Tenants must pay their rent (full or part) in advance at the point of signing for their tenancy. When a new tenant is on Benefits and claims for Housing Benefit when their tenancy starts it would be impractical to expect payment and we would not demand rent in advance from someone in this position.

A Housing Benefit claim should be completed where it looks like the tenant will qualify for housing benefit. It should be made clear that HB will only be payable from the date a tenant moves in to the WGHC property. The tenant should be advised that they need to respond to any requests for information from either the City of Edinburgh Council or ourselves regarding rent or housing benefit. Proof of income must be supplied or forwarded as soon as possible for all in the household.

If the new tenant is currently a tenant of another property and in receipt of housing benefit, they should sign a request for overlap of housing benefit to be paid from their date of entry. A maximum of 4 weeks overlap may be allowed under the HB Regulations for a Two Homes Payment.

For tenants in receipt of Universal Credit, (UC), staff should encourage tenants to agree to direct payments from the DWP; this allows the rent element of their benefit to be paid directly to WGHC. This can only be done from the second payment onwards of UC.

Where a UC claimant gets the rent element paid directly to them and then fails to pay their rent to WGHC, an application to have Direct Payments made to the WGHC should be made as soon as possible. This is generally after 2 payments have been missed.

3.6 Non-Payment and Pre-Action Requirements

If the rent for the week (and any service charge, if applicable) is not paid in full by the Sunday, the tenant shall be considered to be in arrears and appropriate debt management should be taken.

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WGHC will monitor individual rent accounts on a weekly basis. We will keep accurate records of all arrears actions taken.

Through such monitoring we aim to identify cases of concern, achieve early intervention and resolve cases effectively. We will only serve a Notice of Proceedings (NOP) for the Recovery of Possession as a last resort action.

A NOP is a pre-action notice to commence eviction action. Before WGHC can serve a NOP to commence eviction action against a tenant for rent arrears, we must **first** fulfil the terms of the Pre-Action Requirements as set out in Section 155 of the Housing (Scotland) Act 2010. We will have in place written procedures to assist us in doing this.

3.7 Technical Arrears

In some cases we recognise that part or all of the rent be paid outwith the normal weekly cycle. Most commonly this will apply to tenants who receive housing benefit for all or part of their rent. Housing benefit is generally paid in arrears, either fortnightly or four weekly.

If a rent account is in arrears but we know that it will be cleared in full by the next relevant housing benefit payment then we shall consider this as a “technical arrear” and debt management action will not apply.

However, rent unpaid pending housing benefit new claims, suspended claims or reduced payments being appealed will not be considered as technical arrears.

3.8 Rent Account Credit Balances

Many WGHC tenants choose to build up credit in their rent account by paying more than is due. However some overpayments are made unintentionally, both by tenants and in the form of benefits.

WGHC will try to identify and resolve such overpayments. We will have in place written procedures to assist us in doing this.

3.9 Former Tenant Rent Arrears

To minimise former tenant debt we will advise all tenants ending their tenancy what rent they will be due to WGHC by the end of the tenancy. Where possible, WGHC will obtain a forwarding address and contact details.

We will only pursue former tenant debt if there is a reasonable chance of recovery. Where the chance of recovery is low, WGHC may take the decision to write off outstanding rent as bad debt.

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4.0 RE-CHARGED REPAIRS

4.1 Definition

The most common non rent debts are monies charged by us to tenants or former tenants for the cost of works carried out by WGHC.

This may arise because:

- the works are the tenant's responsibility but WGHC steps in to carry them out;
- the works are the tenant's responsibility but they asked us to carry them out for them;
- the works were the tenant's responsibility but were carried out by WGHC after the end of the tenancy.

4.2 Principles

WGHC recognises that many of our tenants are financially disadvantaged. We will generally not insist on repairs being carried out unless there is a risk to members of the household; or a risk of further damage to the property; or if the problem impacts on other residents or properties.

We will take a sympathetic approach where repairs are necessary because of accidental damage and/or where the tenant is clearly unable to effect a repair themselves.

4.3 Tenant Responsibility During a Tenancy

The tenant's obligations in relation to repairs and maintenance are set out in the tenancy agreement. They may be summarised as follows:

- carrying out minor repairs and internal decoration;
- repairing damage caused wilfully, accidentally or negligently by the tenant or anyone living with the tenant or a visitor to the house; including:
 - breakage to glass;
 - choked or damaged sinks, baths or sanitary ware;
 - replacing lost or broken keys.

When a repair is requested or required WGHC will consider whether the repair arises from damage caused wilfully, accidentally or through negligence.

WGHC staff will take account of the age of the property and length of tenancy in assessing what repairs may be counted as damage and what are due to wear and tear. In recognition of the fact that many tenants are financially disadvantaged we will take a sympathetic view where damage is accidental. However, in relation to lost or stolen keys or key fobs the responsibility will remain with the tenant.

If a repair is the responsibility of the tenant they should be informed of this. Depending on the nature and extent of the repair this may be verbally or in writing, as appropriate. If staff are uncertain they should seek a decision from senior staff (see section 5.2).

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4.4 WGHC Stepping In To Carry Out Works

Where a tenant has been informed that a repair is their responsibility it will normally be left to the tenant to carry out the work in their own time.

If appropriate the tenant should be advised to contact their insurance company. However WGHC does have the right, in accordance with the tenancy agreement, to step in and carry out the works and recharge the tenant. WGHC will only step in and carry out the works where:

- the tenant has failed to carry out the work within a reasonable time; and
- the problem is of an emergency or urgent nature; or
- the problem is affecting other properties; and/or
- the problem is unsightly or unhygienic.

Authority to proceed is set out in Section 5.2.

The tenant will be given reasonable notice that WGHC intends to carry out the works. The length of notice will depend on the nature and urgency of the works.

The tenant will be advised of the cost which will be charged. This will either be the cost listed in WGHC's [Schedule of Rates for Rechargeable Repairs](#) or a reasonable estimate of the cost if it is not listed.

The tenant will be recharged for the work.

4.5 Tenant Asks WGHC To Carry Out Works

A tenant may request that WGHC carry out works, which are the tenant's responsibility, on their behalf. Section 4.4 above may apply if works are major and/or urgent.

In order to avoid conflicts of interest and responsibility it is preferable that WGHC contractors not are involved in carrying out repairs or other works for our tenants, unless specifically instructed by WGHC. WGHC may carry out the following at the request of a tenant:

- Arrange to uplift items from a house or garden;
- replace locks during working hours;
- replace lost or broken keys or fobs.

In each case WGHC will only do so upon payment of the appropriate fee or if satisfied that payment will be made promptly after completion of the works. The fees are set out in [Appendix 1: WGHC's Schedule of Rates for Rechargeable Repairs](#).

We reserve the right to refuse to carry out these works. For example if a tenant has arrears or other debt to WGHC, or if the works are unusual or involve risk.

In relation to other types of work the tenant should be advised to arrange the works themselves.

In exceptional circumstances, WGHC may agree to a request. For example, if the works are of a specialised nature or the tenant is elderly and/or vulnerable.

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Before WGHC instructs works the tenant will be expected to sign a statement accepting responsibility for the costs and agreeing to pay.

The statement should include the cost which will be charged. This will either be the cost listed in WGHC's [Schedule of Rates for Rechargeable Repairs](#) or a reasonable estimate of the cost if it is not listed. The CEO/COO is authorised to review and amend the prices in the Schedule of Rates annually.

Authority to proceed is set out in Section 5.2.

Occasionally a tenant may try to call out a WGHC contractor out of hours to effect a repair. Where a repair is carried out, the tenant may be recharged if the works are clearly their responsibility under the tenancy agreement.

4.6 End Of Tenancy Works

The tenant's obligations at the end of a tenancy are set out in the WGHC tenancy agreement. They may be summarised as follows:

- do any repairs that are their responsibility;
- remove all belongings and remove any fixtures and fittings installed without our written permission;
- leave the house in good decorative order and in a clean and tidy condition;
- leave any garden ground in a neat and tidy condition.

If work is required because of the condition in which the house is left once the tenant moves out WGHC will recharge the tenant or former tenant. **Authority to proceed is set out in Section 5.2.**

In assessing what costs should be recharged:

- We will take account of the age of the property and length of tenancy in assessing what repairs may be counted as damage and what are due to wear and tear.
- We will not recharge for minor items where a house has otherwise been left in reasonable condition;
- We will take account of the age and medical condition of the tenant in assessing what works they might realistically have been expected to do.

4.7 Invoices For Rechargeable Works

On completion of rechargeable works the housing officer will issue to the tenant:

- a letter confirming works are complete and requiring payment within 28 days;
- an invoice raised by WGHC finance for the full cost of the works (and including a description of the works);
- a statement showing the invoice and any payments made.

If the recharge is to a former tenant and we do not have a forwarding address the invoice will nevertheless be raised and held on file. WGHC may instruct a Debt Recovery Service to carry out a trace on them to try to find out where they are living.

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5.0 MANAGING DEBT

Rent management arrears action will be in accordance with relevant legislation and with WGHC written procedures.

In relation to debt arising from recharged repairs, the debtor is given 28 days from the date of the initial letter to pay. If the tenant fails to pay or requests to pay over a longer period, the housing officer will endeavour to make a repayment agreement with the debtor. This is forbearance on our part, rather than a credit arrangement. Where the debtor also has rent arrears the recharge will be incorporated into any repayment agreement.

In unusual circumstances WGHC may be owed a debt which is neither rent nor a recharged repair. An example would be legal costs awarded against the debtor. In such cases WGHC will pursue payment of the debt in accordance with generally accepted good practice.

WGHC may use the services of a debt collection agency or take legal action to recover a debt. However we will only do so if the chances of recovery are good and the costs are likely to be recovered.

5.1 Bad Debts

WGHC will not write off rent debt from current tenants unless the tenant is declared bankrupt, or enters a similar formal legal arrangement (e.g. sequestration), which has the effect of making debt irrecoverable.

WGHC will write off non-rent debts from current tenants after 5 years (or such other time limit as current credit legislation allows) if WGHC has not taken legal action to recover the debt. Debt due from deceased tenants will be written off.

Debt due from former tenants will be written off when there is little prospect of recovery and/or the cost of recovering the debt is likely to be more than the amount which might reasonably be expected to be recovered.

In financial accounting WGHC will make provision for doubtful debt at the following rates:

- Former tenant debt – 100%;
- Current tenant rental debt – any debt with a repayment agreement of more than one year plus 25% of remaining debt;
- Current tenant other debt – 75%;
- Other debt – reasonable estimate by CEO / COO.

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5.2 Authority

Authority to take legal action in relation to rent arrears is set out in the WGHC Tenancy Management Policy.

Authority for other decisions in relation to this policy is as set out below. These decisions will be relatively uncommon so staff should take the opportunity to discuss the case with colleagues where possible.

To determine if a repair is the tenant's responsibility (4c)	Maintenance Manager must agree with COO
To step in and carry out works under (4d)	Maintenance Manager must agree with COO
To carry out works at tenant's request (4e)	Maintenance Manager / Housing Manager
To recharge works at the end of a tenancy (4f)	COO or CEO
To take legal action to recover non-rent debt	COO or CEO
To write off a debt which becomes legally irrecoverable following bankruptcy, sequestration or other legal arrangement.	CEO
To write off a legally recoverable debt of £750 or less	CEO
To write off a legally recoverable debt of more than £750	Committee of Management

Staff may assume a higher level of authority in an emergency for reasons of health & safety or to secure property. This must be reported as soon as possible to the CEO.

5.3 Appeals

If a decision made in relation to this policy is queried the decision maker may choose to review their decision, especially if new facts or circumstances are disclosed.

If a tenant disagrees with a decision, they have the right to appeal that decision. We will advise tenants at the time of our decision of their right to make an appeal.

WGHC policy on appeals is set out in the Governance Policy. All appeals should be made in writing.

If a tenant appeals against a recharge, then payment will not be pursued between receipt of the appeal and the appeal decision. If a tenant submits a complaint related to the recharge this will not affect our pursuit of payment. The outcome of an appeal will be given in writing.

5.4 Reports and Performance Indicators

Housing Officers will produce and analyse arrears weekly.

The arrears figures will be reconciled with receipts by the AFO on a regular basis. Any errors or queries will be directed to the HM or COO.

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Arrears figures will be checked by the CEO or COO on a quarterly basis. Arrears and arrears performance indicators will be included in the quarterly management reports to Committee.

Arrears at 31st March will be included by the CEO in the financial statements and in the annual return on the charter (ARC).

Performance in relation to arrears will be included in the annual performance report to tenants.

APPENDIX 1 - WGHC SCHEDULE OF RATES FOR RECHARGED REPAIRS

Type of Repair	Item	Recharge 2023-24
Force entry		£100
Change Lock		£50
Change two locks		£100
Replacement Fob		£15
Replacement Key		£15
Replace internal door		£90
Unblock sinks / baths etc.		£40
Repair Internal Plasterboard Damage		£90
Replace W.C. & cistern		£150
Replace WHB		£75
Internal Transfer (Excessive cleaning / rubbish)		£100
Remove floor coverings	Per room	£30
Uplift appliance (Cooker, dishwasher, washing machine etc.)	Per item	£25
Uplift furniture or other items		£25
Uplift Fridge / Freezer		£80

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