

INCOME MAXIMISATION POLICY HANDBOOK

JUNE 2025

REVIEW

This policy and associated documentation will be reviewed every three years as standard or more frequently if required in response to changes in legislation, regulation or sector practice.

AMENDMENT REGISTER

Where any amendment or revision is made to the policies contained in this handbook, the appropriate section should be updated and the date amended accordingly. The former policy handbook should be kept in a separate file for reference purposes and to demonstrate an auditable trail of policy development.

Amendments of a more 'cosmetic' nature (e.g. changing Communities Scotland to The Scottish Housing Regulator) do not require committee approval; however, will be entered into the amendment register (below).

All relevant personnel should be made aware of the amendments/revisions made

Section(s)	Amendments	Date Approved by Board of Management	Next Review Date
All	Full handbook review	04 October 2011	October 2014
All	Regulation updates	02 October 2012	October 2015
All	Full handbook review	14 June 2016	June 2019
All	Full handbook review	11 June 2019	June 2022
All	Full handbook review	21 June 2022	June 2025
All	Full Handbook review	24 June 2025	June 2028
Section 5 (Income Maximiation Policy)	Item 5.5 added		

EQUALITY AND DIVERSITY

The Scottish Social Housing Charter (SSHC), published on 1 November 2022, helps to improve the quality and value of services provided by social landlords in Scotland. It sets the standards and outcomes that all social landlords should aim to achieve when performing their housing activities.

SSHC 1: Social landlords perform all aspects of their housing services so that:

- They support the right to adequate housing
- 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.

Thenue Housing Association aims to encourage an environment of equality amongst our customers, employees, committee members and other individuals. Our policy on equality and diversity sets out the principles that Thenue will apply to all its work in governance, employment and service provision. We will ensure that all our processes comply with our policy and that those suppliers of goods, services and works have Equal Opportunity policies.

Our information will be clear, simple and consistent, and personal information gathered for the purposes of monitoring equal opportunities will be handled in accordance with the principles set out within the Data Protection Act. Individual monitoring forms will be used for statistical purposes only and destroyed on completion of analysing.

We will seek to ensure that there are no barriers as a result of gender or marital status, race, colour, disability, age, sexual orientation, language or social origin, or other personal attributes, including beliefs, or opinions, such as religious beliefs or political opinions.

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RENT COLLECTION AND RECOVERY

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1. INTRODUCTION

1.1 This policy outlines Thenue Housing Association's approach to the prevention and effective management of rent arrears, whilst subsequently maximising our rental income. Effective rent collection and arrears prevention is vital for the following reasons:

- To prevent homelessness and support tenancy sustainment.
- To fund repairs, maintenance and improvements to existing homes and to build new affordable homes.
- To provide resources to meet our legal and regulatory obligations.
- To keep rent levels affordable.
- To maintain financial stability and meet our overall strategic objectives as outlined within the Association's Business Plan.

1.2 We will aim to prevent rent arrears and maximise the Association's rental income through early intervention, effective arrears management and recovery as well as maximum support and collaborative working with our Financial Inclusion Service,

1.3 Thenue accepts that a tenant's personal circumstances may change (for example through illness or unemployment) and this can sometimes make it difficult to pay rent. Thenue aims to assist tenants in sustaining their tenancies through effective support to prevent, minimise and clear rent arrears. Our Financial Inclusion, Energy Advice and Tenancy Support Services form an integral part of this support.

1.4 Rental income for Thenue includes current and former tenant rent accounts and any service charges applied. Rents are due monthly in advance. An account will be considered to be in arrears if the required payment has not been received by the date it is due (usually 1st of month).

2. POLICY BACKGROUND

2.1 This policy aligns with the Scottish Social Housing Charter, in particular Outcome 13 relating to Value for Money, which states:

"Social landlords' manage all aspects of their businesses so that:
tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay. This outcome covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; and giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers; involving tenants and other customers in setting rents and service charges, and in monitoring and reviewing how landlords give value for money."

This standard includes:

- Efficient and effective management of services.
- Minimising the time that properties are empty.
- Controlling arrears and managing all resources responsibly.
- Cost control and securing value from contracts.
- Enhancing service quality without placing additional financial pressure on tenants or other customers.

2.2 This rent arrears policy is therefore designed to support the delivery of high-quality, cost-effective services while ensuring that Thenue's rental income is protected and sustained, allowing us to invest in homes, services, and communities

3. POLICY OBJECTIVES

3.1 Thenue will adopt a firm but fair approach to rent arrears recovery, supported by effective, transparent and accountable procedures for the prevention, control and recovery of rent arrears.

3.2 Our approach to maximising rental income and minimising arrears includes:

- Providing tenants with early access to advice on benefits and income maximisation.
- Promptly informing tenants of any changes to rent charges.
- Making early, personal contact with tenants whose accounts fall into arrears.

3.3 We will make clear to tenants in arrears that our aim is to support them in reaching realistic and affordable repayment arrangements. However, we will take appropriate legal action where tenants persistently or deliberately fail to engage or pay.

3.4 While our primary objective is to support tenancy sustainment, we recognise that where all efforts have failed and as a last resort, Thenue may need to pursue legal repossession.

3.5 We understand that effective arrears recovery is closely linked to our rent collection and accounting systems. We will therefore provide:

- A range of payment methods where possible.
- Accurate, timely recording of rent payments through our rent accounting system.

3.6 All procedures for rent collection, arrears monitoring and recovery will be designed to support and reinforce the objectives outlined in this policy.

3.7 Our Income Maximisation Officers will make early and proactive contact with tenants who fall into arrears, offering support and advice from the outset.

3.8 We will take an organisation-wide approach to rent collection, ensuring that all staff use every point of customer contact as an opportunity to engage tenants about their rent account and financial situation.

3.9 We will promote the use of our Self Service options, including the Tenant Portal, recognising that tenants with 24/7 account access are more likely to manage their rent payments effectively.

4. ARREARS PREVENTION

4.1 Thenue is committed to preventing rent arrears by maximising income, supporting tenants from the outset of their tenancy and maintaining effective systems to detect and manage arrears at an early stage. We will do this by ensuring robust financial support, timely communication and early intervention practices.

4.2 ***New Tenancy Support***

Thenue will ensure that prospective tenants are aware of their responsibility to pay rent before a tenancy begins. Financial Inclusion Officers will carry out financial assessments at the offer stage and support new tenants to secure any relevant benefits or financial assistance.

4.3 Tenants will be asked to pay the first month's rent in advance. Where this is not possible, the Income Maximisation Manager and Area Services Manager will assess individual circumstances and agree an appropriate payment arrangement.

4.4 At tenancy sign-up, tenants will be informed of the available payment options, assisted in registering for Thenue's tenant portal and provided with welfare advice where required. Support will also be offered to make or update Universal Credit claims, where applicable.

4.5 ***Sustaining Tenancies***

Throughout the tenancy, tenants will have access to ongoing financial and digital support. Thenue will promote regular benefit entitlement checks, assist with any changes in circumstances (such as rent increases) and offer a wide range of payment methods including online, Direct Debit, Callpay, Allpay, and cheque.

4.6 Early contact will be made with any new tenant whose rent account falls into arrears within the first six weeks of their tenancy commencing.

4.7 ***Monitoring and Intervention***

Thenue will operate effective monitoring systems to quickly identify cases of non-payment or reduced payments. Staff will use Universal Credit DWP and Housing Benefit landlord portals to verify and support tenants' claims.

4.8 Where appropriate, Thenue will apply for Alternative Payment Arrangements (such as Direct Payments) from DWP to safeguard rental income.

4.9 Regular communication — including advance rent change notifications — will be provided in line with statutory notice periods.

4.10 The use of Thenue's tenant portal will be encouraged to ensure tenants have 24/7 access to their rent accounts and recent transactions.

4.11 Joint tenants will be treated as jointly and severally liable for rent arrears.

4.12 Key Performance Indicators (KPIs) for arrears performance will be set annually and monitored regularly to ensure accountability and continuous improvement.

5. ARREARS RECOVERY

5.1 Thenue's rent arrears recovery approach will be guided by consistent and proportionate procedures that incorporate achievable and realistic timescales for both prevention and recovery action.

5.2 Detailed internal guidance will be developed and regularly reviewed for Income Maximisation staff involved in arrears recovery. This guidance will set out clear expectations and required actions at each stage of the rent arrears recovery process.

5.3 Staff will be supported, where necessary to use discretion and professional judgement based on individual tenant circumstances when required, with a focus on sustaining tenancies wherever possible.

5.4 Our recovery procedures will ensure early engagement, promote sustainable repayment plans and escalate enforcement action only where necessary and proportionate. We will seek to agree repayment plans that are realistic and ensure the debt is repaid within a reasonable timescale, as outlined in our Arrears Procedure.

5.5 In carrying out arrears recovery activities, the Association will have regard to the rights and best interests of any child who may be affected by its decisions and will ensure that these considerations are appropriately documented.

6. WELFARE BENEFIT AND OTHER ADVICE

6.1 Thenue is committed to ensuring that tenants receive the financial support they are entitled to and will provide proactive assistance with welfare benefit applications and related advice in line with our Financial Inclusion Service Policy.

6.2 Where a benefit decision is pending, an appropriate interim payment will be agreed with the tenant. If a partial Housing Benefit or Universal Credit award is anticipated, the tenant will be informed of the expected shortfall and advised of the payment required until their claim is finalised.

6.3 Thenue will refer tenants to our Financial Inclusion Officers for support with all benefit related matters.

6.4 Where necessary, referrals will also be made to our Tenancy Sustainment Officer for further assistance in helping tenants sustain their tenancies.

7. LEGAL ACTION

7.1 Thenue Housing Association will commence legal proceedings by serving a Notice of Proceedings (NOP) on any tenant who:

- Has not made or has failed to maintain a repayment arrangement to clear or reduce rent arrears; **and**
- Has arrears equal to at least two months' rent charge for the property (not the tenant's rent due following any benefit shortfall) or exceeds £700 arrears, whichever is greater.

7.2 Court action will follow if no reasonable and sustained arrangement is made or maintained to clear or reduce the arrears.

7.3 In accordance with the terms of section 11 of the Homelessness etc. (Scotland) Act 2003, Thenue will:

- Make a written referral to the Local Authority Homelessness Team when court action is raised to repossess a property to request a joint discussion with the tenant and initiate early intervention by the council to prevent homelessness.
- Keep a record of all such contacts and response received.

7.4 In accordance with the Housing (Scotland) Act 2010, this policy sets out the Pre-Action requirements (PARS) that must be satisfied prior to raising legal proceedings for possession of a property due to rent arrears. A NOP will only be issued when all of the following conditions are met:

1. The tenant has been provided with clear written information about:
    - The terms of their tenancy.
    - The amount of rent and arrears owed.
    - Any other financial obligations and likely charges for non-payment
2. Reasonable efforts have been made to advise the tenant on accessing:
    - Housing Benefit, Universal Credit – Housing Costs Element, or other financial assistance, such as benefits or grants.
3. The tenant has received information on where to access independent debt advice and assistance.
4. Thenue has attempted to agree a realistic repayment plan with the tenant for paying the money due and paying rent in future.
5. The tenant has been asked whether they have applied for Housing Benefit or Universal Credit and if so, any pending applications have been considered in terms of the likely effect of that application on the money due.
6. The tenant's efforts to repay or engage in a repayment plan have been assessed and whether or not the tenant is taking steps in an effort to pay the money due.
7. Thenue have considered the tenant's adherence to any agreed repayment plan for paying the money due, along with future rent.
8. The tenant has been encouraged to contact their local authority about their housing situation.

7.5 A decision to seek a decree for eviction will only be made when all other efforts to recover the rent arrears have been exhausted.

7.6 If a decree is granted, Thenue will notify Social Work Services of the decree's enforcement date and provide any relevant additional information via letter or email.

7.7 Thenue's Income Maximisation Team will aim to maintain ongoing personal contact with the tenant throughout the legal process, including evening or out-of-hours home or workplace visits, where appropriate.

7.8 At the court hearing, Thenue will seek:

- A decree for eviction;
- A summary cause judgement for arrears repayment.

7.9 Thenue will seek to recover legal costs associated with court proceedings from the tenant, as determined by the Court, if eviction is carried out.

8. ENFORCING DECREE FOR EVICTION

8.1 Once a decree for eviction has been granted by the Sheriff Court, a report by the Income Maximisation Team will be submitted to the Executive Team. The Executive Team will determine whether to:

- Authorise enforcement of the decree and proceed with eviction, or
- Suspend enforcement and allow the tenancy to continue, provided that the tenant has either cleared the arrears in full or entered into and is maintaining an acceptable repayment agreement.

8.2 The tenant and any qualifying occupiers will be formally notified in writing of the Executive Team's decision. Alongside this, the Association will liaise with relevant statutory agencies (e.g. the local authority homelessness service) to ensure appropriate support and safeguarding are in place.

8.3 Unless the Executive Team has agreed to continue the tenancy, enforcement action will proceed on the arranged eviction date. The tenancy will terminate on the date the eviction is carried out. Eviction must occur before the decree expires, which is typically six months from the date it was granted. Eviction will be carried out by Sheriff Officers in accordance with legal procedures.

9. FORMER TENANT ARREARS

9.1 Thenue will apply similar principles and procedures to the recovery of former tenant arrears as it does to current tenant arrears, with the exception of the legal remedies available. For example, where repossession is not applicable, civil action such as Simple Procedure (small claims) may be pursued.

9.2 Tenants are required to provide 28 days' notice in writing when ending their tenancy.

9.3 Thenue's policy is to pursue all recoverable former tenant arrears, except where the debt is deemed uneconomical to recover. In such cases, the arrears may be written off in accordance with Thenue's Write-Off Policy.

9.4 Former tenant arrears cases may be referred to a debt recovery agency where internal recovery efforts have been exhausted.

9.5 Where necessary, Thenue may engage a Tracing Agent to identify the current address or contact details of a former tenant.

9.6 In cases where a tenant dies and there are no qualifying persons with succession rights, Thenue will create an Executor Tenancy. Rent will continue to be charged for two weeks after the date of death until the date keys are returned and any outstanding balance for this period will be recoverable from the deceased's estate.

10. LIAISON WITH STATUTORY AGENCIES

10.1 Thenue will involve other agencies to assist in supporting the tenant when appropriate e.g. Social Work Services.

10.2 Thenue will not proceed with the eviction of a tenant who may be considered vulnerable if made homeless — for example, households with children under 16, young single people under 25, or elderly tenants — without first making a formal referral to Social Work Services and the Local Authority's Homelessness Services. This referral will seek either:

- Support to help the tenant reduce their arrears, or
- Assistance in identifying suitable alternative accommodation, where eviction is imminent.
- Vulnerability will be assessed on a case-by-case basis and may include other factors such as mental health issues, disability or risk of exploitation.

10.3 Thenue will liaise with the DWP/Universal Credit on matters relating to the direct payment towards rent arrears from welfare benefits where appropriate.

11. TRAINING

11.1 The Income Maximisation Manager is responsible for ensuring all staff involved in the recovery of rent arrears and welfare advice receive appropriate training in Thenue's procedures including effective communication and interviewing skills.

11.2 Relevant staff will be trained to meet the requirements of this policy including the ability to carry out a basic evaluation of a tenant's household's entitlement to Housing Benefit/Universal Credit.

11.3 Thenue will also offer training in rent arrears policy and legal responsibilities to the Board members where appropriate to ensure informed decision- making and effective governence .

12. COMMUNICATION & CONFIDENTIALITY

12.1 In accordance with the UK General Data Protection Regulation (GDPR), Thenue will not share a tenant's personal or financial information, including rent arrears with any third party without the tenant's explicit written consent with the following exceptions:

- Where disclosure is necessary to resolve arrears and the third party is a statutory agency such as Social Work Services, Housing Benefit or the DWP.
- Where an elected representative (e.g. MSP or Councillor) is acting on behalf of the tenant and they have provided a signed mandate of authority from the tenant, authorizing them to do so.
- Where the tenant has formally authorised another individual (e.g. via a mandate or power of attorney) to act on their behalf in matters relating to their rent account.

12.2 All such communication will comply with the tenant's recorded communication preferences, which are securely stored within Thenue's housing management system.

12.3 Where tenants have provided contact details such as an email address or mobile phone number, Thenue may use these channels to communicate confidential information about their rent account, provided this aligns with the tenant's stated preferences and does not contravene GDPR. Tenants may opt out of specific communication at any time.

12.4 All rent arrears cases reported to Thenue's Executive Team will be handled in line with GDPR and anonymised ensuring no identifying information e.g. name or address is disclosed.

12.5 In accordance with GDPR principles of privacy and confidentiality, tenants who attend the office to discuss rent arrears will be interviewed in a private space. Staff will not discuss rent or personal details in public areas, including reception.

13. PERFORMANCE MONITORING AND REVIEW

13.1 Thenue's Board will receive regular updates on Income Maximisation performance, including current and former tenant arrears levels and the number of evictions carried out. This will be provided as part of the quarterly Key Performance Indicators (KPI)

13.2 Thenue will benchmark it's arrears performance against peer organisations, sector averages and best practice standards to ensure we are delivering effective, accountable and continually improving services.

14. RESPONSIBILITY

14.1 Income Maximisation Officers have the authority to take rent arrears recovery action up to and including the service of a Notice of Possession (NOP) and completion of Pre-Action Requirements (PAR's), in line with current legislation.

14.2 The decision to pursue a decree for eviction or repayment of arrears will be made only by the Income Maximisation Manager or the Director of Community Housing Services.

14.3 Once a decree has been granted, the decision to proceed with the physical removal of a tenant from their home will rest with the Executive Team.

14.4 The Director of Community Housing Services has delegated authority to suspend enforcement of an eviction where a significant change in circumstances or a satisfactory payment arrangement justifies a review of the Executive Team's decision prior to the eviction date.

14.5 The Income Maximisation Manager is responsible for:

- Ensuring the implementation of this policy and supporting procedures.
- Monitoring arrears performance across the team.
- Reporting on team performance to the Executive Team.

14.6 The Director of Community Housing Services has overall responsibility for the review and monitoring of this policy and the wider Income Maximisation Strategy.

15. CONSULTATION

15.1 Thenue will consult with tenants and residents' groups whenever significant changes are proposed to this policy. This is in line with our commitment to tenant participation, the Scottish Social Housing Charter and relevant regulatory guidance.

15.2 For the purposes of this policy, a *significant change* includes (but is not limited to):

- Introduction of new legal obligations (e.g. changes to pre-action requirements or eviction procedures);
- A substantial shift in enforcement approach (e.g. earlier legal action or use of new enforcement partners);
- Introduction of digital-only communication or collection methods;
- Changes that may impact tenants' rights, obligations or access to support;
- Any major structural change to how rent arrears are recovered or reported.

15.3 Where consultation is required, Thenue will ensure that the process is accessible, inclusive and meaningful, using a variety of methods such as online surveys, meetings with tenant groups, and written correspondence.

FINANCIAL INCLUSION SERVICE

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1. INTRODUCTION

1.1 This policy outlines Thenue Housing Association's approach to delivering its Financial Inclusion Service which provides tailored support to our tenants and customers in terms of their financial challenges and welfare benefits.

1.2 Thenue recognises that the welfare benefit system is complex and often difficult to navigate. Therefore, assistance is required in terms of financial wellbeing to ensure that tenants' income is maximised in order to minimise rent arrears, support tenancy sustainment and help towards maintaining and improving overall quality of the lives.

1.3 The service offers confidential, person-centred advice and practical assistance in areas such as assessing entitlement to benefits, support to make benefit claims and changes, budgeting and overall income maximisation and financial wellbeing. By supporting tenants to improve and stabilise their financial situation, we aim to reduce the risk of hardship, rent arrears and tenancy failure.

1.4 The Financial Inclusion Team works collaboratively with Thenue's Income Maximisation Team, which is responsible for rent collection and arrears management. This partnership ensures a coordinated approach that balances prevention with enforcement. While the Income Maxmisation Team focuses on rental income, the Financial Inclusion Team addresses the underlying causes of arrears by helping tenants increase their income and access benefits. This joined-up working ensures that tenants receive holistic support that is both proactive and responsive.

2. POLICY BACKGROUND

2.1 This policy is directly aligned with Outcome 11 of the Scottish Social Housing Charter, which states that:

"Social landlords ensure that tenants get the information they need on how to obtain support to remain in their home and ensure suitable support is available, including services provided directly by the landlord and by other organisations."

2.2 By embedding financial inclusion into our tenancy sustainment work we are helping to address the root causes of tenancy breakdown, including rent arrears, by supporting tenants to maximise their income, manage their money effectively and access financial support at the earliest opportunity. This proactive approach not only reduces the risk of rent arrears and eviction but also improves tenants' quality of life through greater financial wellbeing and increased resilience.

3. POLICY OBJECTIVES

3.1 The aim of this policy is to set out a clear framework for the delivery of the Financial Inclusion Service that supports tenants to achieve and maintain financial stability, thereby promoting sustainable tenancies and reducing the risk of rent arrears and homelessness.

3.2 Objectives:

1. **Prevent Rent Arrears and Tenancy Breakdown**
   Proactively support tenants to manage their finances, reduce debt and maximise income in order to prevent arrears.

2. **Improve Financial Wellbeing**
   Help tenants gain control over their financial circumstances by providing high quality information, advice and support in relation to all welfare benefit related issues including support to access benefits they are entitled to.

3. **Promote Early Intervention**
   Through effective collaborative working with the Income Maximisation team, identify financial difficulties at the earliest possible stage and provide targeted, personal support and assistance to our tenants who need it most. This also includes referrals / engagement with external organisations such as the Local Authority, Universal Credit / DWP and other partner organisations such as grant providers.

4. **Enhance Access to Support**
   Ensure that services remain accessible to our tenants including by providing the service in outreach locations across the community and accessing interpretation services for those where English is not their first language.

5. **Support Wider Organisational Goals**
   Contribute to the Association's strategic objectives by increasing levels of tenancy sustainment and minimise the need for evictions as a result of rent arrears, thereby reducing homelessness.

4. SERVICE DELIVERY

4.1 Information and advice to tenants can be delivered via face-to-face appointments at our office or other outreach location, telephone, email or home visit if appropriate.

4.2 Appointments will normally be scheduled during office working hours however exceptions can be made to accommodate tenants where this is unsuitable and any risk can be managed.

4.3 The Financial Inclusion Service will obtain permission from the tenant to share information with other agencies where it is necessary to provide support for that tenant, in line with General Data Protection legislation.

4.4 There are certain situation where, by law, we do not have to obtain prior permission to disclose personal information, such as where there are safeguarding concerns. These circumstances will adhere to our General Data Protection Policy.

5. TRAINING

5.1 The Income Maximisation Manager will support all staff involved in the Financial

Inclusion Service delivery to ensure that they have the appropriate training and knowledge to perform their job role effectively and to deliver the key aims and objectives of this policy.

5.2 It is each individual staff members responsibility to highlight any training requirements / requests relevant to their role, although the Income Maxmisation Manager may arrange training based on case review outcomes.

6. PERFORMANCE MONITORING AND REVIEW

6.1 Case reviews / quality assurance will be carried out on a monthly basis for each staff member providing advice, by the Income Maxmisation manager or the Senior Income Maximisation Officer. Feedback will be provided to each staff member and subsequently discussed at their one-to-one meetings.

6.2 A customer satisfaction survey will be issued to all tenants (where a valid email address / telephone number has been provided) following the closure of their required case work however we will also encourage and listen to feedback throughout the process. Survey results will be used to shape and improve services delivered.

6.3 Financial Inclusion Service performance outcomes will be monitored on a monthly basis and will be reported annually in the tenant newsletter in terms of the number of customers assisted and financial gains as a result of the service input.

WRITING OFF DEBTS AND CREDITS

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1. INTRODUCTION

1.1 This policy sets out Thenue Housing Association's approach to managing irrecoverable debts and non-refundable credits that arise from the management, maintenance and letting of its properties.

1.2 This policy aims to ensure a clear, consistent and accountable process for identifying, reviewing and writing off debts that are deemed uneconomical or impractical to recover, while maintaining strong financial controls and transparency.

1.3 This document also outlines the procedures for dealing with non-refundable credit balances, ensuring these are managed fairly and in line with financial regulations and best practice.

2. POLICY BACKGROUND

2.1 This policy aligns with the **Scottish Social Housing Charter**, specifically the outcome relating to **Value for Money**, which states:

"Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay."

2.2 This outcome is supported by a number of key expectations, including:

- The efficient and effective management of services;
- Minimising the time that properties remain empty;
- Controlling arrears and managing all resources responsibly;
- Ensuring strong cost control and obtaining value from contracts;
- Improving service quality without placing additional financial pressure on tenants or customers.

2.3 The write-off of irrecoverable debts and non-refundable credits must be carried out in a way that reflects best value principles, ensuring the Association uses its resources effectively and responsibly.

3. POLICY AIMS

3.1 This policy aims to ensure a fair, transparent, and accountable approach to the management of irrecoverable debts and non-refundable credits.

3.2 The specific aims of this policy are to:

- Maximise income collection while recognising when further recovery action is uneconomical, inappropriate, or unachievable;
- Provide clear criteria and procedures for writing off debts and credits in a consistent and auditable manner;
- Ensure that write-offs are authorised at the appropriate level and subject to robust scrutiny and governance;

- Minimise the occurrence of avoidable arrears and credit balances through accurate record keeping and proactive tenancy management;
- Uphold the principles of value for money and responsible financial management, in line with the Scottish Social Housing Charter.

4. DEFINITIONS

4.1 An *irrecoverable debt* is one where a rent debit or invoice has been correctly raised, but where no payment — or only partial payment — has been received, and there is no realistic prospect of recovering the outstanding balance.

4.2 A *non-refundable credit* arises when a credit exists on a former tenant or owner's account but the individual cannot be traced or is unresponsive and therefore the credit cannot be returned.

4.3 When a debt is written off as irrecoverable, the Association's annual surplus is reduced in that financial year to reflect the bad debt. Conversely, when non-refundable credits are written off, this has the effect of increasing the Association's surplus.

4.4 It is essential that the value of outstanding debts (debtors) shown in the Association's Balance Sheet reflects their realisable or recoverable value. Accurate reporting of debtors is important for financial planning and avoids overstating the Association's projected income.

5. CATEGORIES OF DEBT AND CREDITS

5.1 Irrecoverable debts and credits affected by this policy may include but are not limited to:

- Rent and occupancy charges
- Tenants' rechargeable repairs
- Owner occupier charges and their rechargeable repairs
- Recharges of Notice of Potential Liability for costs (NOPL)
- Recharges of court costs
- Charges to owners or lessees of commercial premises
- Rent and service charge overpayments
- Home loss and disturbance payments
- Ex gratia payments
- Miscellaneous refunds

5.2 General Recovery Approach

The Association will not normally consider debts owed by current tenants, owner occupiers or leases to be irrecoverable.. All reasonable steps will be taken to recover such debts in accordance with the Association's Income Maximisation policies and procedures. Exceptions to this general rule include:

a) **Sequestrated Debt:**
Sequestration is a form of insolvency whereby a debtor's assets are transferred into the control of an appointed Trustee who uses them to satisfy creditors to the greatest extent possible.in such cases, the Association cannot pursue recovery directly from the debtor.

b) **Debt Arrangement Scheme (DAS):**
Under this scheme, a debtor enters into a Debt Arrangement Plan with an

approved money adviser. Once the plan is in place, creditors – including the Association – are prohibited from making contact with the debtor or taking further legal action regarding the debt although we can still receive payment via the Trustee or DAS plan..

c) **Prescribed Debt:**
A debt becomes prescribed (legally extinguished) five years after the date it was incurred – such as when the work was completed or the rent debt accrued. Both current and account debts can become prescribed. Prescription can be interrupted or extended in the following ways:-

- If the Association issues a summons (court action) for recovery, this is considered a 'relevant acknowledgement' and interrupts prescription.
- The period of prescription can also be extended if the debtor has admitted, in writing, to the debt being owed or made a payment toward this debt.
- In cases where it is agreed that a current account debt is prescribed, adjustments will be made to current balances to show recoverable debts only

6. CRITERIA FOR WRITE OFF

6.1 The Association may consider "write offs" in the following circumstances:

Criteria for Write-Off

	Write-Off Condition	**Additional Notes / Clarification**
1	Debt or credit is at least 6 months old and £250 or less	Not cost-effective to recover or refund
2	Originally charged over 1 year ago, has remained for 2+ years with no activity in last 6 months	Includes both time and inactivity conditions
3	Debtor is in long-term hospital or institutional care with insufficient means	Assessed based on income and capital
4	Debtor has been declared bankrupt or sequestrated and limited/no dividend is expected	Legal documentation should support the status
5	Referred to debt recovery agency – no trace found	Trace attempt must be documented
6	Debtor traced but no payment or contact within 6 months of trace	Account activity should be reviewed to confirm
7	Debtor has vacated without forwarding address; efforts to locate have failed	Reasonable efforts must be shown
8	Debtor has no assets, is dependent on state benefits, and recovery would cause hardship	Financial assessment recommended
9	individual is deceased; estate insufficient or no next of kin for credit	Documentation of estate/kin status required
10	The debt is prescribed (legally unenforceable due to time)	Must meet legal prescription criteria
11	Debt reduced due to court ruling	Court outcome should be attached to record
12	Processing error renders debt irrecoverable	Internal verification required

6.2 Threshold for Non-Cost-Effective Write-Offs

Applicable Criteria	Threshold	Policy Review Cycle
Criteria 1 & 2	6 months or 1 year inactivity, with a maximum value of £250	Reviewed every 3 years

7. WRITE OFF AND MANAGEMENT ADJUSTMENT PROCESS

7.1 On an annual basis as part of the budgeting process, the Association will make appropriate provision for bad debts which may require to be written off. The amount of provision may vary from year to year in recognition that debt levels themselves may vary.

7.2 The Association will regularly consider debt and credit cases that fulfil the criteria for write off and account adjustment and approve action as appropriate. Debts and credits identified for write off will be presented for approval to the Board.

7.3 Cases for write-off will be presented anonymously to the Board and no individual's details will be included.

7.4 In circumstances where a debtor is subsequently traced after write off of debts owing to the Association has taken place, the sums recovered are treated as income at the point they are recovered.

8. RESPONSIBILITY

8.1 The Director of Community Housing Services is responsible for ensuring this policy is implemented.

8.2 The Income Maximisation Manager and the Finance Manager are responsible for approving recommended write-offs for their respective teams.

8.3 The Board is responsible for approving the write-off of arrears and credits.

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