Arrears Management Policy

Policy Ref: HMP01

Prepared By	Operations Director
Date of Review	January 2026 (as updated August 2026)
Date of Next Review	January 2029
Reviewed By	PHA Board

1. Introduction

1.1 Statement of Objectives

The Arrears Management Policy aims to ensure that the Association provides an effective housing operations service that complies with its landlord obligations in respect of arrears management.

Our objectives include:

- maximising our income and controlling our arrears, so that PHA remains a financially viable and sustainable organisation;
- delivering a personalised service and promoting financial inclusion amongst customers, such as advice on entitlement to welfare benefits;
- focusing on prevention of arrears and early intervention;
- encouraging customers to pay what they are due in full and on the due date;
- promoting a payment culture by informing customers of the impact that arrears have on maintenance and investment programmes;
- dealing with any arrears in a firm, fair, sensitive and efficient manner;
- providing relevant advice and assistance or signposting to other agencies to help customers deal with financial difficulties, including liaising with those responsible for administering welfare benefits where appropriate; and
- fulfilling our legal obligations.

1.2 Compliance with Regulatory Standards

In terms of the Scottish Social Housing Charter, the Scottish Housing Regulator has identified several key indicators relevant to arrears management by which it will measure landlord performance, including the following:

- Housing options – people at risk of losing their homes get advice and information on preventing homelessness.
- Tenancy sustainment – tenants get the information they need on how to obtain support to remain in their home; and ensure tenants get the information they need to remain in their homes and all suitable support available, including services provided directly by the landlord and other organisations.
- Value for money – tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

1.3 Expected Outcomes

Key outcomes of operating an effective Arrears Management Policy include:

- maximising income;
- minimising arrears; and
- minimising evictions for non-payment of rent and promoting tenancy sustainment.

1.4 Corporate Fit

1.4.1 Legislation and best practice

We will comply with all relevant legislation and associated regulations, including:

- Housing (Scotland) Act 2001, 2010, 2014 & 2025;
- Debtor's (Scotland) Act 1987;
- Welfare Reform Act 2012;
- Domestic Abuse (Protection) (Scotland) Act 2021;
- United Nations Convention on the Rights of the Child (Incorporation) (Scotland)

Act 2024;
- Public Authorities (Fraud, Error and Recovery) Act 2025;and
- The Scottish Social Housing Charter.

Common law, statute and the contractual obligations within our tenancy agreement set out our responsibilities as landlord and those of our tenants and our Title Deeds and Written Statement of Services set out our responsibilities as property factor and those of our homeowners.

Our Arrears Management Policy is consistent with our:
- Group Corporate Plan;
- Business Plan;
- Tenancy Sustainment Policy;
- Risk Management Strategy;
- Group Standing Orders & Group Financial Regulations; and
- Domestic Abuse Policy.

1.4.2 Equalities
Our Arrears Management Policy complies with PHA's Equality Policy to ensure equality of treatment for all customers without discrimination or prejudice.

1.4.3 Confidentiality
PHA recognises that confidentiality is important to customers and will treat their information in confidence under the General Data Protection Regulation (GDPR) and in line with PHA's Data Protection Policy.

1.4.4 Business Plan and risk management
The Arrears Management Policy provides a framework for managing arrears effectively. Our Business Plan depends significantly upon generating revenue from the properties that we rent or factor. We therefore seek to mitigate against business risk through minimising our arrears. Managing arrears in an efficient, effective and economic manner should minimise our loss of income through non-payment of sums due. Welfare reform presents business risks for our rented properties and specific mitigation measures are being developed in this regard, which are set out in the Tenancy Sustainment Policy.

1.4.5 The Board
The Operations Director has responsibility for overseeing the implementation of the Arrears Management Policy and the Housing Services Manager is responsible for key aspects of the day-to-day service delivery with delegation of specific tasks to appropriate staff.

The Board, via the Operations Director, will receive updates on the implementation of the Arrears Management Policy so that they can have reasonable assurance that it is operating effectively in practice.

In line with the Group Standing Orders, in implementing the Association's Arrears Management Policy certain functions are the responsibility of the Operations Director, although staff have delegated authority to undertake many tasks. Examples of key functions/tasks are summarised below.

Function / task	Responsibility
Arrears Management Policy – review, amendment & approval	Operations Director responsible for reviewing Arrears Management Policy and reporting amendments to Board for approval.
Arrears Procedures – development, monitoring & review	Housing Services Manager to develop operational procedures that reflect the principles set out within the Arrears Management Policy and agree their content with Operations Director.
Monitoring of Arrears Cases	Housing Services Manager to oversee the effective monitoring of individual cases, reporting to Operations Director who will report performance trends to Board.
Repossession Actions	Housing Services Manager to make recommendations to Operations Director where approval is sought for repossession actions.

2. Key Principles – Arrears Management Policy

2.1 Context

Rental income is the largest part of PHA's cash flow. Maximising income and the effective control of arrears is crucial to PHA's financial wellbeing and its ability to deliver on a range of business plan commitments.

Housing Officers will play a central role in managing our arrears. Their duties will include ensuring that all tenants comply with their tenancy agreement, including the payment of rent when it is lawfully due. Housing Officers will manage their duties generically within a specific patch or geographic area and will act as the main point of contact for dealing with arrears management issues within their patch. We will ensure that staff understand the Arrears Management Policy and associated procedures and that these are implemented in a consistent way.

2.2 Arrears prevention – new tenants

We will work closely with all new tenants to ensure that they are fully aware of their responsibilities under their tenancy agreement, including the obligation to pay rent on the due date. We will confirm that failing to pay rent when lawfully due could have serious implications, potentially including loss of their tenancy.

We will clearly explain our Arrears Management Policy and procedures to our new tenants when they sign up for their new home.

We will provide our new tenants with advice and assistance when they sign up for their new home and again when we carry out the new tenancy visit during the first eight weeks of the tenancy. This will include advice on how much their rent is, how often the rent is due, how and where they can pay their rent, how to apply for welfare benefits and who they should contact if they have any difficulties with their rent payment or benefit issues.

We will explain the implications of 'joint and several liability' to those who are joint tenants, whether they be new or existing tenants. Joint and several liability means that joint tenants are responsible together or, if there are more than two joint tenants, as a group. But it also means that one joint tenant is responsible for the actions and defaults of another joint tenant in keeping to all the terms of the tenancy agreement. For example, all joint tenants or one individual tenant may be held responsible for the payment of all the rent.

2.3 Arrears prevention – all tenants

We will work closely with all tenants from the time that their rent account first goes into arrears to attempt to prevent the arrears from increasing. This will include issuing reminder letters, home visits and potentially the issuing of notices of proceedings.

We will explain clearly and concisely the action that we are taking against tenants to recover rent arrears, always stressing the serious implications that failing to pay rent may have on the tenancy.

We will provide debt counselling and/or specialist income maximisation advice to our tenants who accrue rent arrears and may also direct them to other agencies who may be able to assist them further, for example where a tenant has multiple debts.

We will arrange and monitor repayment plans closely in accordance with our rent arrears procedure to prevent arrears from increasing. The repayment plan will be formally agreed in writing with the tenant and witnessed by a Housing Officer. If the tenant fails to keep to the repayment plan, the Housing Officer will pursue the tenant for the missing payments. This may take the form of letters, telephone calls, home visits, text messages, voice messages, emails, etc.

2.4 Welfare benefits

Some of our tenants continue to receive Housing Benefit (HB) albeit Universal Credit (UC) has been phased in and rolled out over recent years. The number of UC claimants has increased gradually, as HB claimants continue to migrate onto UC. The housing element of UC is normally paid directly to the tenant, at least for the first month of a claim. Pensioner households continue to be eligible to claim HB, which is normally paid directly to PHA as landlord.

It is in our interest to ensure that all HB claims are processed quickly by the Council so that there is minimal delay in the receipt of associated payments by PHA. The Council has a statutory obligation to process all claims within 14 days of receipt of the claim, or to make a payment on account if the claim is not completed within that time.

Where UC is claimed, PHA is asked to verify the rent and service charges applicable to the tenancy. From the second month of a UC claim, tenants are offered the option of having their housing element paid directly to PHA. PHA can also request direct payments where tenants are vulnerable or in significant arrears.

We operate within the terms of the HB 'Verification Framework' and share information with the Council. We receive HB payments electronically from the local authority – this ensures that payments are posted directly to PHA's bank account, thereby avoiding potential double-entry processing errors.

For UC purposes, we maintain our trusted partner status with the Department for Work & Pensions (DWP) and continue to fulfil our obligations to verify rent and service charges via the UC landlord portal.

Specifically we share information with the Council, DWP and other statutory agencies to prevent benefit fraud and assist in their recovery of benefit that has been fraudulently claimed.

We encourage new tenants and existing tenants to apply for HB or UC and other welfare entitlements, stressing the importance of providing full, verifiable and up to date income information in this regard and notifying any changes to the number and circumstances of household members.

With tenants who receive UC we encourage, and support, tenants to report all changes in their circumstances via their online UC journal. We also emphasise to tenants the importance of advising PHA of any changes in household composition (e.g. changes to who lives in the house). It is important to know if there are 'qualifying occupiers' (i.e. all members of the household aged 16 years and over, including members of the tenant's family and their children), so that we may effectively manage the tenancy.

Overpayments of HB can be recovered from the claimant or the person to whom the overpayment was made. In such cases where they concern our tenants the *"person to whom the overpayment was made"* refers to PHA. It will be at the discretion of the HB team to determine who it will seek to recover the overpayment from. If the overpayment is recovered from PHA, we will then seek recovery from the tenant.

2.5 Enforcing the tenancy agreement

We will take immediate action against tenants who breach their tenancy agreement by failing to pay their rent. This action is detailed in our arrears procedure and will initially be a reminder letter. All action will be formally recorded. We will enforce our arrears procedure consistently, efficiently and effectively.

The action we take will be firm but fair when dealing with tenants who have arrears and we will explore all options available to assist the tenant to deal with their arrears and other financial issues they may have.

We will meet with tenants to discuss any issues about their rent account in our offices, in their home or at a location where they feel comfortable.

We will not take legal action lightly, but will take it where a tenant continually fails to co-operate in reducing their arrears balance or repeatedly breaks a formal repayment arrangement.

Where appropriate, we will ensure that all members of the household aged 16 years and over, including members of the tenant's family and their children, ('qualifying occupiers') are aware of legal action we take and that we comply with pre court action requirements.

As a last resort, we will take eviction action against tenants who persistently refuse to pay their rent when it is lawfully due. Every arrears case will have a full audit trail to support any legal action and provide information for monitoring purposes.

2.6 Writing off bad debt

Arrears can occur in different circumstances, such as a tenant absconding or dying with a balance of arrears outstanding on their rent account.

When the procedure for dealing with former tenant arrears (or sequestrated current tenant arrears cases) has been exhausted and the arrears cannot be recovered, the arrears should be presented for write off.

Housing Officers will routinely review each arrears case and these will be considered for potential write off by the Housing Services Manager in the first instance. Subject to review and agreement in principle, the Operations Director will prepare a quarterly report of proposed write offs for the Board to consider. This report to the Board will detail the reasons for the proposed write off and assurance that all reasonable steps have been taken to recover outstanding sums.

3. Miscellaneous

3.1 Alternative Formats

On request, the Association will provide translations of all our documents, policies and procedures in various languages and other formats such as computer disc, tape, large print, Braille etc. These can be obtained by contacting the Association's office during working hours.

3.2 Next Review

We will review the Arrears Management Policy every three years or sooner if required by statutory, regulatory or best practice requirements.

Annex

Partick Housing Association

Arrears Management Policy – Key Performance Indicators

Key Performance Indicators	Target
Current tenant arrears as percentage of net debit	≤ 1.5%
Former tenant arrears as percentage of net debit	≤ 0.6%