



## **Mid-Market Rent Management Policy**

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## 1 INTRODUCTION

### Statement of Objectives

The Rent Arrears Policy aims to provide a strategic framework for Southside Lettings (Scotland) Ltd (SLS) to manage rent arrears, minimising loss of rental income by prompt, effective management, recovery and control of arrears. It aims to prevent rent arrears building up by ensuring arrears recovery is proactive and supportive, working alongside tenants to understand their responsibilities and the importance of paying their rent.

#### Our objectives include:

- To maximise rental income and minimise rent arrears.
- To comply with prevailing legislation and regulatory requirements.
- Establish a framework for arrears prevention and recovery that is fair and consistent.
- Focus on prevention of rent arrears and early intervention where arrears arise.
- Promote a positive payment culture.
- Ensure repayment arrangements are appropriate and realistic, are monitored consistently and escalated appropriately if repayments are not maintained.
- To take legal action only where necessary, using eviction only when we have exhausted all other options.
- Help prevent homelessness, by offering tenants information and support and making referrals to other agencies where appropriate.
- Ensure excellent joint working between our Housing Management Teams, Welfare Rights and Money Advice Team.

## 2 DEFINITION OF 'MID-MARKET RENT'

Mid-Market Rent (MMR) properties are aimed at assisting people on low and modest incomes to access affordable rented accommodation, who are unlikely to have priority to enable them to access social rented housing but have an income level which means they cannot afford to access full market level properties or to buy a home.

The rent levels for Mid-Market are set between those of Social Rented and Market Rent properties within our area of operation. MMR properties are generally let on an unfurnished basis, but often with floor coverings, blinds and white goods provided.

## 3 RESPONSIBILITY

Operational responsibility for rent management is delegated to our Housing Management Teams. Managed by a Housing Manager, Housing Officers have

responsibility for all rent arrears in their allocated patch and are supported by the Assistant Housing Officer. Overall operational control and responsibility for decision making sits with the Director of Housing and Communities.

The Southside Letting Board have the authority to uphold or reject a recommendation by the Director of Housing and Communities in respect of an Eviction Report, following a Decree being granted. In addition, the Board is responsible for monitoring quarterly arrears reports, KPIs and commenting as required.

#### **4 PREVENTING RENT ARREARS**

We will operate within and promote a rent payment culture whereby tenants and customers understand the importance of prioritising their rent. We will do this by:

- Offering a choice of payment methods
- Engaging with new and existing tenants on a one-to-one basis
- Providing income maximisation and debt management services, through our in-house Welfare Rights and Money Advice Team and signposting to external services where appropriate.
- Providing informative, easy to understand information and communication.

We will attempt to prevent arrears from arising by always ensuring that we:

- Request that all tenants pay their rent one month in advance in accordance with the Private Residential Tenancy Agreement (PRT).
- Give the required period of notice and detailed information to tenants where changes in their rent charges are proposed.
- Offer a range of payment methods to make it as easy as possible for tenants to pay their rent on time.
- Card payments will be paid into the rent accounts within four working days.
- Send a payment history to each tenant on request and provide up to date information via the tenant portal on their balance and payment history.
- Notify tenants as soon as possible if their rent account is in arrears.
- Agree a realistic and appropriate repayment arrangement of any arrears accrued. Where households have multiple debts, support and assistance to access debt management options is available from our Money Adviser.
- Where tenants are entitled to help with their rent through Housing Benefit, Universal Credit and Discretionary Housing Payments, our Welfare Rights staff will advise on entitlement, assist them to apply, maximise the household's income, and provide ongoing support with their benefit claims.

## 5 NEW TENANTS

Before allocating a tenancy, we will check that the rent is affordable within the context of the income thresholds stated within the Allocations Policy. We will request proof of income and employment if applicable.

Tenancies will be let on the basis of a Private Residential Tenancy Agreement. Some historic tenancies are let on the basis of a Short-Assured Tenancy agreement, but all **new** tenancies will be let on the basis of a Private Residential Tenancy Agreement.

The tenant will be expected to pay a deposit equivalent of 1 months rent at the start of the tenancy. This is a security deposit and will be held in an approved scheme in accordance with the Tenancy Deposit Scheme (Scotland) Regulations 2011.

Rent will be payable in advance, calendar monthly. This is separate from the deposit and should be paid when signing the tenancy agreement. The rental payment will be reviewed on an annual basis.

Rent obligations will be made clear at the tenancy sign-up. The monthly rent and the full amount due for the period should be made clear to the tenant. The tenant should also be aware that they should contact their Housing Officer at the early stages of non-payment if this should arise. The sooner they speak with their Housing Officer, the sooner they can receive support and advice.

## 6 MANAGEMENT AND RECOVERY OF RENT ARREARS

Mid-market rent accounts are monitored monthly with initial contact made within 7 days of a missed payment. Contact will continue on a weekly basis until the arrear is cleared or a repayment arrangement is being maintained. SLS will use a variety of methods to contact tenant in arrears and record all contact whether by phone calls, letters, home visits, texts and emails on its Housing Management System.

The Rent Management procedure will be followed to ensure compliance with the pre-action requirements which permits staff to issue a Notice to Leave if there is a need to commence legal action.

Interviews should always be attempted when an arrear is accruing to assess the tenant's need for support and to clarify the tenant's circumstances. A referral should be made to the Welfare Rights & Money Advice Team to assess any benefit entitlement or access to grants, and to assist them to manage any other household debt. It should be made clear, if they do not engage with support and continue with

non-payment or partial payment of rent, they are at risk of losing their home.

Realistic repayment arrangements should be made taking into account all factors of the tenant's circumstances which could affect their ability to repay the debt within a given time and also the value of the debt.

Arrangements being made should aim to clear the arrears in full within a maximum of 4 months. Where tenants cannot make an arrangement which will clear the arrears within the prescribed 4 months a lower agreement may be agreed at the discretion of the Housing Manager.

If the tenant needs to claim Universal Credit the claimant gets the rent element paid directly to them. If the tenant fails to pay their rent to us, an application to have Direct Payments made to us should be made as soon as possible. This is generally after 2 payments have been missed. If there is an arrear on a Universal Credit recipients' account, we can ask for 3rd party deductions (additional payments) to be made directly to us to recover the debt.

Accurate records must be logged on the Association's Housing Management System of all action taken to manage a tenant's rent account. The Rent Management procedure supports staff in the management of rent accounts by providing an escalation process that will be used to manage accruing arrears.

Joint tenants should be made aware from the outset, they have joint responsibility for rent and rent arrears payments. They should also be clear that we will recover from either tenant if one is not complying with the payment arrangement.

## **7 LEGAL ACTION**

Our Housing Management Team will adhere to this Policy framework and the internal procedure to control, minimise and recover rent arrears. However, where the tenant remains in rent arrears for 3 months with no payment arrangement being maintained, the Association will consider taking legal action i.e. serving a Notice to leave potentially leading to legal action.

Legal action is not a course which will be embarked upon lightly, and there are sufficient areas in the procedure where the tenant can recover the situation. Should the tenant make a suitable repayment arrangement, even once the case has been referred to the First Tier Tribunal, we will consider all options. This may include the Association requesting the case be dismissed if suitable payments have been made to the arrears before the court case.

Where an eviction decree and/or payment decree is awarded by the First Tier Tribunal we will enforce this unless the arrears are paid in full including rent in advance within 14 days of the decree being granted.

## **8 FORMER TENANT ARREARS & WRITE OFFS**

Former tenant arrears will be pursued using the same principles as current tenant arrears. Where appropriate payment arrangements will be agreed with former tenants to clear the balance. Tenants ending their tenancy will be reminded of their payment responsibilities and encouraged to provide a forwarding address.

Where initial action to recover former tenant arrears has proved unsuccessful, the Association will work with a tracing agent to locate the former tenant at their new address and pursue the debt thereafter. Debts of less than £250 will generally be written off once internal procedures have been exhausted.

Arrears deemed to be irrecoverable by our solicitor will be written off without further action. Writing off debts does not negate the former tenant's responsibilities for the debt, and should their whereabouts be known in future or they make an application for rehousing with us, they will be pursued for this debt (within legislative guidelines).

The Director of Housing and Communities will prepare a write-off report twice per year which will seek approval of write-offs by the Board or the appropriate Sub Committee as outlined in the Scheme of Delegated Authority.

## **9 RENT ACCOUNTS IN CREDIT**

Housing Officers will identify tenants with a credit balance in their rent account, both current and former. The Housing Officer will investigate to ascertain if the tenant owes any monies to the Association e.g., re-chargeable repairs, legal expenses etc.

All internal debts must be cleared in full prior to any credits being refunded to the tenant. The Rent Management procedure explains this in more detail.

## **10 MONITORING AND REVIEW**

We will report performance results to the Southside Lettings Board and through routine performance reports. We will use Key Performance Indicators (KPIs) to monitor performance which will include the following:

- Current Tenant arrears.
- Former Tenant arrears.
- Write offs .

We will review this Policy every three years or more frequently if there are any significant operational changes, legislation or recommended best practice. We will also monitor, review and update our procedures as required.



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