



Scrutiny Panel Report 20th February 2025.

Findings and Recommendations of the Scrutiny Panel's investigation and assessment of tenancy failure and the management of tenant debt.



Panel Members SM, JW, and SH.

The Panel wish to thank to Heather Cooke and Guy Stovold from NCHA and Sam Goodwin (TPAS) for their support.

Scope of this report.

This report has been compiled by the Scrutiny Panel (the Panel) after examining the Nottingham Community Housing Associations response into the management of tenant debt and more broadly tenancy failure. The Panel were also interested in finding what interventions NCHA adopted in supporting tenants in debt.

Objectives.

- Assess the effectiveness of current policies and support systems in place for tenants facing housing debt.
- Investigate the primary reasons for tenancy failures and debt in NCHA.
- Assess the effectiveness of interventions, financial support and debt advice in preventing tenancy failures and helping tenants maintain stable tenancies.
- Consider current NCHA policies and practice to determine their role in tenancy stability and debt management and make recommendations if necessary.

Methodology

- The Panel interviewed 8 members of NCHA staff involved in debt management and tenant support.
- We requested and were given access to relevant documents and data relating (redacted when required) to both eviction and managing tenant debt.
- We were unable to survey tenants, although this was requested by the Panel. The Panel accepted the reasons given by NCHA and that there was insufficient time to consider exactly how this could be done and the difficult issues it could raise.
- National policy documents and research into the field of social housing and debt management was also accessed by the Panel.
- A number of Panel meetings via TEAMS and one face to face were held to scope, clarify and organise the arrangements for this report.
- The Chair of the Scrutiny attended a recent meeting of the Homes and Neighbourhoods Panel to give an up-to-date report on the Panels progress into failing tenancies.

National Background

- A survey of more than 5,700 social housing residents found 33% were struggling with debt: 20.7% found debt “difficult to manage” and 12.7% were “unable to manage” their debts.ⁱ

- Over 30% of tenants in social housing were struggling with debt as the cost-of-living worsens and affordability of basic family resources becomes critical.
- The study found that about 15% of residents were in arrears with their landlord, the ninth most-common source of debt.ⁱⁱ
- Much more common were credit card debts (41% of respondents) and energy bill arrears (24%). Of people who were in debt, more than a quarter (28%) had four or more sources of it, while 10% had six or more.
- Among the common debt sources, more than a fifth (22%) of people answering the survey said they owed money to family and friends, with the report warning that unofficial means of borrowing “may represent a hidden debt crisis”.
- It also cautioned that the absence of debt did not in any way indicate a lack of hardship, given people’s contrasting attitudes towards owing money. “I’d rather starve than get into debt,”
- Young people under the age of 35 were at the greatest risk of debt.ⁱⁱⁱ
- The numbers of landlord possession actions for all court stages have increased compared to the same quarter of last year. Claims (25,418), orders for possession (19,254), warrants (11,763) and repossessions (6,942) have increased by 2%, 7%, 17% and 13% respectively compared to the same quarter in 2023.^{iv}
- In Q3 2024, 36% or 9,069 of all landlord possession claims were social landlord claims. This figure was higher than private landlord claims.
- Social housing residents face a high probability of being financially excluded. For example: 3 million people do not have access to functional banking services - 60-70% of those are in social housing. One-third of people living in social housing had incomes in the poorest 1/5th of the income distribution groups, 70% were in the poorest 2/5th. Lower income households are more likely to be over indebted and have problem debts. Lower income households are more likely to be exposed to unfair practices in the sub-prime. 20% of people in social housing have used doorstep lenders.^v

The Panel noted that the national findings cited above also applied to tenants in NCHA properties.

What is commendable in NCHAs approach to tenant debt.

- The Panel had confidence in recording that NCHAs modus operandi is to ‘save the tenancy.’ where this is realistic option. This approach does require tenants’ consent and cooperation.

- Early intervention with tenants at risk is seen within NCHA as being critical. Many social landlords have been cited and criticised for not adopting this early intervention approach.
- NCHA see eviction as the last resort. NCHA offer viable interventions with tenants which assists in preventing a court led resolution. These intervention programmes involve other constituents of NCHA e.g., Community Support Team, Safety Team. The Community Support Team also refer tenants to the Accounts Team.
- There does not appear to be any organisational pressure from NCHA to use the Courts as a default position to readily evict or retrieve debt. All teams involved manage and deliver a just balance between the revenue needs of NCHA and the support needs of tenants. The team managers we met passionately defend this position.
- Scrutiny panel have found that the various teams within NCHA coordinate their activities well and when directed at the welfare of tenants the index of social value is high.^{vi} (but all teams have suggested improvements).
- The work of the in-house debt advice (welfare benefits) available to tenants impressed the Panel.

Key Findings.

- a) The proportion of NCHA evictions as a % of total tenant agreements is low^{vii}. This is spite of NCHA offering accommodation to vulnerable people. During the period from April to November 2024 within the care and support sector six tenants were evicted, for ASB and rent arrears. All these failed tenancies were of vulnerable people with mental health issues, the elderly or young people. In the general need sector for the Panel had data only the month of November 2024, there were two were evictions. Given the paucity of this data the Panel were unable to conclude any significant trends.^{viii}
- b) The number of failed tenancies during the reporting period April 24 to December 24. **General needs.** 15 failed tenancies from 42 tenancies that ended in the period and met the criteria for consideration. The Panel were unsure as to what 'met the criteria for consideration' meant. **Care & Support -** 8 failed tenancies from 8 tenancies that ended in the period and met the criteria for consideration. Again, the precise meaning of 'met the criteria for consideration' was not clear.

- c) Failed tenancies are mostly attributed to debt. The Panel inquired into a related question, what % of these tenants received support before their tenancy failed. For **General needs** – 27% (4 tenancies) failed because of rent arrears. One further tenancy failed because they were unable to sustain the tenancy but no detail as to why. None of these tenancies had received support from the Community Support team. The Panel concluded that this represented a hidden group of tenants **Care & Support** – 12% failed because of rent arrears. 2 further tenancies failed for unknown reasons. 100% of these tenancies did receive supported via a personal support plan.
- d) Problem of interpreting the various sources of data. Some is contradictory i.e., not all vulnerable tenants are routinely seen by teams, but other presentations suggest that the results of the pre-tenancy assessment will identify support needs using established criteria. This is followed by a variety of time limited supplementary support. Panel is left to assume that those who fall through the net for support have not self-declared an issue. Therefore, the letting team would have no reason for a further 4–12-week support period.
- e) NCHA records show that in some cases of tenancy failure the comment 'no lessons to be learnt' from these failed tenancies is recorded. Failed tenancy for whatever reason is still a significant event and the Panel were surprised that no further investigation or lessons learnt was reported.
- f) Teams have access to all pre-tenancy assessments, although their usefulness and reliability for accurate information is questioned. NCHA staff confidence in pre-tenancy assessment is low. Some prospective tenants may not reveal all their past financial history or other needs. Fear of not being allocated a tenancy is one obvious reason. How sensitive are the pre-tenancy tests in measuring affordability? The Panel were unable to determine.
- g) Working with the local DWP's is a complicated administrative task which consumes staff time and effort. Tenant's have been incorrectly assessed for payments by the DWP which takes time to correct. This results in an aggravating factor for tenants. Unlike legacy arrangements, UC payments is an aggregated sum which will include the benefits a person may be entitled to. Impact on NCHA of delays in correct UC entitlements can mean an additional set of financial problems which the Customer Support and other teams need to respond to.

- h) The assistance and cooperation that DWP offices offer is variable and amounts to a 'post code' lottery. The DWP are key partners and managers of DWP centres have a degree of discretion to apply to direct payments as well as review the timeline of UC payment reviews. The Panel accept that DWP are independent and have their own internal processes but direct negotiations with DWP and managers from NCHA could potentially relieve some of the impact of a post code lottery.
- i) As of 31st December, last year of 7590 ASH tenants, 4604 of these were on UC and 1419 had an Alternative Payment Arrangement in place. Also, at this date those with arrears on UC were 1725 whilst those not on UC was 660. There is a trend around increasing insolvencies, particularly more Debt Relief Orders as personal debt is on the rise. A more precise trend analysis was not possible, but the Panel felt this this pursuing trend would be useful.
- j) Currently the Community Support team intervention with tenants is time limited to 6 weeks. This time can be exceeded for tenants who have more complex needs.
- k) Tenant referral to the Community Support Team can place them on up to a 6-week waiting list. Scrutiny will recommend that this be looked at with a view to a waiting time reduction. The performance of the Community Support team is monitored with KPI. The current KPIs do not accurately record response times.
- l) The Customer Accounts Team closely monitors tenants in financial difficulty. Direct contact with a tenant is encouraged, but this is not always achieved because a tenant's reluctance to engage. Close monitoring of these tenants ensures a proportionate but graduated response to tenant debt. The outcome to this may involve a tenant's eviction.
- m) In terms of numbers for referrals last year (2023-24) for debt advice, there were 63, and this year so far there have been 58. The number of referrals has been similar over recent years in the 60 to 70 mark. As for referrals received, the vast majority come from the customer accounts team, occasionally referrals come other teams, particularly with complex UC and DWP migration cases. Recent debt advice has involved new build projects and new tenancies. Drop-in sessions are now available to tenants.

- n) Most cases referred to debt advice have rent arrears and are at risk of recovery action i.e., court action is being considered or there is already a court order in place which has been breached or there may have been a Notice of Seeking Possession. There has been a slight upward trend in debt write offs and insolvencies which suggests personal debt in general is becoming more of a problem, with the fallout of the pandemic and cost of living crisis. Also, the % of tenants with utility debts appears to be rising. The Panel considered that devising outcome measure for debt advice would be beneficial and produce examples of best practice for the social housing sector.
- o) Teams have access to discretionary funds which can be awarded to tenants with urgent needs or in many cases, emergency situations.
- p) There is a firm believe within teams that support offered to tenant's results is a lower probability of future rent arrears.
- q) The Community Support team report a high turnover of staff. The Panel were not given precise details as to how this impacted on the functioning of the team. This is a contentious area which is not included in the Panels terms of reference.

Recommendations

1. NCHA should make sure that potentially vulnerable tenants in general needs tenancies are offered support. Early warning measures and sensitive contact with tenants is required. This will eliminate a 'hidden population.' (ref: point c, d, above)
2. NCHA records show by cases of tenancy failure the comment 'no lessons to be learnt' from these failed tenancies is recorded. We recommend that in future these cases are investigated as thoroughly as possible (ref: point d above)
3. NCHA should consider the continued use of the existing pre-tenancy assessment format. Currently it is not sufficiently reliable or sensitive enough for the required purpose. The way it is presented NCHA to potential tenants could also be reframed.(ref: point e above).
4. NCHA senior management should offer to negotiate with the different DWP managers to reduce the impact of a post code lottery that is a disadvantage to tenants.(ref: point g above)
5. The Panel would also like to recommend that local authority housing departments are approached by NCHA to agree on a basic data set which offers

benefits to both sides and reduces some of the barriers in providing reliable NCHA tenant assessments.

6. We recommend that the reported six week waiting period for tenants to be seen by the Community Support Team be reduced or eliminated over time. (The team does triage so very urgent/emergency needs from tenants are assessed). The KPIs that apply to the Team so not give an accurate measure of response times or waiting times.(ref: point k)
7. The Panel would like to recommend that the interventions and outcomes of the Debt Advice function be recorded. What works with tenants? What type, style or approach/intervention is successful? (ref: point n of above)

The Panel were made aware during the preparation of this report that some NCHA procedures and actions relating to tenancy failures were being reviewed.

Documents considered and studied by the Panel.

- NCHA Community Support Service (advice leaflet for tenants)
- Redacted failed tenancy report.
- NCHA Pre-tenancy assessment.
- NCHA Financial Assessment Form.
- NCHA Customer Welfare Fund
- NCHA Current Tenant Arrears Path (Assured/AST Tenancies)
- NCHA Redacted Failed Tenancy Reports
- NCHA Pre-Tenancy Assessment.
- NCHA internal document: Specific Areas of Tenancy Failure.
- NCHA Financial Statement Summary
- NCHA SP7 4 Cathy Tracker
- NCHA Homes for Cathy: Our commitments.
- CST referral KP1 Monitoring Schedule for Community Support Team.
- Written communication from Guy Stovold, Assistant Director, Homes and Wellbeing. (06/02/2025)
- Written communication from Guy Stovold, Assistant Director, Homes and Wellbeing. (28/01/2025)
- NCHA Failed Tenancy Actions Tracker.

References.

State of Play Report: A Business Case-Financial Impact of Debt Advice for Social Landlords. *The Financial Inclusion Centre* April 2011. <https://inclusioncentre.co.uk/our-work/publications/a-business-case> (accessed January 2025)

What drives tenancy failure in the under 35s? *Aimee Ambrose* 2022. Centre for Regional Economic and Social Research. Sheffield Hallam University.
<https://endoffurniturepoverty.org> (accessed Nov 2024)

Holding on to home: tenancy sustainment in social housing. Research Project. Nuffield Foundation 2022-24. (accessed Jan 2025)
<https://www.nuffieldfoundation.org/project/understanding-tenancy-sustainment-in-the-social-rented-sector>

X Factors and Tipping Points in Eviction Cases A Statistical Analysis of Eviction Litigation of the European Court of Human Rights. Michelle Bruijn. *Human Rights Law Review* December 2024, 24. 4, ngae025.
<https://academic.oup.com/hrlr/article/24/4/ngae025/7906517>

Case of *McCann v The United Kingdom* (Application no, 19009/04) The ruling in *McCann v the United Kingdom* is important in the context of this Panel report. The Court started by ruling that ‘the loss of one’s home is a most extreme form of interference with the right to respect for the home’ as enshrined in Article 8 of the Convention. Such interference is only permissible if it is in accordance with the law, if it is necessary to pursue the legitimate aims listed in Article 8, paragraph 2, and if the interference is ‘necessary in a democratic society’. An eviction will be considered necessary in a democratic society if it answers a ‘pressing social need,’ if the reasons for eviction are ‘relevant and sufficient’ and if the eviction is proportionate to the legitimate aim pursued.

<https://hudoc.echr.coe.int/eng#%7B%22itemid%22:%5B%22001-86233%22%5D%7D>

Inside Housing Survey. <https://www.insidehousing.co.uk/news/a-third-of-social-housing-residents-struggling-with-debt-survey-finds-79328>

Mortgage and landlord possession statistics: July to September 2024
Published 14 November 2024 Ministry of Justice. <https://www.gov.uk/government/statistics/mortgage-and-landlord-possession-statistics-july-to-september-2024/mortgage-and-landlord-possession-statistics-july-to-september-2024>

Guide on Effective Rent Arrears Management. Department of Communities and Local Government. August 2006 <https://www.gov.uk/government/publications/effective-rent-arrears-management>

ⁱ Inside Housing Survey.

ⁱⁱ Op cit (i)

ⁱⁱⁱ What drives tenancy failure in the under 35s? *Aimee Ambrose* 2022. Centre for Regional Economic and Social Research. Sheffield Hallam University.

^{iv} Mortgage and landlord possession statistics: July to September 2024 Published 14 November 2024 Ministry of Justice.

^v Op cit (i)

^{vi} See for example: <https://www.socialvalueint.org/what-is-social-value#:~:text=So%2C%20in%20short%2C%20social%20value,how%20we%20allocate%20our%20resource>

^{vii} A precise comparison is difficult to quantify. The number of possession claims for social housing tenants has fallen dramatically since 2013/14, when it peaked at 28.2 per 1,000 households. The pandemic caused a pause on evictions, which led to a low of 2.0 possession claims per 1,000 social housing tenants in 2020/21. In 2023/24, 8.5 out of every 1,000 social housing tenants in England were subject to a possession claim. NCHA figure as a rough calculation, is under half of this.[requires confirmation]