

1.0 CONTEXT

- 1.1 The RAM Strategy was introduced and implemented from September 2013 to deal with increasing arrears resulting from welfare reform and impacts from Second Stage Transfer (2ST). The Strategy introduced a number of initiatives which proved successful in significantly reducing arrears to the extent that GWha performed at the top of its peer group (Appendix 2).
- 1.2 Top quartile performance was maintained through the 2018-20 Strategy, mitigating the impacts of Universal Credit, and successful delivery of strategy initiatives. Year 1 of the rent restructure was successfully delivered, with 99% of rents passing the more challenging 25% affordability test, and 100% passing the 30% affordability test in accordance with SFHA's affordability tool.
- 1.3 The peer group represent 26 Scottish RSLs who form the Quality Efficiency Forum (QEF) benchmarking group, with GWha maintaining a position in the top quartile, and with the 2019/20 report stating:
- Glasgow West's total gross rent arrears equated to 2.19% of its rental income.
 - It's rank in the group is 4th
 - The QEF average is 3.86%
 - The Scottish median is 4.10%
 - Gross arrears of 2.19% places Glasgow West in the top performance group which covers 0% to 3.01%
- 1.4 The Strategy is supported by robust rent arrears management procedures, outlining the various methods and stages of contact that will be attempted to ensure the repayment of arrears within a reasonable period of time.

1.5 Covid-19 pandemic (Appendix 3)

- 1.5.1 The 2020 Covid-19 pandemic has had widespread national impact across the housing sector, namely sharp increases in rent arrears, compounded by the introduction of the Coronavirus (Scotland) Act 2020 which extends the notice period for Recovery of Possession from one month to six months.
- 1.5.2 As at 31/07/2020 GWha has experienced an 87% increase in the number of arrears cases since the onset on Covid. Whilst the Association has maintained it's position as a top quartile performer, and is outperforming RSL peers, gross arrears have risen by 0.93% within the period April-July 2020, as compared to a more modest average rise of just 0.23% amongst RSLs.

2.0 AIMS

- 2.1 To support achievement of GWha's service drivers: Robust Governance, Optimum Performance and Enhanced Services.
- 2.2 To optimise rent collection, focussing on early intervention and a proactive and supportive approach to recovery of rent arrears.
- 2.3 To ensure compliance with legislation and best practice.
- 2.4 Continued mitigation of Universal Credit challenges.
- 2.5 Recovery of pre-covid arrears performance in pursuit of performance leadership objective.

3.0 DEFINITIONS**3.1 Arrears**

Rent that is lawfully due and is unpaid by current and former Tenants. Arrears is the balance past due.

3.2 Pre-Action Requirements (PARs)

A series of actions that landlords must satisfy in all rent arrears cases before serving NOPFROP¹ on a Tenant, as introduced by The Housing (Scotland) Act 2001.

3.3 Notice of Proceedings for Recovery of Possession (NOPFROP)

A formal document informing the Tenant(s) that GWha intends to initiate court action to take possession of the property, citing one or more of grounds 1-15, as contained within the Housing (Scotland) Act 2001. Notices can be served only when all PARs have been satisfied and must be served on all Tenants, and all members of the household over 16 years of age. NOPFROPs remain in place for six months after they go 'live'.

3.4 'Pending' NOPFROP

¹ Notice of Proceedings for Recovery of Possession

Where the NOPFROP has been served, but still within the legal notice period² during which time court actions cannot be initiated.

3.5 **'Live' NOPFROP**

Where the NOPFROP has been served, and the legal notice period has passed, meaning court actions can now be initiated within the remaining period of the notice.

3.6 **Sisted at court**

A suspension of the legal proceedings. The case will lie dormant in the court system until it is recalled by the pursuer.

4.0 **STRATEGY**

4.1 Stabilising and improving rent collection rates in the context of the welfare reform, and recovery of performance following the Covid-19 pandemic is the challenge for this 2-year Strategy, with performance leadership the objective for the delivery of the Association's 2020/2028 vision of shaping thriving communities.

The Strategy principles include:

- a) Reinforcing the critical link between rental income and services, promoting a continuing positive payment culture.
- b) Pre-tenancy counselling to ensure awareness of rent and tenancy responsibilities amongst prospective Tenants.
- c) Providing a range of accessible, convenient and cost-effective rent payment options.
- d) Presenting information clearly and unambiguously through various methods of communication, to meet varying needs.
- e) Focussing on verbal communication as the most effective means of communication, with text messaging, emails and letters confirming discussions and providing payment prompts/reminders.
- f) Enhancement of accurate and comprehensive ICT and manual recording systems.
- g) Promotion of benefits advice, with resources targeted at Tenants with rent arrears.
- h) Continued review of Welfare Mitigation Plan.
- i) Expansion of effective partnerships with other agencies (e.g. Social Work Services, Housing Benefit, DWP and Advice Agencies³)

5.0 **POLICY**

5.1 **Rent Payment Responsibility**

5.1.1 To optimise opportunities for successful and sustainable tenancies, the responsibility for payment of rent and compliance with the terms of the Tenancy Agreement, is discussed with prospective Tenants as part of the housing allocations process, and is reiterated at the tenancy sign up and through newsletters, the website, events and conferences. In line with the Tenancy Agreement, rent in advance is expected at tenancy sign up (including from Tenants in receipt of benefit) with an element of flexibility to reflect circumstances.

5.1.2 Pre-tenancy counselling and benefit support is initiated by GWhA when a formal offer of tenancy is made. The tenant is encouraged to take up this service and, upon acceptance, will receive support from a designated Welfare Rights Officer for up to six months into the new tenancy.

5.2 **Rent Payment Options**

5.2.1 A range of payment options are currently available: Allpay [Direct Debit, Swipe Cards, Internet Banking, Debit/Credit cards].

5.2.2 Payment by Direct Debit (DD) remains the most efficient option for GWhA and this will continue to be promoted as the preferred payment method. For security reasons, cash payment is not accepted at the office, or on site, although payment by card payments is accepted.

5.3 **Benefits Advice**

² Typically 4 weeks, but temporarily extended to 6 months by enactment of the Coronavirus (Scotland) Act 2020

³ Drumchapel Money Advice Centre (DMAC) and Citizen's Advice Bureau [CAB] who host bi-weekly surgeries from GWhA's central office

5.3.1 Specialist in-house benefits confidential advice and assistance is provided from the office, with outreach surgeries held at concierge stations at St Vincent Terrace, Blythwood Court and Hyndland. The service, promoted through newsletters and other media (including rent arrears correspondence), prioritises those Tenants with rent arrears and/or those affected by the current welfare reform measures.

5.3.2 This service is enhanced with debt and energy advice provided from the central office, one-day per week, through partnership with DMAC and CAB.

5.4 Rent Repayment Arrangements

5.4.1 It is acknowledged that Tenants will not always be in a position to immediately clear rent arrears, and efforts will be made to establish mutually agreeable payment arrangements for the arrear to be cleared in manageable instalments over a reasonable period of time. The repayment arrangement will reflect the level of the arrears, and the circumstances of the household, including other commitments and debts that have been accrued.

5.4.2 A 'Guideline Minimum Repayment Schedule' (Appendix 4) is in place to ensure a corporate approach, consistency, and equality in the setting or repayment arrangements. These guidelines, whilst embedded at GWhA, remain relatively innovative in the sector, and as such, are closely monitored, with repayment values reviewed annually.

5.4.3 The Tenancy Services Manager (TSM) must agree payments at less than the proposed 'minimum'. In all cases this must be supported by a completed Income & Expenditure Form, evidencing reduced affordability, with repayment value set at no less than 50% of excess income, or £3.75 per week – whichever is more. It will be standard practice for such arrangements to be agreed on a temporary basis, and kept under continuous review.

5.5 Response to Missed Payments/Broken Arrangements

5.5.1 The option to pay by instalments is discretionary and may be withdrawn (with approval from the Services Director) if the Tenant fails to adhere to the terms of the repayment arrangement. Where a Tenant does not respond to rent arrears correspondence and/or fails to maintain a repayment arrangement on more than 3 occasions within the lifetime of the repayment schedule:

- a) The following services may be suspended until the arrears are cleared in full, or until a repayment arrangement is re-established and maintained for a minimum term of 3 calendar months:
 - i. The option to transfer to alternative accommodation (where arrears represent more than one month's rent).
 - ii. Home improvements such as kitchen/bathroom replacements may be postponed.
 - iii. All non-urgent repairs may be suspended; **AND**
- b) Where the arrear represents more than two months' rent, all pre-action requirements will be fulfilled and court action will be initiated via the issue of a NOPFROP.
- c) Where a 'live' NOPFROP is already in place, court action to recover the tenancy will be instructed.
- d) Where there is an active court case but the action has been sisted, the sist will be recalled and the Association's solicitors will be instructed to pursue eviction decree for recovery of the tenancy.

5.6 Court Action

5.6.1 Court action is initiated as a last resort, and only if all other options have been unsuccessful in achieving the repayment of the rent arrears. Tenants subject to court action may experience a suspension in services, as outlined at section 5.5.1a)(i)-(iii), subject to the approval of the Services Director. Court action may include measures such as conjoined action for recovery of the debt and repossession of the property; or a Simple Procedure⁴ debt recovery action.

5.6.2 In the case of a conjoined action, the Association is receptive to the establishment of a repayment arrangement by the Court, with the action sisted to give the Tenant the opportunity to demonstrate a

⁴ Previously "Small Claims Action"

commitment to repay the arrears. In the event the Tenant fails to maintain the court established repayment arrangement, the Association will recall the case to court, seeking decree for recovery of possession.

- 5.6.3 Where decree for recovery of possession has been awarded, the Association will enforce it within the timescale determined by the Sheriff Court, unless the Tenant is able to provide substantial justification for the circumstances surrounding the non-cooperation and non-payment of rent.
- 5.6.4 GWAHA will undertake all Recovery of Possession cases in accordance with the Tenancy Repossession Policy.

6.0 SUPPORT AND ASSISTANCE

6.1 GWAHA Service

- 6.1.1 A dedicated service is in place for new Tenants⁵, commencing from point of allocation. Each prospective Tenant will have access to a dedicated Welfare Rights Officer who will assist and support with financial assessment, benefit claims and income maximisation prior to commencement of new tenancy. The Officer will remain as the sole point of contact for any matters arising relating to benefit claims for the first 6 months of the tenancy, including internal referrals from Tenancy Management staff in the event rent arrears accumulate within this period.
- 6.1.2 Throughout every stage of the arrears process Tenants will have access to our free and confidential Welfare Rights Service. This service is accessible via monthly drop-in surgeries at Concierge sites at St Vincent Terrace, Blythswood Court and Hyndland. Alternatively office appointments and home visits are available on request, as are telephone consultations.

6.2 Partnership Working

- 6.2.1 GWAHA works in partnership with Drumchapel Money Advice Centre (DMAC) and Citizen's Advice Bureau (CAB) who deliver free and impartial debt management and energy advice from our central offices on a weekly basis. This service is accessible by pre-arranged appointment. Appointments can be made by the Tenant directly, or via referral from GW staff member.
- 6.2.2 In line with the Housing (Scotland) Act 2001⁶ GWAHA staff will send notification of pending action, and details of all household members to Glasgow City Council's Social Work Services where a NOPFROP has been served. This action may be instigated at an earlier stage if the household consists of children under the age of 16, or if the household is deemed to be vulnerable (including, but not limited to households that are older, disabled or suffering from mental ill health).

7.0 FORMER TENANT ARREARS

- 7.1 The RAM Strategy and early intervention and management are critical to tenancy sustainment and in the prevention of the rent arrears. Where a tenancy is ended, former tenant arrears are managed in accordance with the Debt Recovery Strategy.

8.0 FEEDBACK & COMPLAINTS

8.1 Feedback

- 8.1.1 GWAHA Tenants and other customers may provide feedback about this document by emailing admin@glasgowwestha.co.uk

8.2 Complaints

- 8.2.1 Tenants with a grievance arising from the management of their rent account will be considered in accordance with GWAHA's Comments and Complaints Policy.
- 8.2.2 Where a complaint is lodged in cases where a 'pending' NOPFROP has been served, legal action may be delayed, with the authority of the Services Director, until such times as the internal process is completed.
- 8.2.3 Where a complaint is lodged in cases where a 'live' NOPFROP has been served, GWAHA's procedure will be overtaken by the Courts with the decisions and actions reviewed by the Sheriff.

⁵ Defined as up to six months in new tenancy

⁶ Part 2, Chapter 1, Section 14 (5a)

8.2.4 Once the Association's Comments and Complaints Policy is exhausted, there is a right of appeal to the Scottish Public Services Ombudsman (SPSO). As the SPSO is unlikely to comment on matters of a legal nature, a review will focus on the proper application of the Association's policy, rather than the legalities of arrears and income management.

9.0 DELEGATED AUTHORITY

9.1 The Management Committee has overall responsibility for the development and review of this strategy and the supporting policies.

9.2 Authority is delegated to the Services Director, through the Chief Executive to ensure appropriate implementation of the strategy and supporting policies, the development of supporting procedures and processes and that risk is managed effectively and proportionately.

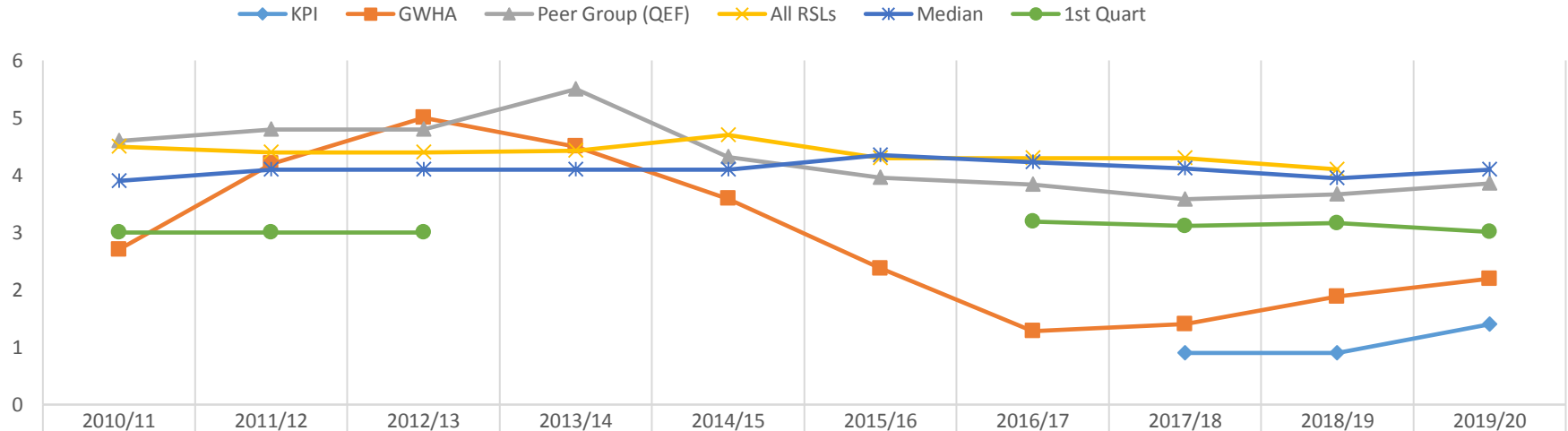
9.3 Specific policy execution authorities are confirmed in the Delegated Authority Policy.

9.4 The remit for rent collection is with the Tenancy Management Officers (TMO's), with pre-tenancy counselling and ongoing tenancy support provided by the Tenancy Sustainment Officers (TSO's). The operational management and allocation of resources within the Team is overseen by the Tenancy Services Manager (TSM).

2018-20 RAM Strategy Evaluation: Rent Arrears Management Strategy (RAM) 2020-22

Table 1: Gross arrears

TOTAL ALL ARREARS



	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
KPI								0.9	0.9	1.4
GWHA	2.7	4.2	5	4.5	3.59	2.37	1.28	1.4	1.88	2.19
Peer Group (QEF)	4.6	4.8	4.8	5.5	4.32	3.96	3.84	3.58	3.67	3.86
All RSLs	4.5	4.4	4.4	4.43	4.7	4.3	4.3	4.3	4.1	
Median	3.9	4.1	4.1	4.1	4.1	4.35	4.23	4.12	3.95	4.1
1st Quart	3	3	3				3.19	3.11	3.16	3.01

Table 2: GWHA Benchmarking⁷ Rank

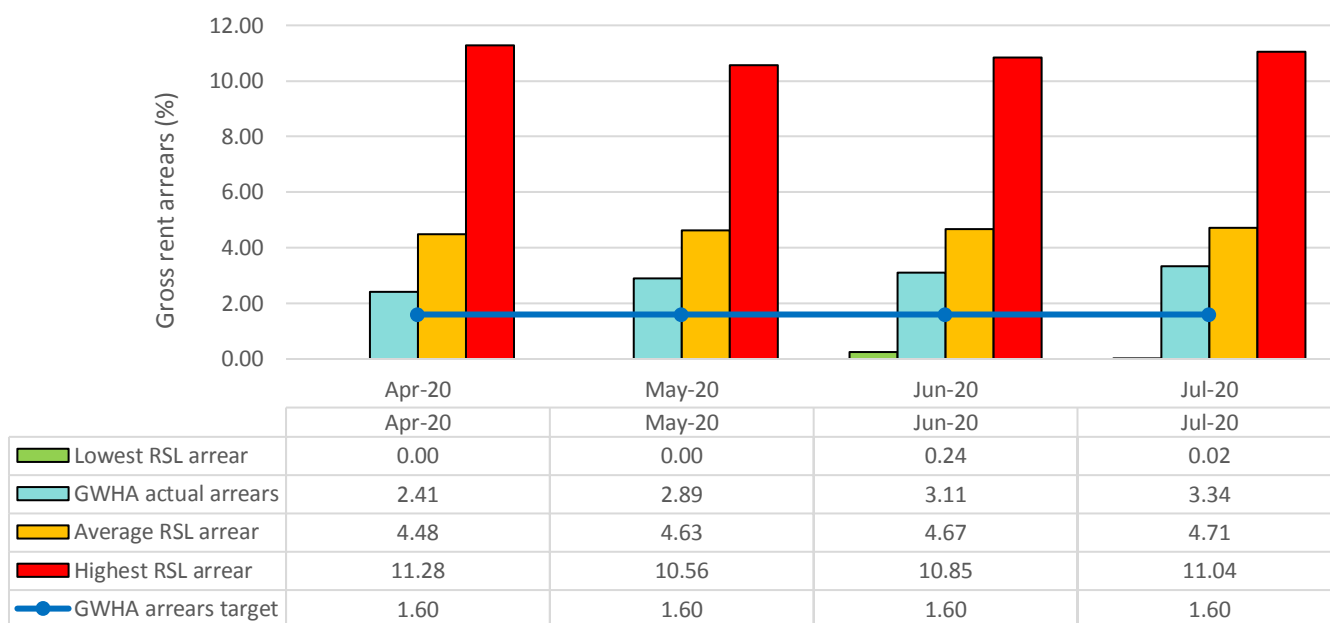
	GWHA total gross rent arrears	Rank in the group	QEF average	Scottish Median	Performance Group	Top performance Group range
2019/20	2.19%	4 th	3.86%	4.10%	Top	0-3.01%
2018/19	1.87%	2 nd	3.67%	3.95%	Top	0-3.16%
2017/18	1.39%	1 st	3.58%	4.08%	Top	0-3.11%

⁷ Quality Efficiency Forum (QEF), representing 26 Scottish RSLs

Evaluation of Covid-19 Impact: Rent Arrears Management Strategy (RAM) 2020-22

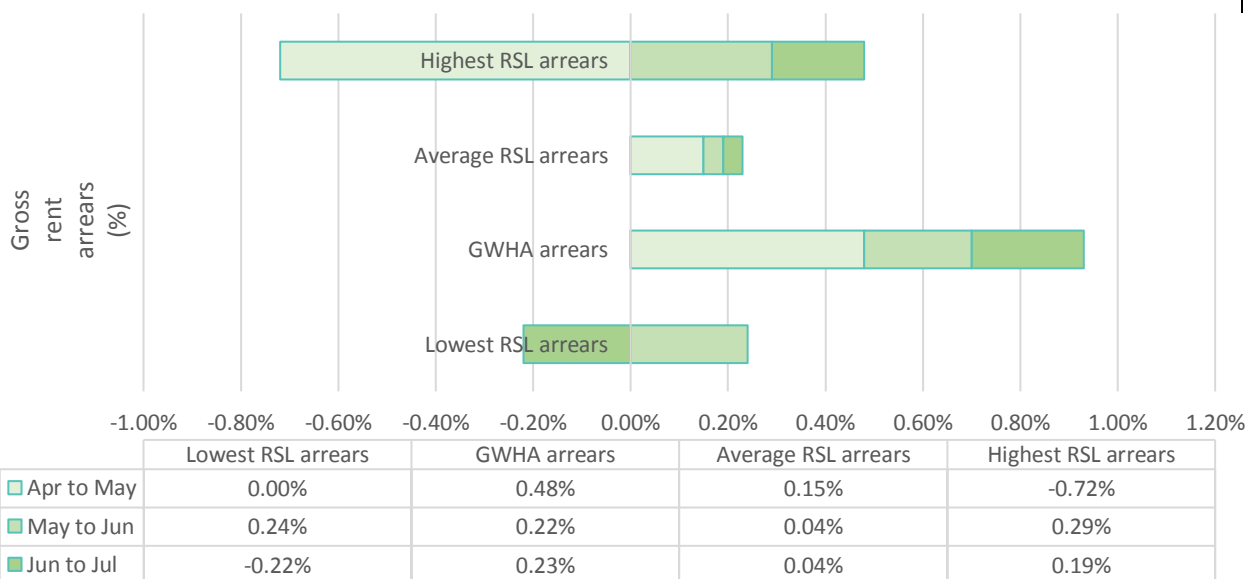
Note: Figures provided in charts below have been taken from SHR monthly dashboard reports for RSLs only.

Table 1: % RSL gross rent arrears (monthly)



- Prior to the onset of the Covid-pandemic, GWAH set a gross arrears target of 1.6% for 2020/21.
- Since the onset of the pandemic GWAH's gross rent arrears have increased monthly.
- Amidst the Covid pandemic, and in spite of the ongoing impacts to rental income, GWAH continues to outperform its RSL peers (average figures).

Table 2: % rate of growth in arrears (per month) amongst RSLs



- Although still outperforming RSL peers (as highlighted in table 1), GWAH's gross rent arrears have risen a total of 0.93% (measured April to July) as compared to just 0.23% on average amongst RSLs.

Table 3: Covid arrears analysis

		Pre-Covid		Covid impact		Change
		(March 2020 pre-debit)		(July 2020 pre-debit)		
		No	% of arrears cases	No	% of arrears cases	
Total no of arrears cases		147	-	275	-	+87%
Payment arrangements	New arrangement	8	5%	16	6%	+1%
	Maintaining	58	39%	19	11%	-28%
	Broken	4	2.5%	11	14%	+11.5%
Universal Credit	Total known claimants	279	-	323	-	+16%
	No of claimants in arrears	30	20% of arrears cases	66	24% of arrears cases	+4%
Housing Benefit	Total known claimants	486	-	480	-	-1%
	No of claimants in arrears	71	48% of arrears cases	121	44% of arrears cases	-4.3%

- As at 31/07/2020 furlough is not considered to have had a significant impact on rent arrears, with only two known cases (representing 0.73% of arrears cases).
- The number of Universal Credit (UC) claimants has risen by 16%, whilst only a 1% reduction in Housing Benefit claimants has been recorded, indicating an overall increase in benefit claims, rather than a consequence of UC migration (due to full service).
- Whilst a 16% increase in UC claimants has been recorded, this resulted in only a 4% increase in arrears cases amongst this group. Comparatively there has been a 4.3% decrease in the number of arrears cases amongst HB claimants.
- In total, benefit claimants (UC + HB) account for 68% of arrears cases at 31/07/2020, comparable with the position pre-covid (68%).
- Since the one-set of covid-19 (as at 31/07/2020), no NOPFOPs have been served by GWHA, nor have any court actions been initiated. Appendix 8 sets out a recommended performance indicator for 100% of all >13 week cases and 80% of all 7-13 week cases to be managed via service of NOPFOP and/or monitoring for adherence to formally agreed payment arrangement.

Guideline Repayment Schedule: Rent Arrears Management Strategy (RAM) 2020-22

Principles	<ul style="list-style-type: none"> The guideline minimum repayment schedule (<i>Table 1</i>) is in place to ensure a corporate approach, consistency and equality in the setting of repayment arrangements. Tenancy Services Officers have the authority to agree payment by instalments within the ranges specified. The Tenancy Services Manager (TSM) must agree payments at less than the proposed “minimum”. In all cases this must be supported by a completed Income & Expenditure Form evidencing reduced affordability, with repayment value set at no less than 50% of excess income, or £3.75⁸ per week – whichever is more. It will be standard practice for such arrangements to be agreed on a temporary basis, and kept under continuous review.
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Table 1	Guideline Minimum Repayment Schedule					Reviewed	Sep 2003	Jan 2008	Sep 2013	Mar 2018	Jul 2020	
	Average Arrear ⁹					Minimum weekly payment toward arrears balance, dependent on circumstances						
No. of months in arrears	1Apt	2Apt	3Apt	4Apt	5Apt+	Householder(s) not in receipt of benefits		Householder(s) under 25 and in receipt of benefits		Householder(s) aged or over 25 and in receipt of benefits		
						Weeks to clear	Min weekly payment (variable based on Apt size)					
≤1 month	£297.66	£356.50	£407.20	£454.74	£500.02	16	Var. £18.60 - £31.25	OR	Single Occupant		Single Occupant	
≤2 months	£595.31	£713.01	£814.41	£909.48	£1,000.05	24	Var. £24.80 – £41.67		Avg weekly income	£79.09	Avg weekly income	£94.59
≤3 months	£892.97	£1,069.51	£1,221.61	£1,364.22	£1,500.07	32	Var. £27.91 - £46.88		Min weekly payment	£11.86	Min weekly payment	£14.19
≤4 months	£1,190.63	£1,426.01	£1,628.81	£1,818.96	£2,000.09	35	Var. £34.02 - £57.15		Multiple Occupants		Multiple Occupants	
≤5 months	£1,488.28	£1,782.52	£2,036.02	£2,273.70	£2,500.12	37	Var. £40.22 - £67.57		Avg weekly income	£112.75	Avg weekly income	£137.09
≤6 months	£1,785.94	£2,139.02	£2,443.22	£2,728.44	£3,000.14	39	Var. £45.79 - £76.93		Min weekly payment	£16.91	Min weekly payment	£20.56
Definitions:												
Benefits	Any of: Universal Credit, Job Seekers Allowance, Income Support, Personal Independence Payment, Employment Support Allowance Does not include claimants receiving only: Carer’s Allowance, Child Benefit, Child Tax Credit, Working Tax Credit											
Average weekly income (in receipt of benefits)	<u>Based on Universal Credit (UC) Standard Allowances:</u> <ul style="list-style-type: none"> Single claimant aged under 25: £342.72 per month Joint claimants both aged under 25: £488.59 per month Single claimant aged 25 or over: £409.89 per month Joint claimants either aged 25 or over: £594.04 per month 											

⁸ DWP 3rd party deduction rate for legacy benefits for 2020/21

⁹ Calculated using 2020/21 average weekly rents figures (excluding lease properties, inclusive of service charges): 1Apt = £68.69/ 2Apt = £82.27/ 3Apt = £93.97/ 4Apt = £104.94/ 5Apt+ = £115.39/ Total average = £87.56

Guideline Repayment Schedule: Rent Arrears Management Strategy (RAM) 2020-22

Minimum weekly payment (in receipt of benefits)	Calculated at 15% of UC Standard Allowances to incentivise engagement with GWHHA without need for Alternative Payment Arrangement (APA) or arrears direct (AD) via DWP. GWHHA has recourse to apply for APA/AD via DWP at rate of 20% should the Tenant fail to co-operate or maintain payment.
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