



PRESS RELEASE

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Rent Arrears at All Time Low - Housing Department Reaches New Milestone and Arrears Reduced to below £5million

Her Majesty's Government of Gibraltar is delighted to announce that it has reached the next milestone in its strategy in the recovery of arrears of housing rent. The balance of arrears now owing is just below £5 million, this means that over £1 million have been recovered since the arrears collection strategy commenced just under a year and half ago.

The balance of arrears as at today's date is £4,995,427.

It must be recalled that at its highest in January 2016, before the implementation of the arrears collection strategy, the balance of arrears was £6,017,341.

Not only is it significant that over £1million has been recovered in just 18 months, but, perhaps more importantly, it demonstrates that the problem is now clearly under control.

The strategy for recovery has been twofold:

1. Proactively recovering existing debt
2. Introducing new mechanisms to prevent arrears escalating and new arrears being incurred.

328 tenants have paid their arrears in full.

Since the strategy commenced, a total of 455 arrears repayment agreements have been signed, of which 105 have been completed and these arrears recovered in full. The remaining 350 agreements have secured £1,476,243 to be repaid.

One of the most notable steps taken has been to deduct arrears payments at source from all public sector workers' salaries. Furthermore, all new tenants are obliged to pay by either deduction at source or standing order, thereby securing all rent payments in the future and ensuring that no new tenants are able to accrue rent arrears.



Before this strategy was implemented, arrears were increasing at a rate of approximately 9% per year and at that rate, had the matter not been tackled when it was, today's balance would instead have been over £7 million.

It took over 20 years to accumulate arrears to exceed £6 million and the figure has been reduced by almost 17% in just a year and a half. This reduction has been achieved at no additional expense to the tax payer: there has been no additional staff and no overtime expenses incurred for this, just a restructure of the Housing Department. No part of the debt has been written off.

Unlike past practice, the Housing Department now constantly writes to every single tenant who is in arrears. Everyone is offered a face-to-face meeting and assistance as to payment options are offered so that a solution can be explored. During the period since the arrears collection strategy commenced, the Housing Department has held 959 arrears clinics where dedicated officers have met with tenants and assisted them to face the financial situation and find a workable solution to settle the debt. There is now also a firmly established referral process to the Employment Service for tenants who are unemployed so that they are assisted, guided and supported in seeking employment.

Since the adoption of the arrears strategy in January 2016, in addition to the Government changing the Limitation Act so as to prevent recovery of old debts being time barred, the Housing Department has put various measures in place to aid in the recovery of arrears as follows:

- Updated software systems for rent collection
- New monthly billing formats introduced
- Communication with tenants in arrears
- Face to face meetings with tenants
- Established referral process with the Employment service to assist unemployed tenants to find employment
- Revised arrears agreements
- No non-urgent repair works for tenants in arrears
- No inclusions or exchanges permitted to those in arrears
- No parking spaces, sheds or berths allocated to tenants in arrears

Minister for Housing, the Hon Samantha Sacramento MP, said: "The level of housing rent arrears was totally unacceptable and nothing short of scandalous. I believe that for almost 20 years since 1996 the matter became so exponentially out of control that it was perceived too politically unpopular to tackle. However, I firmly believed that I had to pursue this because it was the absolute right thing to do so upon being appointed Minister for Housing I immediately set about redressing this problem, it took me about a year of preparation and setting up IT systems before I could actually execute the strategy.

"With a lot of planning and dedication, we have set up an effective mechanism to recover and avoid accrual of further debt. The Housing Department has fully embraced the arrears collection strategy and have been working extremely hard for the last year and a half to give it effect. The success of the strategy is in no small measure because of the efforts of the dedicated arrears team at the Housing Department and their Senior Management. The recovery and prevention exercise



has been systematic and consistent and I am delighted at the remarkable progress that they have made in reversing the upward trend and in getting the figure beneath the £5 million threshold.

“It is important to note that those who do not pay rent are in the minority: they amount to just under 500 tenants and this represents 10% of Government tenants. Most housing tenants do diligently pay their rent on time and keep up to date with payments.

“As a Government we owe a duty to all tenants who pay their rent, as well as to home owners who pay their mortgage payments, all of whom are tax payers and who are in effect subsidising those who fail to pay rent. It is not the responsibility of the tax payer to subsidise the lifestyles of people who simply refuse to pay rent.

“Notwithstanding the vigour with which arrears are pursued, as a conscientious Government we draw a distinction between those who do not pay because they do not want to pay and those who simply cannot pay for social reasons or situations of genuine hardship. In the case of the latter, it is absolutely right that as a society in a prosperous economy that they are supported.”