

EAST RENFREWSHIRE COUNCILCABINET15 March 2018Report by Director of EnvironmentWRITE – OFF OF IRRECOVERABLE FORMER TENANT RENT AND COURT EXPENSES**PURPOSE OF REPORT**

1. The purpose of this report is to seek Cabinet approval to write off former tenant rental debt and court expenses which cannot be recovered through the debt collection process.

RECOMMENDATIONS

2. The Cabinet is asked to approve:

- (a) The write-off sum up to the value of £49,056.76 of former tenant irrecoverable rents and court expenses, whilst acknowledging that these sums can be pursued and recovered in future should additional information and opportunities arise; and
- (b) That £43,484.29 of this amount is written off against the Housing Revenue Account (HRA) and the remaining £5,572.47 written off against the non HRA as this amount was accrued by homeless households placed in temporary accommodation.

BACKGROUND

3. In January 2017, the Cabinet approved a new rent arrears policy. The new policy was developed by assessing and comparing other practices across Scottish Local Authorities. The new policy allows for debt to be written off under the following circumstances:

- Debts over 2 years considered for write off, where debt recovery processes have been exhausted (previously 5 years)
- Small balances under £75 written off (previously £20)
- Debtor is deceased and has left no estate
- Debtor is in care of nursing home and there is no likelihood of debt being settled

4. The policy allows for the “write off” process to be carried out twice a year instead of annually as was the case previously. Cabinet previously approved the “write off” of £19,768.80 in September 2017.

5. The policy also ensures the Council can target recoverable arrears, use resources more effectively and write off irrecoverable debt in a more efficient manner.

6. Internal Audit have recommended that rent accounts where tenants have been “sequestered” now be included in the irrecoverable report to ensure that all “written off “ debt is approved by Cabinet.

REPORT

7. A breakdown of the proposed “write-off” amount for the HRA is as follows:

Category	Rents	Court Expenses	Total
Debtor deceased with no estate	12834.80	323.53	12419.68
Debt collection process Exhausted	13368.07	1528.69	14896.76
Debtor in care of nursing home	658.30	0.00	658.30
Small balances under £75 where recovery costs exceed amount due	134.68	0.00	134.68
Sequestered	14366.22	0.00	14366.22
Total	41362.07	1852.22	43484.29

8. The largest area of HRA “write off” occurs when the Council has exhausted the debt collection process. This consists mainly of rent arrears and court expenses of former tenants. The Council has a robust process to address arrears for current tenants and this performance has improved significantly in the previous two years. However, the ability to recover this debt becomes more difficult once a tenancy has ended.

9. In addition to rigorously engaging with and pursuing former tenants who owe a debt to the Council following the end of their tenancy, procedures have been reviewed to promote a culture of prevention and early intervention.

10. This involves the provision of appropriate advice and support to tenants who are in the process of terminating their tenancy, making it clear what their anticipated final charges would be and encouraging early payment and settlement.

11. A breakdown of the proposed “write off” amount for non HRA is as follows:

Category	Rents	Court Expenses	Total
Debtor deceased with no estate	539.91	0.00	539.91
Debt Collection process Exhausted	5032.53	0.00	5032.53
Debtor in care of nursing home	0.00	0.00	0.00

Small balances under £75 where recovery costs exceed amount due	0.03	0.00	0.03
Sequestered	0.00	0.00	0.00
Total	5572.47	0.00	5572.47

12. The non HRA debt to be written off consists of rent arrears and court expenses for households who have occupied homeless temporary accommodation.

13. Scottish housing legislation does not allow Local Authorities to refuse services to homeless households when they owe debt to the Council. However, any household that seeks housing through the general waiting list must sustain payment arrangement for any housing debt owed to the Council before an offer of accommodation will be made.

FINANCE AND EFFICIENCY

14. In the current year, around £11.5m of rent (net of benefits) payments is due to be received from tenants. The sum previously written off in September 2017 and the sum recommended for write off in this report represents around 0.59% of this total and can be met from existing bad debt provision. Last year the Cabinet approved write offs totalling £399,633.90 for the full year.

CONSULTATION

15. The new policy was developed in consultation with the Environment Department's Accountancy Finance Business Partner to ensure there is no detrimental impact on the HRA and non HRA accounts.

PARTNERSHIP WORKING

16. No partnership working was required in the development and preparation of this report.

IMPLICATIONS OF THE PROPOSALS

17. This report does not have any implications in terms of property, staffing, equalities, or sustainability.

CONCLUSIONS

18. The collection of former tenant arrears remains a challenge for social landlords. The Rent Arrears policy and procedures were designed to ensure proactive measures are taken to prevent current arrears from occurring, and tackle former arrears before the tenancy ends.

19. The "write off" process is designed to ensure that resources are targeted effectively to address arrears that can be recovered. Once written off the debt can still be pursued if required.

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Director of Environment

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March 2018