

EAST RENFREWSHIRE COUNCILCABINET14 September 2017Report by the Director of EnvironmentWRITE – OFF OF IRRECOVERABLE FORMER TENANT RENT AND COURT EXPENSES**PURPOSE OF REPORT**

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

RECOMMENDATIONS

2. It is recommended that the Cabinet approves:
- (a) The write-off sum up to the value of £19,768.80 of former tenant irrecoverable rents and court expenses whilst acknowledging these can be pursued and recovered in future should additional information and opportunities arise; and
 - (b) That £18,716.90 of this amount is written off against the Housing Revenue Account (HRA) and the remaining £1,051.90 is written off against the Non HRA as this was accrued by homeless households placed in temporary accommodation.

BACKGROUND

3. On 26 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.

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

REPORT

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

Category	Rents	Court Expenses	Total
Debtor deceased with no estate	£8,090.12	£0.00	£8,090.12
Debt collection process Exhausted	£9,371.89	£1,159.61	£10,531.50
Debtor in care of nursing home	£77.94	£0.00	£77.94
Small balances under £75 where recovery costs exceed amount due	£17.34	£0.00	£17.34
Total	£17,557.29	£1,159.61	£18,716.90

7. 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 thorough process to address arrears for current tenants and this performance has improved significantly in the previous two years.

8. 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 re-viewed to promote a culture of prevention and early intervention.

9. 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.

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

Category	Rents	Court Expenses	Total
Debtor deceased with no estate	£0.00	£0.00	£0.00
Debt Collection process Exhausted	£1,051.87	£0.00	£1,051.87
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
Total	£1,051.90	£0.00	£1,051.90

11. The Non HRA debt to be written off occurs when the Council has exhausted the debt collection process. This consists of rent arrears and court expenses for households who have occupied homeless temporary accommodation.

12. Scottish housing legislation does not permit 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

13. In the current year around £4.5m of rent net of benefits payments is due to be received from tenants and the sum recommended for write off represents around 0.4% of this total and can be met from existing bad debt provisions. Last year the Cabinet approved write offs totalling £399,633.90 for the full year.

CONSULTATION

14. The new policy was developed in consultation with Accountancy staff to ensure there were no detrimental effects on the HRA and non HRA accounts.

PARTNERSHIP WORKING

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

IMPLICATIONS OF THE PROPOSALS

16. The policy will deliver a reduction of 1% in arrears for the financial year 2017/18 and maintain former arrears at a manageable level thereafter.

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

RECOMMENDATIONS

18. It is recommended that the Cabinet approves:

- (a) The write-off sum up to the value of £19,768.80 of former tenant irrecoverable rents and court expenses whilst acknowledging these can be pursued and recovered in future should additional information and opportunities arise; and
- (b) That £18,716.90 of this amount is written off against the Housing Revenue Account (HRA) and the remaining £1,051.90 is written off against the Non HRA as this was accrued by homeless households placed in temporary accommodation.

Director of Environment

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