

EAST RENFREWSHIRE COUNCILCABINET10 March 2022Report by Director of EnvironmentDEBT MANAGEMENT OF IRRECOVERABLE FORMER TENANT RENTS AND COURT EXPENSES**PURPOSE OF REPORT**

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

RECOMMENDATIONS

2. It is recommended that Cabinet:
- a) Approves the write-off sum up to the value of £134,773.12 of former tenant irrecoverable rents and court expenses whilst acknowledging these can be pursued and recovered in future should additional information and opportunities arise;
 - b) Notes that £114,368.62 of this amount is written off against the Housing Revenue Account (HRA) and the remaining £20,404.50 is written off against the Non HRA as this was accrued by homeless households placed in temporary accommodation; and
 - c) Note that the write-off of these historic unrecoverable debts will have no net impact on the Council's accounts as provision has been made for the debt, in full, in previous years.

BACKGROUND AND REPORT

3. The current Rent Arrears Policy allows for debt to be written off under the following circumstances and ensures the Council can target recoverable arrears, use resources more effectively and write off irrecoverable debt in a more efficient manner.

- Debts over 2 years considered for write off, where debt recovery processes have been exhausted
- Small balances under £75 written off
- 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 Council's Internal Audit Team have requested 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.

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

RENTS

Category	HRA	Non HRA	Total
Debtor deceased with no estate	7,455.43	0	7,455.43
Debt collection process Exhausted	84,381.30	20,404.50	104,785.80
Debtor in care of nursing home	640.60	0	640.60
Small balances under £75 where recovery costs exceed amount due	1432.82	0	1432.82
Sequestered	14,611.99	0	14,611.99
Totals	108,522.14	20,404.50	128,926.64

COURT EXPENSES

Category	HRA	Non HRA	Total
Debtor deceased with no estate	719.97	0	719.97
Debt collection process Exhausted	5,123.73	0	5,123.73
Debtor in care of nursing home	0	0	0
Small balances under £75 where recovery costs exceed amount due	2.78	0	2.78
Sequestered	0	0	0
Totals	5,846.48	0	5,846.48

6. A significant area of HRA “write off” occurs when the Council has exhausted the debt collection process. This consists mainly of rent arrears of former tenants. The Council has a thorough process to address arrears for current tenants and this performance has improved significantly in recent years.

7. An effective strategy for the prevention of rent arrears requires early intervention and face to face contact. However the ongoing COVID 19 restrictions in place since March 2020 and the legal restrictions on formal recovery action has had a significant impact on rent arrears. In addition the ability to recover this income once the tenancy has ended is significantly more challenging. This may result in the need to write off larger amounts in future 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 reviewed 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. The Non HRA debt to be written off occurs when the Council has exhausted the debt collection process. This consists of rent arrears for households who have occupied homeless temporary accommodation.

11. 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 via the general waiting list must sustain payment arrangements for any housing debt owed to the council before an offer of accommodation will be made.

FINANCE AND EFFICIENCY

12. In the current year around £12.7m of rent, net of benefits payments, is due to be received from tenants. The sum recommended for write off now represents around 1.1% of this total and can be met from existing bad debt provisions. Last year the Cabinet approved write offs totalling, £190,267.67 for the full year.

CONSULTATION

13. The Arrears policy was developed in consultation with the Environment Departments Accountancy Business Partner to ensure there were no detrimental effects on the HRA and non HRA accounts.

PARTNERSHIP WORKING

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

IMPLICATIONS OF THE PROPOSALS

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

CONCLUSIONS

16. The rent arrears policy and procedures are designed to ensure pro-active measures are taken to prevent current arrears from occurring and also to ensure that former arrears can be tackled.

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

RECOMMENDATIONS

18. It is recommended that Cabinet:

- a) Approves the write-off sum up to the value of £134,773.12 of former tenant irrecoverable rents and court expenses whilst acknowledging these can be pursued and recovered in future should additional information and opportunities arise;
- b) Notes that £114,368.62 of this amount is written off against the Housing Revenue Account (HRA) and the remaining £20,404.50 is written off against the Non HRA as this was accrued by homeless households placed in temporary accommodation; and

- c) Note that the write-off of these historic unrecoverable debts will have no net impact on the Council's accounts as provision has been made for the debt, in full, in previous years.

Director of Environment

Further details can be obtained from Phil Daws, Head of Environment (Strategic Services), 0141 577 3186.

Convener contact details

Councillor Danny Devlin
(Convener for Housing and Maintenance Services)

Home: 0141 580 0288
Office: 0141 577 3107/8

February 2022