

Report of Head of Finance

Report to Director of Environment and Housing

Date: July 2015

Subject: Write Off of Former Tenants Rent Arrears – Housing Leeds

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

On a regular basis Housing Leeds and Belle Isle Tenant Management Organisation (BITMO) request approval to write off former tenants rent arrears where they have exhausted all potential recovery.

Recommendation

The Director of Environment and Housing is requested to approve the write off of irrecoverable Former Tenants Arrears in the sum of £227,959.84 represented by 523 accounts and credits of £14,934.86 represented by 119 accounts.

1 Purpose of this report

- 1.1 This report seeks Director of Environment and Housing approval to write off 523 accounts with a value of £227,959.84 representing irrecoverable debts relating to former tenants arrears, and 119 accounts with a credit value of £14,934.86 in respect of Housing Leeds (£213,024.98 offset with the credit.)
- 1.2 This figure should be considered in the context that the rent and service charge debit for all properties during 2014/2015 was approximately £220m. The total former tenant debt is approximately £2.71 million and bad debt provision is provided for Former arrears and current arrears in the sum of £3.5m approx.

- 1.3 This is the first bi-monthly write off for the financial year 2015/16, bringing the total for the year to £227,959.84 for 523 accounts and £14,934.86 credit for 119 accounts (so £213,024.86 offset by the credit.) The total written off in 2014/15 totalled £985,161.38 relating to 2040 accounts.

2 Background information

- 2.1 The policy in respect of Former Tenancy Arrears for Housing Leeds is to make every attempt to recover the debt as follows:
- a) Tracing tenants through the Council's 3 main systems (Orchard, Council Tax and Housing Benefits) where no forwarding address exists
 - b) Issuing accounts to tenants where an address has been obtained
 - c) Referring debt to External Recovery Agents where no payment is being received
 - d) Where tenants are in work, recovery action through the courts can be pursued
- 2.2 Where a tenant cannot pay or dispute accounts, Housing Leeds offer payments by arrangements and in circumstances where the former tenant may be entitled to Housing Benefit, a Housing Leeds officer will provide this advice.
- 2.3 Housing Leeds offers various methods of payment, including:
- a) At the Post Office, PayPoint or PayZone using a plastic swipe card
 - b) Direct Debit from the tenant's bank account
 - c) Standing Order at the bank
 - d) Over the telephone or internet using either a debit or credit card.
 - e) Deduction from wages where the tenant is employed by Leeds City Council.
- 2.4 Debts are written off for the following reasons:
- a) No forwarding address is held or the tenant has moved abroad.
 - b) The tenant is deceased and/or no next of kin
 - c) The tenant will be in prison for over 3 years
 - d) It is not economic to collect the debt eg the debt is less than £25.00
 - e) The External Debt Recovery agents deem the debt irrecoverable
 - f) The tenant has no assets
 - g) Account is statute barred
 - h) Recommended by managing Department
 - i) Debt over 3 years old and no payments received in previous 12 months
 - j) Bankruptcy
- 2.5 Should an account be written off, it is possible to reactivate an account if we subsequently trace the customer, or if the customer approaches the Council e.g. in the case of a future application for rehousing.

3 Main issues

- 3.1 This report identifies irrecoverable debts and credits scheduled for write off, relating to former tenants rent accounts.

- 3.2 £227,959.84 represented by 523 accounts and credits of £14,934.86 relating to 119 accounts; in respect of the citywide properties within Housing Leeds (£213,024.98 offset with the credit.)
- 3.3 Within this report there are 119 accounts with a credit balance total of £14,934.86. Of the 119 accounts, 115 relate to historic credits where the Tenancy terminations date between 1997 and 2009 with a total value of £14,891.29. The remaining 4 accounts, with a total of £43.57 relate to accounts between 2013 and 2014 where we were unable to locate the former tenant, the balance was low, so it was deemed uneconomical to trace and refund.
- 3.4 Income collected for all Housing Leeds former tenants' debts during the previous year was £350,846.13 for 2014/2015 and £18,142.50 for the current year to date.
- 3.5 Appendix A shows details of the arrears to be written off analysed by reason and value.
- 3.6 Appendix B shows details of the trend in the reduction in the level of former tenants over the past 5 years and also the level of write offs and income collected over the same period.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 There was no consultation carried out for this exercise. The write off of arrears is undertaken on a regular basis, and is considered prudent financial management,

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality Impact Assessment screening has been undertaken for previous reports of this nature. On this occasion there are no implications for Equality and Diversity or Cohesion and Integration
- 4.2.2 Where debt is considered irrecoverable, or further action uneconomic the debts will be referred for write off irrespective.

4.3 Council Policies and City Priorities

- 4.3.1 The timely write off of debts ensures that the Council's value of Spending Money Wisely is achieved.

4.4 Resources and Value for Money

- 4.4.1 The council HRA contains provision for the write off of bad debts. The recovery of these debts has been exhausted and therefore it would be uneconomic to pursue further recovery and would not represent value for money.

4.5 Legal Implications, Access to Information and Call In

4.5.1 This is an administrative decision and does not have any legal implications and is not subject to call in

4.6 Risk Management

4.6.1 Continued recovery action in respect of irrecoverable debts would result in the Council expending further resources, which does not represent value for money.

5 Conclusion

5.1 The outstanding amounts are deemed irrecoverable and consequently the debts proposed to be written off.

6 Recommendations

6.1 The Director of Environment and Housing is requested to approve the write off of irrecoverable Former Tenants Arrears in the sum of £227,959.84 represented by 523 accounts and £14,934.86 credits represented by 119 accounts, for Housing Leeds (£213,024.98 offset with the credit.)

7 Background documents¹

7.1 None

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.

