

Report of Chief Officer Housing Management

Report to Director of Environment and Housing

Date: 27 July 2016

Subject: Write Off of Former Tenants Rent Arrears and Small Credit balances

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 Arrears where they have exhausted all potential recovery action.

There is a number of long standing Former Tenants Accounts that terminated over 6 years ago with a small credit balance.

Attempts have been made to locate the current whereabouts of tenants in credit and where possible refunds have been made. A number of accounts still exist where we have been unable to locate the tenant and it is suggested the credit balances are written off and the account closed.

Recommendations

The Director of Environment and Housing is requested to approve the write off of irrecoverable Former Tenants Arrears in the sum of £92,998.17 represented by 192 accounts. The write off amount represents 0.0004% of the £217M rent roll for 2016-17.

The Director of Environment and Housing is further requested to approve the write off of the historic Former Tenants Accounts with a small credit balance. There are 466 such accounts with a total credit balance of £7999.62.

1 Purpose of this report

- 1.1 This report seeks Director of Environment and Housing approval to write off 192 irrecoverable accounts with a value of £92998.17.
- 1.2 This figure should be considered in the context that the rent debit for all properties during 2016-17 is approximately £217m. The total former tenant debt is approximately £3.4 million and bad debt provision provided for both former and current arrears is approximately £4.8m.
- 1.3 This is the second write off report for the financial year 2016/17, bringing the total for the year to £339,005.92 for 667 accounts. The total write off in 2015/16 amounted to £888,156.46 relating to 1810 accounts.
- 1.4 This report seeks the Director of Environment and Housing approval to write off 466 accounts with a credit value of £7999.62. These accounts were terminated more than six years ago and have a credit balance less than £200.00.
- 1.5 It is not possible to issue a refund/administer a transfer to a new account as the tenants are unable to be located and some are now deceased.

2 Background information

- 2.1 The Former Tenant Arrears debt is part of the Housing Revenue Account. The Housing Revenue Account is ring fenced. It is financed solely with rental income from council tenancies and is utilised to pay for services to council tenants. The debt is not associated with the Councils General Fund which is largely financed through council tax payments. The General Fund pays for local services to Leeds residents such as highways maintenance, street lighting, refuse services etc. The recommendations within this report do not impact on any of the General Fund services provided by the Council.
- 2.2 The Housing Leeds Former Tenants Arrears Policy 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 may be pursued.
- 2.3 Where a tenant is unable to pay in full Housing Leeds offer payments by instalments. In circumstances where the former tenant may be entitled to Housing Benefit, advice and assistance will be given on how to make a claim.
- 2.4 Housing Leeds offers various methods of payment including:
 - a) Post Office, PayPoint or PayZone using a plastic swipe card.
 - b) Direct Debit and Standing Order.
 - c) Over the telephone or internet using either a debit or credit card.
 - d) Deduction from wages where the tenant is employed by Leeds City Council.

- 2.5 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 e.g. the debt is less than £25.00.
 - e) The External Debt Recovery Agents deem the debt irrecoverable.
 - f) The tenant has no assets.
 - g) The account is statute barred.
 - h) Recommended by managing department.
 - i) Debt is over 3 years old and no payments received in previous 12 months.
 - j) Bankruptcy.
- 2.6 Should an account be written off, it is possible to reactivate if we subsequently trace the customer, or if the customer approaches the Council e.g. in the case of a future application for rehousing.
- 2.7 The Housing Leeds Policy in respect of Former Tenant Accounts in credit is to make every attempt to refund the credit.
- The process is 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 refunds to tenants where an address has been obtained.
- 2.8 If a former tenant cannot be located, or a credit is not refundable, the amount should be considered for write off.
- 2.9 If an account is written off and the tenant is subsequently traced, or approaches the Council, the account can be reactivated and the credit refunded.

3 Main issues

- 3.1 This report identifies irrecoverable debts and un-refundable credits relating to Former Tenant Accounts scheduled for write off.
- 3.2 The amount of debt scheduled for write off is £92,998.17 represented by 192 accounts.
- 3.3 Housing Leeds collected £472,907.64. on Former Tenant Accounts during the last financial year. This year £121,001.31 has been collected to date.
- 3.4 Appendix A shows details of the arrears to be written off analysed by reason and value.
- 3.5 Appendix B shows details of the level of Former Tenants Arrears over the past 5 years and the level of write off and income collected over the same period.
- 3.6 This report identifies a number of long standing historic Former Tenant Accounts with a credit balance to be scheduled for write off.
- 3.7 This equates to 466 accounts with a total credit balance of £7999.62.

- 3.8 The accounts have low level credit balances below £200.00. The tenancies terminated on or before 31st March 2010.
- 3.9 All efforts to trace these former tenants have been exhausted and due to the age of the accounts it is deemed uneconomical to action any further.
- 3.10 It is recommended these credits are now written off and the accounts closed.
- 3.11 If any of the tenants whose credit has been written off contact Housing Leeds in the future, the account can be re activated and the credit refunded if appropriate.
- 3.12 Appendix C provides details of the accounts with a credit to be written off along with the amount and reason.

4 Corporate Considerations

Consultation and Engagement

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

5 Equality and Diversity / Cohesion and Integration

- 5.1 An Equality Impact Assessment screening document has been undertaken and is attached to this report.
- 5.2 Where debt is considered irrecoverable, or further action uneconomic the debts will be referred for write off irrespective.

6 Council Policies and City Priorities

- 6.1 The timely write off of accounts with uncollectable debts and un-refundable credits is prudent financial management. It supports the Council Value of Spending Money Wisely by ensuring staff are working efficiently on debt which is collectable.

7 Resources and Value for Money

- 7.1 The Council Housing Revenue Account 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.
- 7.2 The Former Tenant Arrears Team is able focus more time on collectable debt which is a more efficient use of the teams' resources.

8 Legal Implications, Access to Information and Call In

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

9 Risk Management

- 9.1 Continued recovery action in respect of irrecoverable debts would result in the Council expending further resources, which does not represent value for money.
- 9.2 If these accounts are not written off continued recommendations by the Orchard computerised collection system will be generated for staff to action these accounts. All attempts to trace and refund the credits have been undertaken. Staff need to focus their time on collectable debt otherwise Former Tenant Arrears may increase further. The actions within this report help to minimise this risk.

10 Conclusion

- 10.1 The outstanding amounts are deemed irrecoverable and consequently the debts are proposed to be written off.
- 10.2 All attempts to trace the tenants relating to the Former Tenant Accounts with a credit have been exhausted. The credits are over 6 years old and are of a low level. It is proposed to write off the credits and close the accounts.

11 Recommendations

- 11.1 The Director of Environment and Housing is requested to approve the write off of irrecoverable Former Tenants Arrears amounting to £92998.17 represented by 192 accounts.
- 11.1 The Director of Environment and Housing is requested to approve the write off of 466 Former Tenancy Accounts with a credit amounting to -£7999.62.

12 Background documents¹

- 12.1 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.