

Write off of Former Tenant's Arrears

Date: June 2021

Report of: Chief Officer Housing Management

Report to: Director Communities, Housing and Environment

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Housing Leeds request approval to write off Former Tenants Arrears where they have exhausted all potential recovery action.

During the last financial year Housing Leeds successfully collected £627,708.42 of Former Tenant Arrears debt.

Recommendations

The Director of Communities, Housing and Environment is requested to approve the write off of irrecoverable Former Tenants Arrears in the sum of £99,967.43 represented by 71 accounts.

Why is the proposal being put forward?

This report seeks the Director of Communities, Housing and Environment approval to write off 71 irrecoverable accounts with a value of £99,967.43.

What impact will this proposal have

Wards Affected:

Have ward members been consulted? Yes No

- 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 or Universal Credit; 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 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 £50.00.
- 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.
- k) The tenant is in a Care Home

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.

What consultation and engagement has taken place?

- 3 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.

What are the resource implications?

- 4 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.

The Former Tenant Arrears Team is able focus more time on collectable debt which is a more efficient use of the teams' resources

What are the legal implications?

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

What are the key risks and how are they being managed?

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

If these accounts are not written off continued recommendations by the Orchard computerised collection system will be generated for staff to action these accounts. 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.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

- 7 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.

Options, timescales and measuring success

- 8 The outstanding amounts are deemed irrecoverable and consequently the debts are proposed to be written off

8.1 This report identifies irrecoverable debts relating to Former Tenant Accounts scheduled for write off.

8.2 The amount of debt scheduled for write off is £99,967.43 represented by 71 accounts.

8.3 Housing Leeds collected £627,708.42 on Former Tenant Accounts during the last financial year. £138,842.79 has been collected so far this year.

Appendices

9 Appendix A shows details of the arrears to be written off analysed by reason and value.

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

An Equality Impact Assessment screening document has been undertaken and is attached to this report.

Background papers

10 None.