

<b>Decision Taker:</b>	Cabinet Member for Equalities, Democracy and Finance
<b>Date:</b>	12 August 2024
<b>Report title:</b>	Rent arrears write offs over £5,000 and under £50,000
<b>Ward(s) or groups affected:</b>	All
<b>Classification:</b>	Open
<b>Reason for lateness (if applicable):</b>	Not applicable
<b>From:</b>	Strategic Director of Finance

## RECOMMENDATION

1. That approval is given to the write-off of the debts detailed in Appendix 1 of the closed report totaling £2,680,597.33 (multiple write-offs).
2. That the cabinet member advises any further action they require on any write-offs not agreed within this report.

## BACKGROUND INFORMATION

3. This report relates to 304 rent debts that are deemed irrecoverable and seeks authorisation for their write off.
4. Under the council's constitution a decision to write-off debts with a value of more than £5,000 and less than £50,000 has been delegated to individual members within their own service area.
5. There are a number of key reasons why the Council may decide to write-off a debt. These are:
  - The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
  - The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
  - There has been a negotiated settlement as part of a complaint or dispute resolution which leaves a residual amount to be written off.
  - The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.

- The debtor is deceased and there is no likely settlement from the estate or next of kin.
- Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against and no likelihood of settlement.

## **KEY ISSUES FOR CONSIDERATION**

### **Policy implications**

6. These write-offs have been considered in accordance with the council's agreed write-off policies and procedures.

### **Community, equalities (including socio-economic) and health impacts**

7. All write-offs are considered with due regard to the public sector equality duty in the Equality Act 2010. Whilst rent collection does not require the recording of protected characteristics under the Equality Act 2010 this decision has been judged to have no or a very small impact on local people, communities and health.

### **Climate change implications**

8. It is not anticipated that there will be any direct climate change implications as a result of the writing off of 304 rent arrears debts.

### **Resource implications**

9. The total rent arrears debt recommended for write-off is £2,680,597.33 relating to 304 debts which are irrecoverable.
10. The recommended write-off will be contained within the council's relevant bad debt provisions.

### **Legal Implications**

11. All reasonable efforts have been made to trace the account holder/debtor using standard procedures including:
  - Interrogation of the housing benefit database;
  - Interrogation of the document imaging system;
  - Tracing letters issued to other local authorities & solicitors;
  - Inspection of the domestic or business premises;
  - Letter sent to the Official Receiver for confirmation of any dividends to be paid; and

- Checks made with other council departments.
12. Additionally, any debt recommended for write-off is always subject to further internal scrutiny commensurate with the value of the debt. That scrutiny takes place before any recommendation is submitted to the cabinet member. The council's officers use a minimum of three tracing methods and conduct a 10% audit review of cases to check that the correct procedures have been followed and to provide further assurance.
  13. The reason for debts set out in this report to be recommended for write-off include:
    - The debtor is insolvent;
    - The debtor is deceased and there are no funds in the estate to settle the debt;
    - The debt has been deemed irrecoverable for example due to its age or because it is uneconomical to collect; or
    - The debtor has absconded and is unable to be traced.

## **SUPPLEMENTARY ADVICE FROM OTHER OFFICERS**

### **Assistant Chief Executive (Governance and Assurance)**

14. Under the Local Government Act 2000 and according to the Council's Constitution, a decision on an executive function can be taken by, *inter alia*, an individual cabinet member.
15. Part 3D of the Council's Constitution sets out that one of the matters reserved for decision by individual cabinet members is "Approving write offs of debt for their portfolio area of a value of £5,000 – £50,000."
16. These particular debts have arisen as a result of non-payment of rent arrears.
17. The report sets out at paragraph 4, the circumstances whereby debts can be written off by the council and this includes cases where a rent payer is deceased or has been declared insolvent and there are no assets to claim against. In such circumstances, there are no means available to successfully pursue the debt.
18. The Assistant Chief Executive (Governance and Assurance) considers the proposed write-offs to be in accordance with the council's Constitution and procedures and lawful.
19. The Cabinet Member's attention is drawn to the Public Sector Equality duty (PSED General Duty) under the Equality Act 2010, which requires

public bodies to have regard, when making decisions, to the need to eliminate discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic and those who do not share it. The Cabinet Member is specifically referred to the community, equalities (including socio-economic) and health impacts at paragraph 6 setting out the consideration that has been given to equalities issues which should be considered when approving these write-offs.

### Strategic Director of Finance

20. As per paragraph 5. above the schedule of write-offs have been compiled in accordance with the Council's agreed policy and procedures. The debts are recommended for write-off because they are considered to be either irrecoverable or uneconomic to pursue.
21. The recommended write-off will be predominately contained within the Council's relevant HRA bad debt provision. Former tenant rent account arrears are provided for at 95%, therefore the impact of this write off will be £134k.
22. The HRA is under significant pressure, however, these debts are deemed irrecoverable or uneconomic to pursue, therefore it is prudent to write these off.

### APPENDICES

No.	Title
None	None

### AUDIT TRAIL

<b>Lead Officer</b>	Clive Palfreyman, Strategic Director of Finance	
<b>Report Author</b>	Dominic Cain, Director of Customer and Exchequer Services	
<b>Version</b>	Final	
<b>Dated</b>	24/07/2024	
<b>Key Decision?</b>	Yes	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Assistant Chief Executive (Governance and Assurance)	Yes	Yes
Strategic Director of Finance	Yes	Yes
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Constitutional Team</b>		5 August 2024