

WELWYN HATFIELD BOROUGH COUNCIL
CABINET HOUSING PANEL – 10 DECEMBER 2018
REPORT OF THE CORPORATE DIRECTOR (HOUSING AND COMMUNITIES)

FORMER TENANT ARREARS POLICY

1 Executive Summary

- 1.1 This report recommends the approval and adoption of a new Former Tenant Arrears Policy set out in Appendix A.
- 1.2 The aim of this Policy sets out the council's approach to recovering former tenant arrears on both council (housing) tenancy and garage rent accounts.
- 1.3 A new dedicated staff member is in place to prioritise former tenant debts. This new post was created as part of the wider Housing Operations Transformation Programme.
- 1.4 We will be proactive in collecting Former Tenant Arrears (FTA), using a range of methods in a flexible, but fair and consistent way. We will use the methods which are considered to be the most effective on a case by case basis and that deliver value for money.
- 1.5 It is important to effectively recover former tenant debts to ensure that the council is maximising income to continue to deliver services.
- 1.6 The Tenants Panel have already been consulted and provided comments which have been incorporated into the draft policy.
- 1.7 Write-offs will be managed effectively, only being proposed for write-off once all avenues for tracing and collecting have been exhausted.

1.8 Recommendation(s)

- 1.9 It is recommended that members:
- 1.10 Recommend to Cabinet the adoption of the Former Tenant Arrears Policy (as set out at Appendix A).

2 Explanation

- 2.1 This policy applies to all tenants who have a Secure Tenancy, Flexible Tenancy or Non Secure Tenancy with Welwyn Hatfield Borough Council.
- 2.2 This policy does not apply to leaseholders (including equity share properties).
- 2.3 The development of this policy follows the service review delivered by the Housing Operations Transformation Programme. A specialist post was created in the new structure to prioritise former tenant debt recovery.

- 2.4 We are focused on preventing FTA. While a tenant is living in their home we will work with them to try and prevent them falling into arrears wherever possible. This will include providing debt, benefit or general money advice or signposting where necessary. This is in line with the new proposed Rent Arrears Policy.
- 2.5 FTA refers to rent arrears left by a tenant whose tenancy has ended and they no longer live in their home. This policy applies to all former tenant accounts including rent arrears, court cost, garage rent arrears, non-secure arrears, rechargeable arrears and use and occupation charges.
- 2.6 Maximising our income enables the council to meet its financial obligations and continue to invest in improving services to tenants.
- 2.7 Following initial actions to recover the debt by the FTA and Sundry Debt Officer, where efforts have proven unsuccessful, we will use a debt collection agency to support the effective tracing of tenants and collection of former tenant debts.
- 2.8 Offering a percentage discount off the total debt payable is a useful tool and good practice to encourage former tenants to clear debts quickly. Discounts of up to 25% can be offered, with higher discounts above 25% approved by the Head of Housing Operations.
- 2.9 Write offs will be completed only once all avenues have been taken to try and collect the outstanding debt. Write-offs will be submitted for approval periodically as follows:
- a) Up to £1,000, recommendation for write off to be made by the Income and Home Ownership Manager for Head of Resources to sign off.
 - b) Between £1,000 and £5,000, recommendation for write off to be made by the Head of Housing Operations for Head of Resources to sign off.
 - c) Between £5,000 and £10,000, recommendation to be made by the Corporate Director of Housing and Communities for Corporate Director (Resources, Environment and Cultural Services) in the capacity as the Council's S151 Officer to sign off.
 - d) Over £10,000 must be approved by Cabinet
- 2.10 Clear write-off authorisation amounts are set out in the policy and are in line with the council's Financial Regulations and the draft Corporate Debt Policy
- 2.11 A cleansing exercise is required to ensure the recoverable debt is collectable. Where it is identified not to be the case, the debt will be written off.
- 2.12 Where a credit is left on a former tenant account, we will be proactive in trying to locate the former tenant and repay any money owed to them.

Implications

3 Legal Implication(s)

- 3.1 All reasonable attempts should be made with the debtor to settle the debt prior to commencing legal proceedings. The requirements for the Pre-Action Protocol for Debt Claims came into force on 1 October 2017 and applies to public bodies.

- 3.2 The appropriateness of legal action will be considered where the address of the former tenant is known. The costs of court action will need to be balanced against amounts to be recovered.
- 3.3 We will consider the most appropriate course of legal actions to recover any money due, except warrant of control of goods.
- 3.4 Legal action will only be taken where we have taken reasonable action to collect the debt, but have been unsuccessful and we feel court action will be effective.
- 3.5 When a Money Claim Online is made, any legal fees incurred by the council will be added to the former Tenants arrears.

4 Financial Implication(s)

- 4.1 The total amount of collectable debt at the end of October 2018 is approximately £781k.
- 4.2 The team are targeting a 10% collection rate (£78k) which if delivered will cover the full costs of resourcing this service.
- 4.3 Debt levels, write-offs and collection performance will be monitored on a monthly basis to ensure delivery of value for money.
- 4.4 Commission of 18% is payable to the council's partner debt collection agency. Any commission costs incurred will be covered from existing budgets.

5 Risk Management Implications

- 5.1 The Former Tenant Arrears Policy provides clarity on how we collect FTA Debt.
- 5.2 The policy ensures that the council is not incurring either a reputational or legal risk from not having a clear, up to date policy.

6 Security and Terrorism Implication(s)

- 6.1 There are no implications arising from this policy.

7 Procurement Implication(s)

- 7.1 There is a service level agreement in place with a debt collection agency, of which longer term we will look to review.
- 7.2 Any review or tender and procurement of a new supplier will be compliant with the council's Contract Procedure Rules.

8 Climate Change Implication(s)

- 8.1 There are no implications arising from this policy.

9 Human Resources Implication(s)

- 9.1 There are no implications arising from this policy.

10 Health and Wellbeing Implication(s)

- 10.1 There are no implications arising from this policy.

11 Communication and Engagement Implication(s)

11.1 This policy has been reviewed by Tenants Panel and any comments have been taken into account.

12 Link to Corporate Priorities

12.1 The subject of this report is linked to 2 of the 5 Council Corporate Priorities:

1) Our Housing

2) Our Council

13 Equality and Diversity

13.1 An EqIA was completed on 12th October and no negative impact was identified on any of the protected groups under Equalities legislation.

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Appendices:

Appendix A – Draft Former Tenant Arrears Policy