

PERTH AND KINROSS COUNCIL

Housing and Health Committee

6 November 2013

Policy for Current Rent Arrears and Former Tenant Rent Arrears

Executive Director (Housing and Community Care)

PURPOSE OF REPORT

The purpose of this report is to present a revised policy on the management of rent arrears for Committee approval.

1. BACKGROUND / MAIN ISSUES

- 1.1 This paper presents a revised policy for managing current and former tenant rent arrears. The previous rent arrears policy had been in place since 2009 and needed to be reviewed in the light of legislative changes, including the Housing (Scotland) Act 2010 which took effect in August 2012 and the introduction of the Welfare Reform from April 2013. In addition, it is anticipated that the introduction of Universal Credit will have a significant effect on rent arrears levels and will present a challenge for Perth and Kinross Council as landlord to support tenants to budget and maximise their income, helping them sustain their tenancies, whilst recovering rental income to the Council.
- 1.2 The Council continues to have a high in-year collection of rent arrears at 98.7%. However, as a result of the economic downturn, rising cost of living, including energy and utility costs, more people have less disposable income and this has presented them with pressures and led to an increase in levels of personal and household debt. Many of our tenants now experience complex personal issues and multiple debts.
- 1.3 Income from Council house rents provides the Housing Revenue Account with its main source of income. Our policy is to prevent arrears from arising and to manage them effectively where they do arise, ensuring each tenant's income is maximised and best use is made of resources.

2. PROPOSALS

- 2.1 The Current Rent Arrears and Former Tenant Rent Arrears Policy takes a supportive but firm approach to the management of rent arrears and has a particular focus on promoting tenancy sustainability and preventing homelessness. Greater emphasis is put on early intervention, advice and support and referral to specialist advice services, whilst using all the legal options open to the Council.

2.2 The key aim of the policy is to maximise the rental income by:-

- Early intervention to prevent arrears
- Helping tenants sustain their tenancies
- Ensuring effective management and control of rent arrears
- Ending a tenancy and evicting as a last resort

2.3 The importance of early personal contact with tenants who fall into rent arrears and offering advice and assistance prior to legal action being commenced is given greater emphasis in this revised policy.

3. CONCLUSION AND RECOMMENDATION

3.1 The revised Current Rent Arrears and Former Tenant Rent Arrears Policy aims to deal effectively with rent arrears, while making sure tenants are given all the support, information and specialist advice they need to prevent them falling into unmanageable arrears and risk losing their home.

3.2 Committee is asked to approve the revised Current Rent Arrears and Former Tenant Policy, as attached at Appendix 1.

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Approved

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	None
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	Yes
Communication	
Communications Plan	Yes

1. Strategic Implications

Community Plan / Single Outcome Agreement

1.1 The Community Plan and Single Outcome objectives are all relevant to this report:

- Giving every child the best start in life
- Developing educated, responsible and informed citizens
- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives
- Creating a safe and sustainable place for future generations

Corporate Plan

1.2 As above. The five Corporate Plan objectives are all relevant to this report.

2. Resource Implications

Financial

2.1 None arising from this report.

Workforce

- 2.2 None arising from this report.

Asset Management (land, property, IT)

- 2.3 None arising from this report.

3. Assessments

Equality Impact Assessment

- 3.1 As a social landlord we have a duty to perform all aspects of our housing services so that: every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services.
- 3.2 Perth and Kinross Council is committed to equality of opportunity and will ensure that its arrears policy and procedures will not unfairly discriminate against people on grounds of sex or marital status, racial grounds, disability, age sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions.
- 3.3 The housing service has facilities to provide for:
- Translation and interpretation for people whose first language is not English
 - Sign language facilities for people who are profoundly deaf
 - Large text or audio tapes for people who are visually impaired
- 3.4 There are many other reasons why people may have difficulties accessing our services. These may include dyslexia, illiteracy and mental illness. It is the duty of all staff to ensure these issues are taken into account and to make sure information is appropriately communicated in ways that individuals can understand.

Strategic Environmental Assessment

N/A

Sustainability

N/A

Legal and Governance

- 3.4 N/A

Risk

- 3.5 The financial risks to the Council of non-collection of rent have been well documented and many of them relate to the welfare reform agenda. This is a corporate risk and is included in the Council's risk profile. The Service's Welfare Reform Board and Rent Arrears Steering Group has an action plan designed to address and mitigate the risks of high levels of rent arrears.

4. Consultation

Internal

- 4.1 The Head of Legal Services and the Head of Finance have been consulted about this report.

External

- 4.2 The Tenant Committee Report Panel has been consulted on this report. They strongly support the paper and are looking forward to seeing positive outcomes at the review of this policy in August 2014.

5. Communication

- 5.1 The revised policy will be put on the Council's website and will be circulated to housing staff.

2. BACKGROUND PAPERS

None

3. APPENDICES

Appendix 1: Policy for Current Rent Arrears and Former Tenant Arrears.



Policy for Current Rent Arrears and Former Tenant Rent Arrears

Neighbourhood Services

October 2013

Introduction

This document outlines the Council's policy for managing current and former tenant rent arrears and replaces previous policies. The policy will assist the Council to meet its Corporate Plan, Local Housing Strategy, Neighbourhood Services Strategy, Homelessness Strategy and the Housing and Community Care Business Management Improvement Plan (BMIP), with a particular focus in helping promote tenancy sustainability and preventing homelessness.

The Council recognises that maximising the collection of rent is of major importance as it directly affects the services that tenants can receive and resources available to invest in their homes. Rental income pays for the management of the Council's housing stock and its surrounding environment, and the maintenance and improvement of homes to the Scottish Housing Quality Standard. Rental income is also invested in the building of new, modern and energy-efficient homes.

During 2013, the UK Government's Welfare Reforms are resulting in major changes to the welfare system. The under-occupancy charge and introduction of Universal Credit will see many tenants experience increasing financial hardship as a result, and put further pressures on the Council's ability to recover all rent due.

Whilst the Council must ensure that it maximises rental income, it must also recognise the needs of its tenants. Advice, assistance and support will be offered to tenants who have genuine difficulties in paying rent or other debts owed to the Council but swift and decisive action will be taken against those who refuse to engage and reach agreements on repayment.

Scope of the Policy

The policy describes the activities and responsibilities involved to maximise rental income where rent accounts of current and former tenants are in arrears. The term "rent arrears" applies to both rent and service charges.

The Policy applies to all rented property owned or managed by Housing and Community Care, including current and former tenants, rent and service charges, lock-ups, and homeless accommodation. The Policy complies with Perth and Kinross Council's financial regulations.

The Scottish Social Housing Charter

This policy reflects the Council's commitment to the Scottish Social Housing Charter, specifically:

1. Equalities

Social landlords perform all aspects of their housing services so that:

- Every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services

2. Communication

Social landlords manage their businesses so that tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides

9. Housing Options

Social landlords ensure that people at risk of losing their homes get advice on preventing homelessness

11. Tenancy Sustainment

Social landlords ensure that tenants get the information they need on how to obtain support to remain in their home; and ensure suitable support is available, including services provided directly by the landlord and by other organisations

13 Value for Money

Social landlords manage all aspects of their businesses so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

14 and 15 Rents and Service Charges

Social landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them; and tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.

1. The aim of the policy

1.1 The key policy aim is to maximise rental income by:

- Early intervention to prevent arrears
- Helping tenants sustain their tenancies
- Ensuring effective management and control of rent arrears
- Ending a tenancy and evicting as a last resort.

1.2 Every tenant will be clearly reminded of the responsibility to pay rent in a positive, proactive and supportive way. Advice and assistance will be provided at the earliest opportunity by referring tenants to specialist Welfare Rights officers or to other external agencies, including the Citizen's Advice Bureau. Financial assessments of tenants' circumstances will be carried out to maximising their income, and where needed, tenancy to help them sustain their tenancies.

- 1.3 Tenants will be informed promptly of any changes to their charges and early personal contact will be made with tenants who fall into rent arrears. Whilst every effort will be made to support tenants to manage rent arrears, if they are unwilling to pay rent or agree and maintain a suitable repayment plan, the Council will consider all forms of legal action available through the court process to recover rent arrears. Eviction will only be used as a last resort once all other options have been applied.
- 1.4 The Council is committed to maximising rental income and reducing arrears and will seek to create a culture where tenants attach a very high level of importance to paying their rent. Council staff will support this payment culture ensuring tenants understand their rights and responsibilities.

2. Objectives of the policy

- 2.1 The Council will achieve the aims of the policing through the following objectives:

- To maximise rental income
 - *Maximise rental income by preventing and minimising the level of arrears whilst still being supportive to the individual needs of tenants.*
- To ensure all tenants are given information about their rent.
 - *Both new and existing tenants need to understand the importance of paying rent and how this income pays for services delivered. This responsibility will be reinforced at every opportunity along with the potential consequences of non payment.*
- To sustain tenancies and prevent homelessness
 - *A preventative approach will be taken with early intervention and access to appropriate professional advice and tenancy support.*
- To ensure that all options for recovering rent have been explored.
 - *The policy promotes a culture of payment and all available options for recovering rent, including the use of legal sanctions where these are considered appropriate and proportionate.*
 - Eviction will be used as a last resort.*

3 The Policy

Preventing Rent Arrears

- 3.1 Measures to prevent arrears are the cornerstone of the policy and will be taken at the earliest opportunity. These will start as part of the housing application process when all applicants will be offered income maximisation checks. Applicants with a previous or current history of debt, or who may be vulnerable for other reasons, will be targeted for professional advice and assistance.

- 3.2 At the tenancy offer and sign up stage, all new tenants will be clearly made aware of their obligations to pay rent. The importance of making regular payments and what methods of payment they can use will all be discussed to ensure that those eligible for housing benefit complete and submit claim forms.
- 3.3 Follow-up contact will be made with all new tenants within four weeks of start of the new tenancy at which early problems with rent and Housing Benefit can be addressed. Where tenants are considered vulnerable, an earlier visit will be made near the beginning of the tenancy.

Welfare Reform

- 3.4 Whether in receipt of welfare benefits or not, all new tenants will be provided with information on the impact of Welfare Reform measures introduced in April 2013:
- an under-occupancy charge leading to a reduction in the amount paid towards housing benefit by 14% for a spare bedroom and a 25% reduction for two or more spare bedrooms.
 - introduction of direct payments as part of the move to Universal Credit requiring those in receipt of welfare benefit to make arrangements to pay their rent due to the Council from their own bank accounts or other chosen payment methods.
 - a limit on the total welfare that households can receive through a Benefits Cap which will reduce the amount of housing benefit paid where housing costs exceed a specified limit.
- 3.5 Existing tenants affected by the under-occupancy criteria will be sent information to advise how the new rules will affect them. In addition, Neighbourhood Services staff will directly contact every tenant who will be affected to provide advice and help on moving to a smaller home, taking in lodgers and applying for a Discretionary Housing Payment (DHP).
- 3.6 Through this process the Council will ensure that tenants affected will receive every possible form of assistance and support available to help them to afford to remain in their home or to find more affordable and suitable accommodation. The sum of these measures should make sure that no council tenant who has fully engaged will be at risk of eviction due to their inability to pay the under-occupation element of their rent.
- 3.7 The new Universal Credit system will make a fundamental change to the tenant/landlord relationship and places an imperative on the Council to make sure that new and existing tenants are made fully aware of the future benefit changes. New practices in financial inclusion will be explored including:
- tenant profiling – getting to know more about new and existing tenants particularly those at risk of from pay day loan companies or door step lenders

- making better use of new technology – scanning option for mobile telephones, chip and pin machines to enable doorstep collection
- social marketing – delivering key messages through social media sites
- promoting banking products – budget (jam jar) accounts to automatically filter money into separate jars for rent, utilities, loans, savings etc.

Communication and advice

- 3.8 Effective communication will be maintained with tenants throughout the tenancy with the emphasis on maintaining regular personal contact using all available and appropriate methods, including personal visits, letters, telephone calls, e-mails and text messages.
- 3.9 Accurate and timely information will be provided about rent accounts through the issues of quarterly statements. Up-to-date statements can be issued at any time. Tenants will be advised promptly of any changes to the rent payable and reason for the change.
- 3.10 The Council will offer a range of payment methods to maximise the opportunities for tenants to pay rent and to suit individual needs and preferences. These methods include:
- By direct debit or standing order
 - Cash
 - Cheque
 - By credit or debit card in person, or via the telephone or on line at www.pkc.gov.uk/article/1861/rent-charges
 - Post Office, Pay Point or Pay Zone

Early intervention

- 3.11 The Council will take early action to contain and prevent arrears to remove the need for other costly recovery and enforcement action.
- 3.12 A first reminder action will be taken when 2 weeks' rent arrears have accrued and personal contact made with tenants to identify the cause of the arrears and discuss potential solutions. When triggers are met, staff will arrange early morning and evening phone calls or visits to offer support and prevent escalation of arrears.
- 3.13 Where the arrears cannot be cleared in a single payment, a reasonable and affordable repayment plan will be agreed. Repayment agreements will be based on a detailed assessment of the tenant's ability to pay and will be closely monitored.

Support and partnership working

- 3.14 The Council will maintain good relationships and work in partnership with internal and external support agencies to support and assist tenants to pay their rent and prevent arrears at each stage of the recovery process.

- 3.15 Early referrals to the Welfare Rights Team and Money Advice at the Citizens Advice Bureau will help tenants maximise their income by accessing professional services and enabling them to claim their full entitlement to housing and other welfare benefits.

Recovery of current rent arrears

- 3.16 Rent Arrears recovery will be based on a staged and preventative approach with an emphasis on:
- personal contact by housing staff
 - maximising tenants' income
 - securing regular rent payments
 - negotiating affordable repayment plans
 - ensuring all legal requirements are fully met
 - only taking legal action where all other options have been pursued
- 3.17 At each stage of the process the Council will provide tenants in arrears with clearly written arrears letters with details of their outstanding arrears balance, the action they need to take, the consequences of non-payment, and where they can go to for independent support and advice.
- 3.18 Personal contact will be a priority and every reasonable effort will be made to conduct face-to-face discussions with tenants to discuss their individual circumstances and to offer individual advice and assistance.
- 3.19 All forms of contact will be accurately recorded at each stage of the process and the tenants' responses to attempts to contact them. The involvement and actions taken by support and advice agencies will be noted and reviewed at key stages along with any other relevant information about the tenants and their household. This will ensure that the Council is fully aware of each tenant's personal circumstances at all times, and can be sensitive to their particular issues and needs.

Serious/persistent arrears

- 3.20 Legal action to pursue the debt will begin whenever tenants are not complying with arrangements to reduce their arrears or have failed to engage with staff. This will start with the serving of Notice of Proceedings for Recovery of Possessions (NOPFROP) giving the Council the power to seek an order of the Court to end the tenancy and evict.
- 3.21 The Council will ensure that tenants in arrears are informed in writing that legal action will be taken if payment of rent and arrears is not made regularly.

Legal action

- 3.22 Legal action will only be raised when all other means of recovery of rent arrears have been exhausted. Arrears arising from non-payment of the under-occupation charge will not be legally pursued where it is assessed that these are beyond the means of a tenant to pay and Discretionary Housing Payment (DHP) is not available or an option.
- 3.23 NOPFROPs will only be issued when the Council is satisfied that all legal requirements have been met and:
- clear information has been provided to the tenant about the tenancy agreement and unpaid rent
 - reasonable efforts have been made to provide advice and assistance on eligibility for housing benefit
 - information about sources of help with managing debt have been provided
 - reasonable efforts to agree a repayment plan with the tenant have been made
 - consideration given to the result of any outstanding benefit application
 - consideration to the tenants ongoing compliance with an agreed repayment plan

This is seen as good practice as we comply with statutory pre-action requirements, evidence of which accompanies the Notice of Proceedings for Recovery of Possessions.

- 3.24 Tenants will be kept informed of the legal process involved in all stages of legal action. Legal action may include a Payment Decree or Ejection Decree or both.
- 3.25 Where a tenant has made an application for a Debt Payment Programme under the Debt Arrangement Scheme, the Council will continue to raise proceedings where arrears escalate but will not commence “diligence” to enforce payment of rent arrears.

Ending a tenancy and eviction

- 3.26 If a tenant is unwilling to pay rent or agree and maintain a suitable repayment plan, the Council will, as a last resort, take legal action to evict the tenant from their home.
- 3.27 Where decree is awarded, the Council will seek to evict tenants within three months of a decree being granted where approval of the Head of Housing and Strategic Commissioning has been sought and given.
- 3.28 If the Council decides not to pursue the eviction, the tenancy will be ended in accordance with the Decree and the tenant given the opportunity to stay in the property with a new tenancy agreement. This is termed a technical eviction and re-let.

- 3.29 In this event, the tenancy offered will be a Short Scottish Secure Tenancy and the conditional acceptance of a package of intensive housing and income management support. The tenant will also be required to enter into a repayment agreement for their former tenant arrears.
- 3.30 The Council will ensure that any person who has been evicted for rent arrears is advised of any statutory obligations in terms of homelessness and arrangements made for a statutory homeless application to be made.

Recovery of former tenant arrears

- 3.31 Former tenants with arrears are tenants who have terminated a tenancy and have outstanding rent arrears related to the property vacated.
- 3.32 The Council will ensure that, where possible, arrears are cleared before tenancies are terminated and ensure that, where possible, forwarding addresses are known for all tenants terminating tenancies.
- 3.33 Recovery action will be activated when the status of the tenancy changes to former tenant and a staged escalation process will be instigated, which can include arrestment of earnings or bank account for non-payment of the debt owed.
- 3.34 Former tenant arrears will be pursued by the Former Tenant Arrears Officer who will attempt to trace former tenants owing monies to the Council and to pursue recovery, including legal action where appropriate. If a joint tenancy, both joint tenants will be pursued.
- 3.35 Where the arrears are in respect of a deceased tenant, action will normally be limited to contacting the next of kin or executor to claim against the estate.
- 3.36 Where the debt is uneconomic to pursue or there is no prospect of recovery, the debt will be written off in accordance with the Write-off Policy which is attached.
- 3.37 In cases where a write-off has occurred, the information will remain on the rent system and could be reinstated for recovery should the former tenant be located or re-apply for housing at a later date.

4 Staff training and development

- 4.1 The success of the Current Rent and Former Tenant Arrears Policy and proper implementation of the supporting procedures depend on the knowledge and skills of staff implementing them.
- 4.2 Regular training will be provided to staff to ensure a consistent approach and make sure staff are equipped to carry out the roles expected of them.

- 4.3 A quality audit will be in place to check the effectiveness of the training and to ensure that procedures are followed consistently by all staff. A sample of arrears cases at all stages of the escalation process will be audited on a regular basis.

5 Equal opportunities

- 5.1 Perth and Kinross Council is committed to equality of opportunity and will ensure that its arrears policy and procedures will not unfairly discriminate against people on grounds of sex or marital status, racial grounds, disability, age sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions. The housing service has facilities to provide for: -
- Translation and interpretation for customers whose first language is not English.
 - Sign language facilities for people who are profoundly deaf.
 - Large text or audio tapes for people who are visually impaired.
- 5.2 There are many other reasons why people may have difficulties accessing our services. These may include dyslexia, illiteracy and mental illness. It is the duty of all staff to ensure these issues are taken into account to ensure that information is appropriately communicated in ways that individuals can understand.

6. Complaints

- 6.1 Perth and Kinross Council operates a Complaints Procedure that is available to any tenant who is not satisfied with the way their case has been dealt with. Details of the complaints procedure are detailed in the Council's 'Complaints Procedure' leaflet that is available from any Council office.
<http://www.pkc.gov.uk/article/5731/Complaints>
- 6.2 Complaints about our arrears service will be used to monitor and improve the service.

7. Legislation

The Council will ensure that the Rent Arrears and Former Tenant Arrears Policy meets with legislative and good practice requirements in minimising rent arrears. The legislative requirements include the following:-

- Scottish Secure Tenancy – the Tenancy Agreement contains specific conditions in relation to the payment of rent and other tenancy related charges. Non-payment of these charges represents a breach of the tenancy conditions involved.
- Housing (Scotland) Act 2001 - the policy adheres to the provisions of the Housing (Scotland) Act 2001, including the guidance in relation to the recovery of possession of a tenancy when a tenant has breached the conditions of their tenancy agreement by accruing rent arrears.

- Housing (Scotland) Act 2010 – the policy has been drafted to take account of the arrears and eviction related provisions introduced through Section 14 of the 2010 Act. These include the provision of clear information to tenants on their tenancy and arrears situation, direct provision of advice and assistance, provision of information about other sources of information and advice; agreeing reasonable repayment plans; and revised arrangements for when a Notice of Proceedings can be served.
- Data Protection Act 1998 and Freedom of Information Act (Scotland) 2002 – the Council has a duty to handle personal information about its tenants responsibly and to respect the privacy of tenants. It may only share information with other Council services and other agencies where we are legally required to do so.
- Matrimonial Homes (Family Protection) Act 1981 – the Council will comply with the terms of this Act when providing advice on the occupancy rights to people whose home is at risk due to eviction.
- Homelessness etc. (Scotland) Act 2003 – the Council will comply with this Act when providing advice to people whose home is at risk due to eviction.
- Debt Arrangement and Attachment (Scotland) Act 2002 – in the event that legal action is required, the Council will comply with this Act. Section 4 (2) of the Debt Arrangement and Attachment (Scotland) Act 2002 implies that the Council can still raise proceedings but cannot commence with “diligence” to enforce payment. This means that a Council can still raise an action for recovery of arrears but must first enable payment to rent and arrears by way of the Debt Payment Programme. This will protect the Council’s position in the event that payments are missed in terms of the Debt Arrangement Scheme.

8. Measuring performance

- 8.1 Performance on rent arrears is monitored through the Rent Arrears Performance Management Framework and the Neighbourhood Services Performance Management Framework using statutory and local performance indicators, including:

Statutory

- Current tenant arrears as a percentage of the net amount of rent due in the year
- The total amount of current tenant arrears
- The number and percentage of current tenants owing more than 13 weeks rent at year end excluding those owing less than £250.00.
- The number of tenants giving up their tenancy during the year.
- The number and proportion of those tenants that were in rent arrears.
- The average debt owed by tenants leaving in arrears, as a proportion of the average weekly rent.
- The proportion of arrears owed by former tenants that was either written off or collected during the year.

Scottish Housing Charter Indicators

- Rent collected as a percentage of the total rent due in the reporting year.
- Gross rent arrears (all tenants) as at 31 March each year as a percentage of the rent due for the reporting year.
- Percentage of Court actions initiated which resulted in eviction and the reasons for eviction.

Local

- Number of households under-occupying their property by 1,2 and 3 or more bedrooms.
- Percentage of under-occupied households in arrears.
- Total value of arrears balances for under-occupied tenancies.
- Number of Notices of Proceedings for Recovery of Possession served.
- Number of sequestrations.
- Number of tenants evicted due to rent arrears.

9. Consultation

The Council will consult with tenants and other services and agencies in order to continually develop good practice in the management of rent arrears.

10. Reviewing this policy

This policy will be reviewed in October 2014 or as required due to legislative or regulatory change, in particular welfare reform.

Procedure for Writing-off Debt

The Council's policy for former tenant rent arrears to be written off is to make every effort to recover all monies due from former tenants or their representatives in a fair and reasonable way, with a view to making a prompt decision for write-off when necessary.

Housing Services will consider cases for write-off on an individual basis, but typically cases will include:

- Further action is uneconomical due to amount outstanding
- The debt is too old to be recovered and barred by statute (i.e. 5 years have elapsed with no recovery action been taken)
- Debtor is in liquidation or declared bankrupt
- Accounts disputed but never resolved, or the debt cannot be proven
- Debtor is deceased and has left no estate, or an inadequate estate
- Debtor is in prison or abroad
- The age and health of the debtor including severe medical conditions make recovery unlikely
- The debtor has a terminal illness
- Debtor has dementia or a learning disability making recovery unlikely
- Financial hardship
- The circumstances of the case indicate that to continue recovery would not be in the public interest

Write-off Guidelines

A debt will be written off if a representative informs us that there are no funds in a deceased customer's estate.

A debt will be written off if we do **not** have a forwarding address for a customer nor hold a Decree for payment if they remain untraceable for a period of 5 years from the date of the tenancy ending.

A debt will be written off when the Former Tenant Arrears Officer has recorded that all avenues have been pursued for recovery.

Collated analysis of this information is compiled by the Former Tenant Arrears Officer on a monthly basis and passed to the Team Leader, Neighbourhood Services, for approval in principle that it be included in the annual bad debt write-off.

The information required to be detailed for writing off a debt includes

- The payment reference number
- The tenant's name
- The tenant's address
- The area/community
- The date tenancy terminated
- The value of the arrears
- The reason for write off

Whilst these arrears may be written off, every effort will be made to pursue the arrears if a forwarding address is located or if the individual reappplies to the Council in the future. If an individual reappplies to the Council for housing, they are required to either clear their ex-tenant arrears or make an arrangement to clear them and have kept to this arrangement for a minimum period of 3 months before they will be considered for rehousing.

All amounts written-off by the Council will be classified as bad debt. All this debt is written-off with the proviso that should the tenant once again come to the attention of the Council, we will re-write the debt and pursue the account for payment within the prescribed permissible time frames.

The above write-off guidelines apply similarly to Temporary Accommodation Arrears. Collated analysis of this information should be compiled by the Accommodation Co-Ordinator on a monthly basis and passed to the Accommodation Team Leader for approval in principle that it be included in the annual bad debt write-off.

Process for Signing Off

Perth and Kinross Council writes off all bad debt on an annual basis. A meeting of the Council's Strategic and Policy Review Committee, held during the June following the end of a financial year, considers and approves figures prepared for write-off disposal.

At the end of each financial year the Former Tenant Arrears Officer and the Accommodation Team Leader provide the Neighbourhood Services Team Leader and Service Manager with a finalised report containing an analysis of those accounts which have been deemed irrecoverable and recommended for approval to be written-off. This will be submitted to the Head of Housing and Strategic Commissioning and then the Senior Management Team (SMT) for approval. The report will then be submitted to the Strategic Policy and Resources Committee by Exchequer Services, Incomes for final approval. The final figures must also be passed to the Performance and Research Officer as key monitoring information, ensuring the Strategic Performance and Review (SPandR) and the figures reported as Strategy Performance Indicators are reconciled.

The finalised report is a compilation of all monthly sheets previously agreed in principle by the Neighbourhood Services Team Leader. There are two reports submitted – one for Former Residential Tenancies and another for Former Non-Residential Tenancies (Garage Site and Lock-ups).

The analysis on each report must show the following:

- Name, account number, and termination date for each account which we have requested be written-off.
- Total number and value being written-off by reason category and from which financial year.
- During this intervening time it is vital to record any discrepancies in the totals of any account once it has been forwarded to Principal Revenues Officer.

