

# Decision Pathway – Report



**PURPOSE:** Key decision

**MEETING:** Cabinet

**DATE:** 03 March 2022

<b>TITLE</b>	<b>CIVICA CX write off request on former accounts</b>		
<b>Ward(s)</b>	All wards		
<b>Author:</b> Mark Kempt	<b>Job title:</b> Income and Leasehold Manager		
<b>Cabinet lead:</b> Cllr Tom Renhard, Cabinet Member Housing Delivery and Homes	<b>Executive Director lead:</b> Stephen Peacock, Executive Director Growth and Regeneration		
<b>Proposal origin:</b> BCC Staff			
<b>Decision maker:</b> Cabinet Member <b>Decision forum:</b> Cabinet			
<b>Purpose of Report:</b> To seek approval to write off former tenant debts held on CIVICA CX which are over three years old			
Evidence Base			
<ol style="list-style-type: none"> <li>1. During the pandemic focus has been made on supporting residents with current arrears, setting up affordable repayment plans and sign posting for support where applicable. The Housing Revenue Account's primary source of income is from rents paid by tenants and is essential to the delivery of landlord services to tenants and to continue to provide housing for those who need it.</li> <li>2. The vast majority of income due is collected and a robust process to collect and chase debt is in place to ensure those who can pay do, and there with support and guidance provided to tenants who may struggle. Even with this support, it is inevitable there are some instances where debts aren't recoverable.</li> <li>3. The former tenant debts which are presented in appendix A are all over three years old and predate the pandemic.</li> <li>4. Former tenant debts over three years old are financially impaired 100% and are therefore within budget.</li> <li>5. It is not expected that any of these amounts will be recovered, and it would be uneconomical to pursue these due to the age of the debt. On this basis the debt should be processed via a bulk write off before year end (2021-22).</li> <li>6. All of the 3,446 accounts meet the criterion of the report which takes into consideration the age of the debt which must be over three years old and no payment has been received within the last twelve months. All accounts are former not current tenants with arrears on their current account.</li> <li>7. Former Tenant Arrears over three years are 100% financially impaired, and in this instance, it is uneconomical to pursue these debts and this exercise ensures good housekeeping in line with previous audit recommendations on former tenant debt.</li> <li>8. Since April 2021 write offs are presented to Homes &amp; Landlords Senior Leadership on a quarterly basis. The debts presented here are legacy debts which require writing off in line with our policy.</li> </ol>			

9. In the course of collecting debt it is recognised that cases will arise where full payment or repayment is unlikely to be made, and where continued recovery action is ineffective or not economic, or where any possible arrangement will not lead to the debt being settled in realistic and reasonable timescales. In this instance the debt is written off and no longer pursued. The Finance Scheme of Delegation sets out delegated authority to write-off any debt due to the Council. As these collective former debts total over £500,000 the bulk write off requires Cabinet approval.

**Cabinet Member / Officer Recommendations:**

That Cabinet:

1. Authorise the Executive Director Growth and Regeneration in consultation with the Cabinet Member Housing Delivery and Homes to take all steps required to process a bulk write off of £1,538,592 debt as outlined in this report, in accordance with the Former Tenant Write off and Arrears policy.

**Corporate Strategy alignment:**

**Homes:** Deliver a programme that increases housing stock, by building new homes and increasing the supply of affordable and social housing. This is part of finalising a 30-year business plan for the Housing Revenue Account (HRA)

**City Benefits:**

Rental income is the main source of funding for a range of services provided by Bristol City Council to residents including, but not limited to essential services such as day to day repairs, investment in homes and managing tenancies.

**Consultation Details:**

Housing & Landlords Senior Leadership Team  
Cabinet Member

**Background Documents:**

*External*

1. Landlord and Tenant (Covenants) Act 1995
2. Pre-Court Action Protocol for Debt Claims, Ministry of Justice
3. Housing Act 1996(IT's)
4. Protection from Eviction Act 1977
5. Limitation Act 1980
6. Equalities Act 2010
7. Human Rights Act 1998
8. Welfare Reform Act 2012

*Internal*

1. HomeChoice Bristol Allocations Policy
2. Former Tenant Arrears and Write-off Policy
3. Equality and Inclusion Policy & Strategy 2018-2023

<b>Revenue Cost</b>	<b>£1.538m</b>	<b>Source of Revenue Funding</b>	Debt Provision
<b>Capital Cost</b>	<b>£0</b>	<b>Source of Capital Funding</b>	-
<b>One off cost</b> <input type="checkbox"/>	<b>Ongoing cost</b> <input type="checkbox"/>	<b>Saving Proposal</b> <input type="checkbox"/>	<b>Income generation proposal</b> <input type="checkbox"/>

**Required information to be completed by Financial/Legal/ICT/ HR partners:**

**1. Finance Advice:**

Provision for the debt write off is made in accordance with the current corporate policy and included within the respective budgets. Provision for debt is an accounting process representing risk to non-collection, and the revenue

impact occurs when provision is made. The actual loss is “incurred” when the decision is taken to write off the debt and not to pursue payment. The debts within the report are fully provided for and would have no revenue impact to the Council.

It is necessary to regularly review aged debt and write-off when it is deemed irrecoverable or not economically to pursue, i.e. the costs to pursue would outweigh the income being collected. Without writing off debt where appropriate the Council would be overstating the amount owed to it within its financial accounts.

The debt requested for write off in this report (£1.538m) includes £0.254m of temporary accommodation debt which is general fund, with the remaining balance of £1.285m belonging to the HRA.

Following an internal audit review a revised write off process has been implemented with Housing to manage and review old debt more proactively. During the last two years since impact of covid focus has been on supporting priority debt i.e. supporting current tenants with arrears.

As at time of writing the total HRA outstanding debt total £13.1m, of which £8.5m relates to current tenants rent debt, with £4.6m relating to all other debt such as former tenants and other non-rent charges.

A review of debt older than three years has been undertaken for which there has been no activity or payments during the last 12 months. There are 3,447 accounts with an average debt of £446 per account. Reviewing this historic debt and considering the likelihood of collecting it is considered better value for money to direct resource to manage £8.5m of current tenant priority debts and other active debts.

**Finance Business Partner:** Michael Pilcher, Chief Accountant 23/02/2022

**2. Legal Advice:** Any writes offs of monies due to the Council must be in accordance with both the policy and the Financial regulations. The Policy has been appended to this report and it provides a link to the financial regulations. In this instance Cabinet approval is required due to the size of the debt. If the decision maker is satisfied on the information provided, that repayment is unlikely to be made, and where continued recovery action is ineffective or not economic, and/or where any possible arrangement will not lead to the debt being settled in realistic and reasonable timescales the debt may be written off and no longer pursued.

**Legal Team Leader:** Anne Nugent - Litigation Regulatory and Community Team 17 January 2022

**3. Implications on IT:** I can see no implications on IT in regards to this activity

**IT Team Leader:** Gavin Arbuttle Head of Service Improvement and Performance: 06 January 2022

**4. HR Advice:** There are no HR implications evident

**HR Partner:** Celia Williams, HR Business Partner – Growth and Regeneration 6 January 2022

<b>EDM Sign-off</b>	Stephen Peacock Executive Director Growth and Regeneration	12 January 2022
<b>Cabinet Member sign-off</b>	Cllr Tom Renhard, Cabinet Member Housing Delivery and Homes	17 January 2022
<b>For Key Decisions - Mayor's Office sign-off</b>	Mayor's Office	31 January 2022

<b>Appendix A – Further essential background / detail on the proposal</b> Debt Write Off appendix – attached separately	<b>YES</b>
<b>Appendix B – Details of consultation carried out - internal and external</b>	<b>NO</b>
<b>Appendix C – Summary of any engagement with scrutiny</b>	<b>NO</b>
<b>Appendix D – Risk assessment</b>	<b>NO</b>

<b>Appendix E – Equalities screening / impact assessment of proposal</b>	<b>YES</b>
<b>Appendix F – Eco-impact screening/ impact assessment of proposal</b>	<b>NO</b>
<b>Appendix G – Financial Advice)</b>	<b>NO</b>
<b>Appendix H – Legal Advice</b>	<b>NO</b>
<b>Appendix I – Exempt Information</b>	<b>No</b>
<b>Appendix J – HR advice</b>	<b>NO</b>
<b>Appendix K – ICT</b>	<b>NO</b>
<b>Appendix L – Procurement</b>	<b>NO</b>