

CABINET

Date of Meeting	Tuesday 21 st November 2023
Report Subject	Corporate Debt Policy – Housing Rent Collection
Cabinet Member	Cabinet Member for Governance and Corporate Services including Health and Safety and Human Resources
Report Author	Chief Officer – Governance
Type of Report	Operational

EXECUTIVE SUMMARY

A recent report to the Community and Housing Overview and Scrutiny Committee provided the latest operational update on the collection of housing rent, along with proposals to improve the collections by taking earlier court action.

This report sets out proposals for Cabinet approval, to amend the Corporate Debt Recovery Policy and to strengthen the debt recovery process for housing rent.

The key changes are automatically taking court action against contract holders who owe the equivalent of 12 weeks unpaid rent and/or £1,500 and who are not addressing their weekly rent payments and arrears.

Other minor changes to the Corporate Debt Recovery Policy relate to write off authorisations and will replicate recent changes to the Financial Procedure Rules whereby the Corporate Finance Manager now has autonomy to write off single debts up to £10,000 (instead of £5,000). Debts between £10,000 and £25,000 will continue to be written off in consultation with the Cabinet Member and debts above £25,000 are referred to Cabinet prior to write off.

RECOMMENDATIONS

1	Approve the proposed changes to the Corporate Debt Recovery Policy to strengthen the collection of Housing Rent by taking court action, as a default position, in cases where contract holders are not making payment, and are 12 weeks in arrears and/or who owe £1,500 or more.
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REPORT DETAILS

1.00	EXPLAINING THE CHANGES TO THE CORPORATE DEBT RECOVERY POLICY – HOUSING RENTS
1.01	The Council is required to collect all income that is due and ensure that debts owed to the Council are kept to a minimum.
1.02	Collection of rent has seen improvements during 2023-24 and total rent arrears are currently, on average, around £100k lower than at the same point in the previous year.
1.03	As a result of this work there have been many positive outcomes both for the contract holders and the Council with many contract holders paying their arrears and now having the support needed to maintain ongoing rent payments.
1.04	The need to work within the spirit of WG policy intentions of “no evictions into homelessness” as well as maximising collections of rent to comply with the Councils Corporate Debt Recovery Policy can be a challenge and there is a balance to be struck between the two often conflicting policy intentions.
1.05	<p>Although court action is taken as a last resort, there is a growing need to adopt a more commercial approach to the collection of rent arrears.</p> <p>Appendix 1 to this report therefore sets out proposed changes to parts of the Corporate Debt Recovery Policy (as set out in pages 20-21) in relation to collection of housing rent.</p> <p>Having an agreed and transparent policy of how the Council manages and collect debts, is an important document to deliver a consistent approach and to ensure best practice is being followed.</p> <p>The revised policy as set out, builds upon a policy that was first adopted by cabinet in 2012. It provides services with a clear set of latest standards that must be maintained, and which follow the latest regulations when officers recover income that is due to the Council.</p> <p>Underpinning this policy are processes critical to the Housing Revenue Account, as every pound of income that is not collected or takes extra effort to collect, ultimately leads to additional financial pressures on the Housing Revenue Account.</p>
1.06	The focus on early intervention and preventative action and support will continue, but to prevent rent arrears levels escalating, it is proposed that legal action is now triggered, by default, for contract holders who are not meeting their payments and are 12 weeks or more in arrears or owe an amount of £1,500.
1.07	Court proceedings are a necessary tool to secure payment from contract holders who do not engage with the Council and fail to make payment. In

	most cases, the judicial process usually results in most contract holders making payment or receiving an order from the court to pay rather than being evicted.
1.08	Other minor changes to the Corporate Debt Recovery Policy replicate recent changes to the Councils Financial Procedure Rules, whereby the Corporate Finance Manager now has autonomy to write off single debts up to £10,000 (instead of £5,000). Debts between £10,000 and £25,000 will continue to be written off in consultation with the Cabinet Member and debts above £25,000 are referred to Cabinet prior to write off.

2.00	RESOURCE IMPLICATIONS
2.01	The deployment of the Mobyssoft 'Rent Sense' software, funded by the HRA, continues to be necessary to control rent arrears and to ensure resources are targeted effectively.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	To ensure financial risks to the HRA are minimised as far as possible, rent arrears continue to be tracked on a weekly basis and cases are identified as quickly as possible to ensure targeted intervention is provided to those contract holders at highest risk of non-payment. Taking a commercial and pro-active approach to the collection of all debts owed to the Council ensures that income is maximised and bad debt is minimised.
3.02	Setting out the trigger points at which court action is taken and formalising the process into the Corporate Debt Recovery Policy will prevent arrear levels escalating and allow officers to take legal action in a timely manner.
3.03	The policy will continue to ensure that recovery action is taken against those contract holders that deliberately set out to withhold or delay payment without genuine reason. At the same time, the policy will continue to promote early intervention which encourages customers, taxpayers and contract holders who fall into arrears to get in touch with the Council at an early stage.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	Prior to the adoption of the changes at Cabinet, Scrutiny has been asked to endorse the proposed changes to the Corporate Debt Recovery Policy in relation to the trigger points for legal action for housing rent.

5.00	APPENDICES
5.01	Appendix 1 to this report sets out the revised Corporate Debt Recovery policy framework relating to the collection and recovery of housing rent – (as appearing in pages 20 to 21).

	Other minor changes to the Corporate Debt Recovery Policy (pages 25-27) replicate recent changes to the Councils Financial Procedure Rules, whereby the Corporate Finance Manager now has autonomy to write off single debts up to £10,000 (instead of £5,000).
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> Corporate Debt Recovery Policy

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: David Barnes, Revenues and Procurement Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
	<p>Housing Revenue Account: The Council is required to keep a HRA to record all income and expenditure relating to the provision of local authority housing. All rental income, including arrears, must be held with a ring fenced HRA account. This means that income can only be used for council housing purposes and not general expenditure. This also allows rental income to be invested locally to help improve and maintain council owned homes and build new council homes.</p>