



To: Executive Councillor for Housing (and Deputy Leader): Councillor Catherine Smart  
Report by: Director of Customer & Community Services  
Relevant scrutiny committee: Housing Management Board 5/3/2013  
Wards affected: All Wards

## **WRITE-OFF OF CURRENT AND FORMER TENANT ARREARS**

### **Not a Key Decision**

The background information used in the preparation of this report is exempted from publication by virtue of paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

### **1. Executive Summary**

This report sets out details of eleven cases of current and former tenant arrears together with a summary of the action taken to try to recover these debts.

### **2. Recommendations**

The Executive Councillor is recommended:

- 2.1 To approve that the three case of current tenant arrears totalling £6,479.73 detailed in the attached appendix be written off, due to the expiration of a Debt Relief Order.
- 2.2 To approve that the eight cases of former tenant arrears totalling £24,188.51, also detailed in the attached appendix, be written off due to recovery activity being exhausted.

### **3. Background**

- 3.1 The former tenant arrears cases have been subject to the standard rent arrears recovery process.
- 3.2 The current tenant arrears cases have been subject to the standard rent arrears recovery process applicable before the Debt Relief Orders were granted.
- 3.3 In April 2009, the UK Government introduced the Debt Relief Order, as a simplified, quicker and cheaper alternative to bankruptcy as a

debt relief solution. Debt Relief Orders are run by The Insolvency Service in partnership with skilled debt advisers and do not involve the courts. A Debt Relief Order (DRO) enables debtors to repay their debt without the need to file for bankruptcy, which is a more costly solution. The current cost of a Debt Relief Order is £90.00, which must be paid in advance before an application will be considered.

3.4 Debt Relief Orders are suitable for people who cannot pay their debts and do not own their own home, have little surplus income and assets and have no prospect of the situation improving.

### 3.5 *Application Conditions of a Debt Relief Order*

- The debtor must be unable to repay their debts.
- The debtor must owe less than £15,000.
- The debtor can own a car to the value of £1,000 but the total value of other assets must not exceed £300.
- After taking away tax, national insurance contributions and normal household expenses, the debtors' disposable income must be no more than £50 a month.
- The debtor must be domiciled (living) in England or Wales, or at some time in the last 3 years have been living or carrying on business in England or Wales.
- The debtor must not have been subject to another DRO within the last 6 years.
- The debtor must not be involved in another formal insolvency procedure at the time they apply.

### **Effects of a Debt Relief Order**

3.6 Debt Relief Orders usually last for 12 months, however these can be extended and the individual is:

- Protected by enforcement action from many of their creditors
- Obligated to co-operate with the Official Receiver
- Expected to repay their creditors if their circumstances improve

3.7 While the DRO is in force the debt will be subject to a moratorium. During this time, creditors named on the order cannot take any legal action to recover their money without permission from the court.

3.8 Debtors should not make any payments towards any debt contained within their DRO but should continue to pay ongoing commitments such as rent and utility bills that occur after the DRO has been approved.

- 3.9 At the end of the moratorium period, if the debtor's circumstances have not changed, they will be freed from the debts that were included in their order, as they should be written off and creditors may not take any action for repayment of the debts.
- 3.10 If the debt forms part of a joint debt, action can be taken against any other joint debtor, unless they too are subject to a DRO or other insolvency process.
- 3.11 If the moratorium is extended, ended early, or if the DRO is cancelled, creditors will be sent notice by the official receiver.

## **Process**

- 3.12 During the 12 months that the order is in place, City Homes transfer the debt to a sub account within the tenancy in order that arrears action is not undertaken against the amount specified.
- 3.13 At the end of the 12 month period if the debtors circumstances are unchanged, the council has no option but to write the debt off.
- 3.14 Any tenant who has had a DRO is unable to apply for another one within a 6-year period.

## **4. Implications**

### **(a) Financial Implications**

Provision for writing off of bad debts has been made in the Housing Revenue Account.

### **(b) Staffing Implications (if not covered in Consultations Section)**

There are no staffing implications associated with this report.

### **(c) Equal Opportunities Implications**

An Equalities Impact Assessment has not been undertaken in respect of this report, as each case has been individually considered prior to submission for write off.

### **(d) Environmental Implications**

There are no environmental implications associated with this report.

### **(e) Procurement**

There are no direct procurement implications associated with this report.

(f) **Consultation and communication**

This report considers individual cases for write off. A number of attempts will have been made to contact the tenant concerned prior to the preparation of this report.

Members and tenant and leaseholder representatives are reminded that they are welcome to spend time with City Homes officers to gain further insight into the arrears recovery and write off process.

(g) **Community Safety**

There are no environmental implications associated with this report.

## **5. Background Papers**

The background papers used in the preparation of this report are exempt from publication as they contain information relating to the financial or business affairs of any particular person.

## **6. Appendices**

The following appendix is included as part of this report:

- Appendix 1: Individual arrears cases and action taken.

## **7. Inspection of Papers**

If you have a query on the report please contact:

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## Individual arrears cases and action taken.

Area Team	Ward	Amount	Action Taken To Recover Debt	Reason for Write-off
North	East Chesterton	£2,237.86	Debt Relief Order	The tenancy has been live for the period December 2009 to present, and the debt comprises outstanding rent arrears. In September 2011 the tenant applied for a Debt Relief Order against the outstanding debts that they held, which included £2,237.86 to the City Council. The moratorium period has now passed so the debt is to be written off.
South	Abbey	£2,052.37	Debt Relief Order	The tenancy has been live for the period April 2001 to present, and the debt comprises outstanding rent arrears and court costs. In October 2011 the tenant applied for a Debt Relief Order against the outstanding debts that they held, which included £2,052.37 to the City Council. The moratorium period has now passed so the debt is to be written off.
South	Abbey	£2,189.50	Debt Relief Order	The tenancy has been live for the period April 1986 to present, and the debt comprises outstanding rent arrears and court costs. In December 2010 the tenant applied for a Debt Relief Order against the outstanding debts that they held, which included £2,189.50 to the City Council. The moratorium period has now passed so the debt is to be written off.
<b>Current Tenants</b>		<b>£6,479.73</b>		
North	East Chesterton	£2,133.00	Debt not Recoverable	The tenancy was for the period August 2004 - April 2007. The debt comprises arrears and associated court costs that accumulated over the period of the tenancy. The tenant stopped paying their rent in October 2006. No contact received from tenant regarding arrears. Tenant failed to attend appointments. Eviction Notice served due to suspected abandonment of property. No known forwarding address. Passed to East of England & returned marked 'Activity Exhausted'.
North	East Chesterton	£4,633.53	Debt not Recoverable	The tenancy was for the period June 2006 - April 2008. The debt comprises arrears & associated court costs that accumulated from the period May 2007 when benefits stopped, to the termination of the tenancy. Passed to East of England & returned marked 'Activity Exhausted'. No contact received from tenant regarding arrears until late 2010 when tenant wanted to be re-housed, agreed to pay £5 per week, but only paid £30 in total, and then disappeared again and has not responded to any subsequent contact at last known address.
North	East Chesterton	£2,415.96	Debt not Recoverable	The tenancy was for the period December 2009 - June 2011. The debt comprises arrears & associated court costs that accumulated from the period January 2011, when benefits stopped, to the termination of the tenancy. No contact received from tenant regarding arrears. Passed to East of England who were unable to trace their whereabouts & returned marked 'Gone Away'
North	Arbury	£4,462.58	Debt not Recoverable	The tenancy was for the period October 2007 - March 2011. The debt comprises arrears & associated court costs. No contact received from tenant regarding arrears. Sent to Baliffs for recovery action, however, there were insufficient goods. Passed to East of England & returned marked 'Activity Exhausted'
South	Coleridge	£2,038.05	Tenant Deceased	The tenancy was for the period October 1991 - April 2006, however the tenant didn't live at the property after January 2005 as they moved into residential care. The tenant had been receiving full housing benefit, however this was clawed back in March 2006 creating a large arrear on the rent account. The tenants son dealt with the notice to quit and confirmed that the tenant passed away in 2008 with no monies in the estate.
South	Coleridge	£2,855.75	Tenant Deceased	The tenancy was for the period August 2011 - April 2012. The debt comprises outstanding rent arrears and associated court costs. The tenant passed away sometime after Jan 2011 as this is when the last payment was received on the rent account. Neighbours became concerned in May 2011, when the police were informed. The tenants sister, c/o her foster carer, was contacted and dealt with the notice to quit, however no further contact by the sister has been made regarding the estate.
North	South Camb	£3,291.34	Tenant Deceased	The tenancy was for the period September 2002 - June 2012. The debt comprises a HB overpayment, outstanding rent arrears and associated court costs. The tenant passed away sometime prior to 23 May 2012, when concerns were raised with the Police. The tenants mother was contacted and dealt with the notice to quit, the mother stated in writing that there wasn't any money in the estate. The tenant was in receipt of full HB prior to death.
South	Coleridge	£2,358.30	Tenant Deceased	The tenancy was for the period March 2009 - August 2011. The debt comprises arrears that accumulated after the tenant passed away in December 2010. No family & no contact received from registered next of kin. Notice served & tenancy ended in August 2011, no monies in the estate.
<b>Former Tenants</b>		<b>£24,188.51</b>		