

# North Lanarkshire Council Report

## Housing Committee

Does this report require to be approved?  Yes  No

Ref SL/GT Date 12/02/25

## Former Tenant Arrears Write Off to 31 March 2023

**From** Stephen Llewellyn, Chief Officer (Housing)

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### Executive Summary

The purpose of this report is to present to Committee a summary of outstanding Housing Rent debts which are deemed uncollectable following all attempts at recovery by the Housing Rents and Court teams or are considered uneconomically viable to continue pursuing.

In accordance with financial guidelines a provision for expected credit losses has previously been established for the outstanding accounts highlighted below.

The debt to be written off relates to former tenancies where the tenancy end date is prior to 31 March 2023. The total recommended write-off is £3,925,862 which equates to 2.62% of the total rent income of £149,720,181.

In addition, following a decision of the Housing Committee in August 2024 to change the treatment of Universal Credit Assistance Fund awards from a repayable loan to a grant, the report seeks approval to no longer pursue these loans and write-off these debts as outlined in paragraphs 2.6 and 2.7. The total recommended for write-off is £3,336,874.09. This creates no additional financial implications for the Housing Revenue Account because of the previously established provision for expected credit losses.

### Recommendations

It is recommended that the Housing Committee:

- (1) Acknowledge the decision of the Chief Officer (Housing Management) and the Chief Officer (Finance) to write off £381,165.92 under delegated responsibilities;
- (2) Approves the write off of £3,544,696.50 which includes individual debts greater than £500;
- (3) Approves the write off of credit balances that have arisen in some former tenancy rent accounts, totalling £50,914.31;
- (4) Approve the write off of pre August 2024 Universal Credit Assistance Fund awards where debt is greater than £500 of £320,716.33;
- (5) Acknowledge the write off of Universal Credit Assistance Fund awards where debt is less than £500 to the value of £3,016,157.76;
- (6) Remit this report to the Finance and Resources Committee.

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## The Plan for North Lanarkshire

Priority	Enhance participation, capacity, and empowerment across our communities
Ambition statement	(21) Continue to identify and access opportunities to leverage additional resources to support our ambitions
Programme of Work	Statutory / corporate / service requirement

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### 1. Background

- 1.1 The Housing Service has an average annual turnover in tenancies of approximately 3,000 with tenancies terminating for a variety of reasons.
- 1.2 The Service has a full rent arrears process in place which ranges from reminder letters at the early stages through to the pursuit of arrears via the courts. The arrears process actively pursues debt in both current tenancies and former tenancies and only ever seeks to write-off debt relating to former tenancies once all avenues of recovery have been exhausted.
- 1.3 A wide range of payment methods are available to tenants to enable them to make payments towards their rents in a timely and consistent manner that suits their circumstances. These range from Direct Debits, Online Payment facility, Standing Orders, Post Office, Paypoint and deductions from wages.
- 1.4 Early intervention and engagement with current tenants who fall into arrears is a key part of the process to minimise the debt level that exists when tenancies terminate. However, despite the steps in place, there are a number of debts that are deemed uncollectible or are considered not economically viable to engage further collection activities and costs. This annual process of assessing the likelihood of debt non-recovery follows accepted best accounting practice and is a realistic assessment of expected outcome.
- 1.5 The Annual Return on the Charter for 2023/24 published by Scotland's Housing Network identifies that former tenant arrears have increased across the whole sector from 1.86% in 2020/21 to 2.47% in 2023/24. In addition, the Council's collection rate for rent due in 2023/24 was 99.3% which mirrors the Scottish Local Authority Average for the same year.
- 1.6 It should be noted that the Council moved onto full Universal Credit status in April 2018 and as a result, has since seen an increase in current tenant arrears. This is likely to have an adverse impact on the future levels of former tenant arrears that will be sought for write off. A full Income Maximisation Service is offered to all tenants to try and mitigate the impact of welfare reform.

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### 2. Report

- 2.1 An exercise has been undertaken to identify debt that is now considered to be non-collectable. In accordance with financial guidelines a provision for expected credit losses has previously been established for the outstanding accounts.

2.2 There are a number of reasons why the outstanding balances are being written off and these are summarised below:

- **Liquidation / Sequestration.** The debtor has been liquidated / sequestered etc, and there is no prospect of recovery of funds.
- **Deceased.** The debtor is deceased and there have been insufficient funds within the estate to meet the sum due.
- **Eviction / Abandonment / No Forwarding Address.** The debtor has been unable to be located following eviction or abandonment of their tenancy or have left no forwarding address and there is no prospect of recovery of funds.
- **Recovery exhausted.** All avenues of recovery have now been exhausted via our internal processes and via the courts. The decision has been taken not to pursue any further. Recovery is considered not possible.

2.3 The following tables categorise the value of debt recommended for write-off by cause and value:

<b>Cause Analysis</b>	<b>Write off Value</b>	<b>No. of Tenancies</b>	<b>Average Write off Value 2025</b>	<b>Average Write off Value 2024</b>
	<b>£</b>		<b>£</b>	<b>£</b>
Abandoned	723,417.29	453	1,596.95	1,191.98
Deceased	346,797.03	585	592.82	473.56
Eviction	210,368.12	52	4,045.54	1,050.12
Liquidations/Sequestration	139,232.17	45	3,094.05	2,550.55
No Forwarding Address	238,181.08	237	1,004.98	853.75
Recovery Exhausted	2,267,866.73	2,490	910.79	728.69
<b>Total Debt</b>	<b>3,925,862.42</b>	<b>3,862</b>	<b>1,016.54</b>	<b>771.13</b>
<b>Credit Balances</b>	<b>(50,914.31)</b>	<b>359</b>	<b>(141.82)</b>	<b>(35.00)</b>

<b>Value Analysis</b>				
< £500	381,165.92	2,334	163.31	166.40
>£500	3,544,696.50	1,528	2,319.83	1,965.90
<b>Total Debt</b>	<b>3,925,862.42</b>	<b>3,862</b>	<b>1,016.54</b>	<b>771.13</b>

2.4 The write off being proposed to 31 March 2023 represents 2.62% of the total rental income of £149,720,181. The following table outlines the value of the annual former tenant arrears write-off over the previous 5 years:

<b>Former Tenant Arrears Written Off to:</b>	<b>Value</b>	<b>% of Income</b>
	<b>£</b>	
30 March 2022	2,553,973.58	1.76
31 March 2021	2,610,389.37	1.82
31 March 2020	3,560,465.00	2.57
31 March 2019	3,505,183.00	2.54
31 March 2018	2,408,607.00	2.09

2.5 The Council will continue to seek collection of any outstanding balances if the circumstances of the debtor change and recovery is deemed practical.

## Universal Credit Assistance Fund

- 2.6 Members will be aware that in August 2024 the Housing Committee approved the change in treatment of Universal Credit Assistance Fund awards from a repayable loan to a grant. This decision was based on future awards from the fund. A total of £3,336,874.09 remains to be repaid by tenants who accepted the loan arrangement but are unable to repay. This covers outstanding awards for both current and former tenants since the establishment of the UCAF awards until 28 August 2024.

<i>Value Analysis</i>	<b>Write off Value</b>	<b>No. of Tenancies</b>	<b>Average Write off Value 2025</b>
	£		£
< £500	3,016,157.76	7,447	405.02
>£500	320,716.33	595	539.02
<b>Total Debt</b>	<b>3,336,874.09</b>	<b>8,042</b>	<b>414.93</b>

- 2.7 As with former tenant arrears, the service has previously fully provided for these debts within the annual expected credit loss calculation. Therefore, the decision to no longer pursue and subsequently write-off these debts creates no additional financial burden on the Housing Revenue Account.

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### 3. Measures of success

- 3.1. The Service continues to engage in several activities aimed at improving collection rates, reducing debt arising and streamlining the recovery process. The Council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter, and recovery is deemed practical.

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### 4. Supporting documentation

Not Applicable



**Stephen Llewellyn**  
**Chief Officer (Housing)**

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## 5. Impacts

<p><b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p><b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>There are no additional financial implications linked to this report for the current financial year as a corresponding bad debt provision has been included in the previous year's accounts.</p>
<p><b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p><b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p><b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/></p>

<p><b>5.6 Technology / Digital impact</b>  Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?  Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p><b>5.7 Environmental / Carbon impact</b>  Does the report / project / practice contain information that has an impact on any environmental or carbon matters?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
<p><b>5.8 Communications impact</b>  Does the report contain any information that has an impact on the council's communications activities?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
<p><b>5.9 Risk impact</b>  Is there a risk impact?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>
<p><b>5.10 Armed Forces Covenant Duty</b>  Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>
<p><b>5.11 Children's rights and wellbeing impact</b>  Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).</p> <p>If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?  Yes <input type="checkbox"/> No <input type="checkbox"/></p>