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## **Meeting of the Executive Member for Housing and Adult Social Services and Advisory Panel**

**16 March 2009**

Report of the Director of Housing and Adult Social Services

### **Former Tenants Arrears – Write off**

#### **Summary**

1. To seek agreement to write off a number of former tenants arrears.

#### **Background**

2. The district auditor requires existing balances to be examined and uncollectable debts to be written off each year. In the Audit Commission's Housing Inspection report dated October 2002, the need to write off bad debts more promptly was highlighted.
3. Former Tenant Arrears (FTAs) have had a significant effect on the additional contribution made each year within the Housing Revenue Account (HRA) towards bad debts. This has had an adverse effect on resources available for expenditure.
4. Where a debt is written off this does not mean that it can never be recovered. The debt is written back on to a rent account if the customer is located. This may be because the customer has made contact with Housing Services. Debts are written back on each month and this is reported on monthly. From April 2008 to end November 2008 £3,107.34 was written back on to rent accounts.
5. In addition to this Housing Services has implemented two improvements in this area. The management of former debt for customers in temporary and permanent accommodation has been simplified and a formal system for checking on debts owed by newly accepted homeless customers has been implemented. In addition, a system for doing periodic traces on customers who have had their debt written off is now in place.
6. Officer delegated powers are restricted to writing off debts of £2000 or less.
7. As previously agreed by EMAP, write off reports will be brought to EMAP every 6 months. This will assist officers and members in the monitoring process and should give a clearer view on performance throughout the year.
8. FTAs are monitored weekly. The level of activity involved in recovery is based on the size of the debt. The Authority makes use of a tracing database that

conforms to Data Protection requirements to locate former tenants. Where a former tenant is found efforts are made to recover the debt in traditional ways, including; letters, phone calls and visits. Legal action is taken in appropriate cases. The Authority also employs debt collection agents to chase debts from people who have moved away from York.

9. Details of individual cases are set out in Annex A

## **Consultation**

10. None

## **Options**

11. **Option 1:** Maintain these FTAs on accounts. This would lead to an increase in the bad debt provision and would go against good practice as commented on in the Housing Inspectors report of October 2002.

**Option 2:** Write the debts off on the understanding that if necessary they can be reinstated at a later date.

## **Analysis**

12. It is recommended that FTAs be written off totalling £59,624.11. This represents 0.23% of the total debit. These are cases where Housing Services have attempted a number of traces but have been unable to obtain a forwarding address or any information on the whereabouts of the former tenant. It also includes cases where the tenant has died and there were insufficient funds in the deceased's estate.

## **Corporate Objectives**

- 13 This report supports the corporate objective of improving the organisational effectiveness of the council through good financial management.

## **Implications**

14. The implications arising from this report are as follows:
15. **Financial** - These write offs can be contained within the bad debt provision of the Housing Revenue Account. The current provision is £1,255,449
16. There are no **Human Resources (HR), Equalities, Legal, Crime and Disorder, Information Technology (IT), Property** or **Other implications** arising from this report.

## Risk Management

17. Writing off debts that cannot currently be recovered will help reduce the bad debt impact on the HRA. This reduces high-risk financial implications for the HRA.
18. The risk of these debts never being recovered is high but has been improved due to the use of tracing IT package and more robust systems on checking for former debts when customers want rehousing

## Recommendations

19. That the Advisory Panel advise the Executive Member to:
  - Approve option 2, which involves writing off FTAs of £59,624.11 as detailed in Annex A

Reason: This is in line with the recommendations of the audit report detailed in paragraph 1 and also for the financial implications listed above.

## Contact Details

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**Report Approved**  **Date** 25<sup>th</sup> February 2009

**Report Approved**  **Date**

## Specialist Implications Officer(s) -

Finance: Jayne Close, Housing Accountant, HASS Finance, Tel 554175

**Wards Affected:** None

**All**

**For further information please contact the author of the report**

## Background Papers:

None

## Annexes

Annex 1: List of individual debts over £2000 to be written off