
**Decision Session - Executive Member for
Housing and Safer Neighbourhoods**

25 October 2018

Report of the Assistant Director of Housing and Community Safety

Former Tenants Arrears – Write off

Summary

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

Recommendations

2. That the Executive Member approves Option 2 which involves writing off FTAs of 23620.63 as detailed in Annex A.
3. Reason: It is considered good financial practice to write off uncollectable debts so that they do not count against the bad debt provision within the Housing Revenue Account. Debts can be written back on to a customer's account if they do come to the attention of Housing Services in the future and will be applied against policies which consider housing related debt.

Background

4. Good practice requires existing balances to be examined and uncollectable debts to be written off on a regular basis where these have proven uncollectable using the tracing and debt collection processes engaged for all former tenant arrears. Reasons that make debts uncollectible are the inability to trace a former tenant or that they are deceased and have no resources left in their estate to try to recover the debt from.
5. 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.

6. 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 again with Housing Services. Debts are written back on each month and this is reported on monthly. From 01.04.18 to 29.08.18, £15,398 FTA's have been recovered.
7. Housing Services check on debts owed by newly accepted homeless customers and customers applying to the housing register to ensure that former arrears are highlighted. In addition we have a system for doing periodic traces on customers who have had their debt written off, this includes use of Experian and Insight databases to locate customers.
8. Officer delegated powers are restricted to writing off debts of £5000 or less.
9. As previously agreed, write off reports will be brought to Executive Member every 6 months where appropriate cases exist. This will assist officers and members in the monitoring process and should give a clearer view on performance throughout the year.
10. FTAs are monitored weekly. The Authority makes use of a tracing database which conforms to GDPR 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 and where it is financially viable to do so. Approved Debt Collection agencies (not bailiff services) are also used as part of the overall process, this does not incur additional costs to the council.
11. Details of individual cases are set out in Annex A

Consultation

12. None

Options

13. 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 recommended by auditors and is in line with Chartered Institute of Public Finance (CIPFA) guidance.
14. Option 2: Write the debts off on the understanding that if necessary they can be reinstated at a later date.

Analysis

15. It is recommended that FTAs are written off totalling £23,620.63. This represents 0.08% of the total rent debit for this financial year. 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.

Council Priorities

16. This action supports the Council's priorities in respect of the following:
 - A focus on frontline services – enabling the housing management service to provide high quality front line services to tenants.

Implications

17. Financial: These write offs can be contained within the bad debt provision of the Housing Revenue Account. The current provision is £757,522.
18. Human Resources: There are no Human Resources implications associated with this report.
19. Equalities: There are no equalities implications associated with this report
20. Legal: None
21. Crime and Disorder: None
22. Information Technology (IT): None
23. Other: There are no other implications associated with this report.

Risk Management

24. Writing off debts that can not currently be recovered will help reduce the bad debt impact on the HRA. This reduces high risk financial implications for the HRA. 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 re-housing.

Contact Details

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**Report
Approved**



Date 11/09/2018

Specialist Officer Implications: None

Wards Affected:

All

Background Papers:

None

Annexes

Annex A – Former Tenant Arrears – Write Off Amounts

Annex A

Former Tenant Arrears – Write Off Amounts

Tenants Name	tenancy end date	Balance
tenant A	20.01.2013	5322.38
tenant B	14.02.2016	6427.91
tenant C	24.08.2014	6275.88
tenant D	23.08.2015	5594.46
		23620.63