

TITLE: FORMER TENANT ARREARS WRITE OFF

TO/ON: THE CABINET 25th January 2006

**BY: LYNN HURRELL, DIRECTOR OF HOUSING
MANAGEMENT SERVICES**

**PORTFOLIO: CABINET MEMBER FOR HOUSING
HOLDER**

STATUS: FOR PUBLICATION

1. PURPOSE OF THE REPORT

- 1.1. This report proposes the write off of debt owed by former tenants of the Council.

2. RECOMMENDATIONS

- 2.1. That the sum of £30,756.70 on the Housing Revenue Account owed by former tenants and £602.45 bankruptcy debts owed by current tenants of the Council be written off as bad debts.

3. REPORT

- 3.1 A total of £131,103.74 rent arrears was owed by former tenants of Council dwellings and garages as at 1st January 2006. Every effort is made to recover this debt from within the Housing Management and Services own resources.
- 3.2 In instances where the department has not been successful in collecting the debt cases are passed to Debt Agencies for retrieval of the outstanding accounts.
- 3.3 £15,990.01 was collected by Jacob's Debt Agency in 2004-05 and for the current year to date the amount collected by Agencies is £14,774.01. The fee levied by the Agencies is 30% commission on amounts collected.
- 3.4 The total cash collected from former tenants in 2004-05 was £46,655.12, in the current year to rent week number 39 the total monies collected is £32,646.24 this represents a decrease of 8.63% on the amount collected over the same period in 2003-04.
- 3.5 The proposed write off should be actioned before 31st March 2006.

4. CORPORATE IMPROVEMENT PRIORITIES

4a FINANCE AND RISK MANAGEMENT

4a.1 The criteria adopted on the assessment of debts considered to be irrecoverable are:-

- a) No trace of debtor. Search has been unsuccessful.
- b) Former tenant has no assets.
- c) Former tenant is deceased.
- d) Bankruptcy debts.

4a.2 In line with the above criteria the total rent arrears presented for write off is £31,359.15. A list of the individual debts and debtors is available for viewing by members on request.

4a.3 The amount recommended for write off is made up as follows:-

	Number of Debtors	Total Debt Owed
Housing Revenue Account – Dwellings:	69	30,728.16
Garages:	1	28.54
Bankruptcies:	<u>3</u>	<u>602.45</u>
Total	<u>73</u>	<u>31,359.15</u>

4a.4 The original estimate for 2004-05 rent debit was £9,337,000. The amount proposed for write off is equivalent to 0.34% of this figure.

4a.5 It should be noted that a record of all debts written off is maintained in the event that there is an opportunity for future collection. All new rehousing applications are checked against this record.

4a.6 In 2004-05 £12,467.80 of bad debt previously written off was collected. During the current year to rent week number 39 this figure is £9,036.81.

4b MEMBER DEVELOPMENT AND POLITICAL ARRANGEMENTS

4b1 No member development issues.

4c HUMAN RESOURCES

4c1 There are no human resource implications arising from this report.

5. RISK

5.1 Non compliance with good accounting practice if not actioned.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

6.1 Financial

7. EQUALITIES ISSUES ARISING FROM THE REPORT

7.1 None

8. WARDS AFFECTED

8.1 All

9. CONSULTATIONS

9.1 Internal consultation

Background documents: File marked Former Tenant Arrears

For further information on the details of this report, please contact: Peter Johnson, Head of Housing Finance and Administration, Telephone 01706 836304