

**EAST AYRSHIRE COUNCIL**  
**HOUSING COMMITTEE – 17 MARCH 2004**  
**FORMER TENANT ARREARS**

**Report by Director of Homes and Technical Services**

**1.0 PURPOSE OF THE REPORT**

1.1 To seek approval for the writing off of those former tenant arrears accrued prior to 23 December 2003 which are no longer viable to pursue, and to advise committee of the current situation with regard to the contracted Debt Collection Agencies.

**2.0 BACKGROUND**

2.1 It was reported to Committee on 21 May 2003 that regular reports requesting write-off of former tenant arrears would be submitted and would include those cases where the Debt Recovery Agency have attempted to recover the debt but have since concluded that it is no longer economically viable to pursue the debt. There are a variety of reasons for this, including: failure to trace, death of former tenant, or small value of debt.

2.2 Debts of less than £15, sequestrated debts, those of deceased tenants and those of permanently hospitalised (or nursing home) tenants are not being forwarded to the contractor to pursue and are, accordingly, being recommended for write-off.

**3.0 AMOUNTS FOR WRITE OFF**

3.1 The amounts of former tenant arrears presented for write-off are as follows:

Debt Recovery Agency Write-Off	£	39,699.69
Accounts under £15 (not sent to DRA)	£	112.76
Deceased Tenants (not sent to DRA)	£	376.50
Hospital/ Nursing Home(not sent to DRA)	£	338.86
Sequestrated	£	0.00
Total	£	40, 527.81

(position as at 23 December 2003)

3.2 The amounts above are presented for write-off without prejudice to future recovery of the debt should that prove possible at some future date.

**4.0 ARRANGEMENTS WITH DEBT COLLECTION AGENCY**

4.1 As previously reported, the Council has externalised part of the debt recovery service on a pilot basis. Since the introduction of the pilot, internal arrangements for the collection of Former Tenant Arrears have been reviewed and contact is now made by the Council at an earlier stage and the management of the debt processed via the Orchard system. Debts are only sent to the external contactor after approaches from the Council have failed to elicit any response or where the whereabouts of the debtor is not known.

- 4.3** A recent report from Internal Audit on Former Tenant Arrears concluded that there may be merit in channelling all externalised debt recovery work through the same contractor with a view to developing a corporate approach to debt management and an information sharing framework. Accordingly, Sheriff Officer work and Former Tenant Arrears collection have been jointly tendered. The bids are currently being evaluated and the outcome of that exercise will be reported to members in due course.

## **5.0 FINANCIAL IMPLICATIONS**

- 5.1** The Accounts Commission consider it to be good practice in Local authorities to write off as bad debts, on a regular basis, those sums owing to the Authority which are thought to be not recoverable. Provision is made in the HRA for bad debt.

## **6.0 LEGAL IMPLICATIONS**

- 6.1** Debts owed to the Council are normally recoverable up to five years after the date on which they are constituted, subject to a number of exceptions, irrespective of any decision to write off the debts.

## **7.0 RECOMMENDATIONS**

- 7.1** It is recommended that Committee:
- i) approve the write-off in the current financial year of Former Tenant Arrears of £40, 527.81p as detailed in paragraph 3.1 of the report; and
  - ii) note the position regarding the tendering exercise for the debt recovery service.

James Lavery  
**Director of Homes and Technical Services**  
**1 March 2004**

### **LIST OF BACKGROUND PAPERS**

- 1) Debt Recovery Agency write-off reports
- 2) Tender documents for the collection of Former Tenant Arrears

Members wishing further information on any of the above should contact Gerry Darroch, Operations Manager (Homes) on 01563 554873.

Implementation Officer: Chris McAleavey, Head of Homes