

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 8 SEPTEMBER 2004

FORMER TENANT ARREARS

Report by Executive Director of Neighbourhood Services

1.0 PURPOSE OF THE REPORT

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

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:

Accounts under £15	£ 141.76
Deceased Tenants	£ 10,247.78
Hospital/ Nursing Home	£ 893.50
Sequestrated	£ 0.00
Total	£ 11,283.04

(position as at 22 July 2004)

- 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** It was previously reported to Committee that, with a view to developing a corporate approach to debt management and an information sharing framework, Sheriff Officer work and Former Tenant Arrears collection would be openly tendered in the marketplace. The tenders were issued in two lots on a commission only basis; Lot 1 being for Former Tenants Arrears Recovery Service and Lot 2 for Sheriff Officer Services. Tenderers were allowed to bid for either or both Lots. After the tenders were fully evaluated, it was found that the most favourable rates for the Council were for the individual bids and, accordingly, the Former Tenants Arrears Recovery service was awarded to Stirling Park. The contract for Sheriff Officer Services was awarded to George Walker &Co.
- 4.2** At the pre-start meeting with Stirling Park, it was agreed that in order to maximise the opportunity for recovery of debt, the cases which had previously been passed to Moorcroft (who had been providing this service on a pilot basis) and had been returned to us as irrecoverable, would be passed across to Stirling Park for a further attempt at recovery before being presented for write-off. This is a concept referred to as 'second placement'.
- 4.3** The second placed tenderer, H.M. Love and Co. has requested that they have an opportunity at 'second placement' when Stirling Park return their cases to us as irrecoverable. This has been agreed, in principle, with the first tranche being actioned on a pilot basis at no cost to the Council.

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 CONCLUSIONS

- 7.1** The use of a specialist Debt Recovery Agency provides an opportunity to maximise the potential to recover monies owed to the Council. The Council will, however, continue to attempt to recover debts utilising its own resources prior to passing debts across to the Debt Recovery Agency.
- 7.2** The introduction of the concept of 'second placement' will ensure that every reasonable measure has been taken to recover debts , prior to presenting for write-off.

8.0 RECOMMENDATIONS

8.1 It is recommended that Members:

- i) approve the write-off in the current financial year of Former Tenant Arrears of £11,283.04p as detailed in paragraph 3.1 of the report;
- ii) note the position with regard to the appointment of the new contractor and the introduction of 'second placement' arrangements.
- iii) otherwise note the content of the report.

William Stafford
Executive Director of Neighbourhood Services
13 August 2004

LIST OF BACKGROUND PAPERS

Nil

Any person wishing further information on any of the above should contact Gerry Darroch, Operations Manager on 01563 554873.

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