

EAST AYRSHIRE COUNCIL

HOUSING COMMITTEE – 21 MAY 2003

WRITE OFF OF FORMER TENANT ARREARS

Report by Director of Homes and Technical Services

1. PURPOSE OF THE REPORT

- 1.1 To seek approval for the writing off of those former tenant arrears accrued prior to 31 March 2003 which are no longer viable to pursue.

2. BACKGROUND

- 2.1 At its meeting of 7 November 2001, Committee agreed to contract out elements of the recovery of former tenants arrears. This work was tendered in the early part of 2002 and a decision was taken to engage two contractors for an 18 month period in order that an assessment could be made of their relative effectiveness. Both contracts were awarded on a commission basis. Intandem were awarded the contract for the south of the area, and Moorcroft were awarded the contract for the north.
- 2.2 In March 2003, Intandem intimated that they were seeking to disengage from external debt recovery activities to concentrate on work for their parent company, Halifax Bank of Scotland. Accordingly, all external debt recovery will now be carried out by Moorcroft for the remainder of the duration of the pilot.
- 2.3 Both contractors have processes in place whereby they will pursue debtors for as long as it is economically viable to do so, whereupon the account is recommended for write-off. There are a variety of reasons for this, including: failure to trace, death of former tenant, or small value of debt.
- 2.4 Debts of less than £15, debts of deceased tenants and debts 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. AMOUNTS FOR WRITE OFF

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

| | |
|--|-------------|
| Intandem Debt Recovery Agency Write -Off | £132,084.20 |
| Moorcroft Debt Recovery Agency Write-Off | £245,814.87 |
| Accounts under £15 (not sent to DRA) | £ 1,160.63 |
| Deceased Tenants (not sent to DRA) | £ 52,516.66 |
| Hospital/ Nursing Home(not sent to DRA) | £ 20,084.76 |
| Total | £451,661.12 |

(position as at 25 April 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. FINANCIAL IMPLICATIONS

4.1 Audit Scotland 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. It is proposed therefore that regular reports to Committee will be produced throughout the Committee cycle to request write-off. Provision is made in the HRA for bad debt.

5. LEGAL IMPLICATIONS

5.1 There are no legal implications.

6. RECOMMENDATIONS

6.1 It is recommended that:

- (a) Members note the position with regard to the arrangements with the debt recovery agencies and;
- (b) Approve the write –off in financial year 2002/03 of Former Tenant Arrears of £451,661.12p as detailed.

James Lavery
Director of Homes and Technical Services
2 May 2003

LIST OF BACKGROUND PAPERS

- 1) Intandem write-off report
- 2) Moorcroft write-off report

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

Implementation Officer: Gerry Darroch, Operations Manager.