

To: HOUSING AND SOCIAL WORK SERVICES COMMITTEE	Subject: FORMER TENANT ARREARS WRITE OFF TO 31 MARCH 2015	
From: HEAD OF HOUSING SOLUTIONS		
Date: 2 FEBRUARY 2017	Ref: UC/AJ	

1. Introduction

This report seeks approval to write off the sum of £807,006 relating to former tenant rent arrears prior to 31 March 2015 which are considered irrecoverable.

2. Executive Summary of Financial Position

2.1 The arrears write-off is made up as follows:

Reasons	No of Cases	Value £
Abandoned	114	120,290
Eviction	41	86,583
Deceased	497	107,734
No Forwarding Address	289	212,474
Recovery Exhausted	1,060	487,097
Credit Balances	1,090	-207,172
Totals		807,006

2.2 Committee should note that, due to concentrated efforts within the Service, when compared with last year's figure, the value of debt within the 'Recovery Exhausted' category reduced by 14%.

2.3 Members should also be aware that, whilst the above sums will be written off through the Council's final accounts, where possible and practicable, efforts will continue to secure payment of outstanding rent balances from former tenants. This will involve the pursuit of debts in a formalised manner, using staff from within the service and Sheriff Officers, incorporating a variety of legal options available.

2.4 When compared to the total annual rental income of £109m, the write-off sum of £807,006 equates to 0.74% in overall terms.

2.5 The above write off can be offset against provision held within the Council's Balance Sheet at 31 March 2016.

- 2.6 In bringing forward this report, Committee should be aware of the proactive measures being taken to collect rental income. The impact of welfare reform had the effect of a 19% increase in rent arrears during financial year 2014/15. However, this has been followed in 2015/16 by a reduction of 6% due to a range of initiatives employed by the Service in response to the changes. The Council will now be focused on looking at how it can best address the challenges posed by Universal Credit, as we progress towards a full rollout by April 2018.
- 2.7 Notwithstanding these efforts, recent trends, combined with current assumptions about the impact of welfare reform on rent arrears, indicate that the level of write off will increase in the future years. Additional provision for bad debt has therefore been factored into the HRA base budget from 2015/16.

3. Recommendations

It is recommended that Committee:

- a) Approves the write off of Former Tenant Arrears totalling £807,006 in relation to the period ending 31 March 2015; and
- b) Refers the report to the Policy and Resources (Finance and Customer Services) Sub Committee for approval.



Elaine McHugh
Head of Housing Solutions
17 January 2017

For further information on this report please contact Angela Johnstone, Income Manager, on telephone 01698 332776.