

Bolton Council

Report to: EXECUTIVE MEMBER FOR HOUSING
, NEIGHBOURHOODS & REGULATION

Date: 30th March 2010

Report of: CHIEF EXECUTIVE OF BOLTON AT HOME **Report No:**

Contact Officer: Edward Mellor (Financial Services Manager) **Tele No:** 5660

Report Title: Write off of Former Tenants Arrears bad debts

Confidential / Non Confidential: (**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To provide the details of the Former Tenant Debt to be written of in 2009-2010

Recommendations: The Executive Member for Housing and Regeneration is requested to note the write off of £358,947.94 representing 687 cases under £5,000 and approve the writing off of £5,972.19 representing 1 case over £5,000.

Decision:

Background Doc(s): None

Signed:

Leader / Executive
Member

Monitoring Officer

Date:

Summary:

The report gives details of the Former Tenant Debt to be written off in 2009-2010 and requests that The Executive Member for Housing and Regeneration note the write off of £358,947.94 representing 687 cases under £5,000 and approve the writing off of £5,972.19 representing 1 case over £5,000.

1. INTRODUCTION

- 1.1 The report gives details of the Former Tenant Debt to be written off in 2009-2010

2. Background

- 2.1 The current procedure for writing off arrears requires the approval of the Executive Member for Housing and Regeneration for cases of more than £5,000. Cases below £5,000 in value can be written off with the delegated authority of the Director of Finance (BMBC) and the Chief Executive (BH).
- 2.2 It should be pointed out that although the account is written off for accounting purposes, in line with audit recommendations, records of the debt are retained and if the tenant subsequently returns in future years the debt is written back to the account. The recovery action taken to date has involved both the Bolton at Home Income Management team and external firms which specialises in debt recovery.

3 Debts recommended to be written off in 2009-2010

- 3.1 The Executive Member for Housing and Regeneration is requested to note the write off of £358,947.94 representing 687 cases under £5,000 and approve the writing off of £5,972.19 representing 1 case over £5,000.. The total recommended for write-off represents 0.68% of the 2009/10 rental income due to the council (2008-09 – 0.86%).
- 3.2 A split of the debt written off is given below:

TOTAL DEBT RECOMMENDED FOR WRITE-OFF IN 2009/10						
	Under £5,000		Over £5,000		Total	
	No.	Amount	No.	Amount	No.	Amount
Non BH	111	34,477.61	1	5,972.19	112	40,449.80
Council Tenancies	576	324,470.33	0	-	576	324,470.33
2009/10 totals	687	358,947.94	1	5,972.19	688	364,920.13
2008/09 totals (for information only)	719	421,452.83	1	5,898.09	720	427,350.92

- 3.3 The figures for write-off are in line with that anticipated and reflected in the HRA Quarterly monitoring reports. Although £364,920.13 will be written out of the accounts in 2009/2010 there is £170,380.17 (2008-09 £43,967.34) which has been written back into the accounts. This relates to debts previously written off, where tenants have subsequently been traced or have expressed an interest in having a council house again.

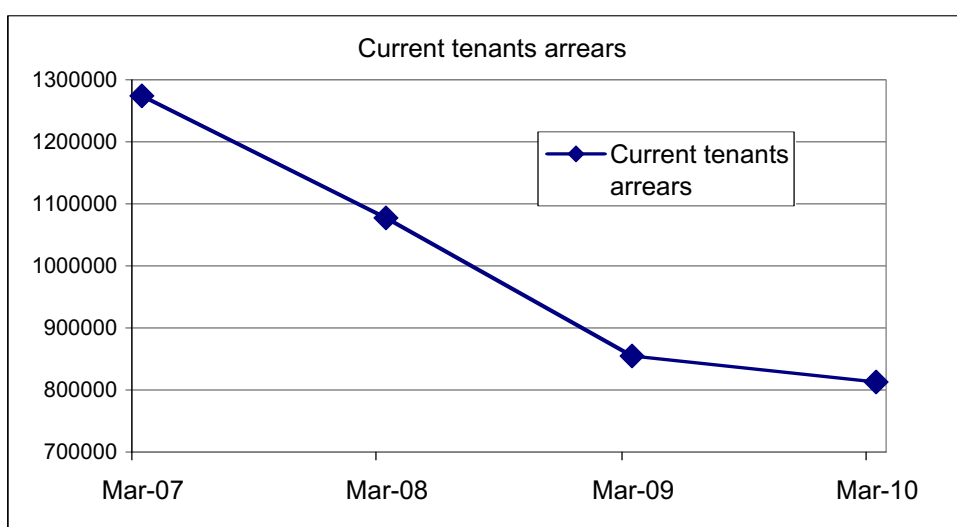
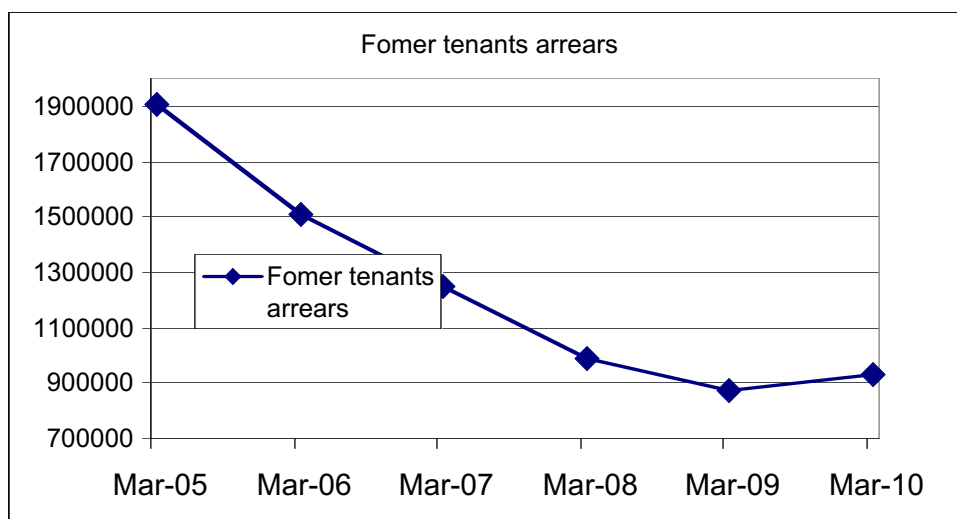
3.4 All of the above arrears relate to former tenants. In the calculation of the bad debt provision for housing, former tenants arrears are provided for at the rate of 90%. In effect this means that in accounting terms 90% of the debt has already been treated as uncollectable. Therefore the effect of writing these debts out of the accounts is that an additional 10% charge will be made to the Housing Revenue Account. This equates to about £36k which was all anticipated when the quarter 3 HRA monitoring report was written.

3.5 Further details about the movement in Former and Current Tenant Arrears are provided in Appendix 1. The most recent data from the graph is as at 22nd February 2010. There is a rent free week due at the end of March 2010 during which arrears would normally be expected to reduce.

4. Recommendation

4.1 The Executive Member for Housing and Regeneration is requested to note the write off of £358,947.94 representing 687 cases under £5,000 and approve the writing off of £5,972.19 representing 1 case over £5,000.

Edward Mellor - Financial Services Manager (Bolton at Home)



INCOME MANAGEMENT PERFORMANCE INDICATORS QTR 3 2009/2010					
Indicator	Definition	BH Perf'nce Q3	Top Quartile (ALMO's) Q3	BH ALMO position (quartile)	Top 5 performers with stock over 10,000
BSc 30 (BVPI 66a)	% of rent collected excluding rent arrears	100.21%	100.08%	Upper	Sheffield Homes, Derby Homes, Northwards Housing, Aire Valley Homes, Bolton at Home
BVPI 66b	No. of LA tenants with more than 7 weeks of (gross) rent arrears as a % of the total no. of council tenants	2.26%	4.26%	Upper	Bolton at Home, 2010 Rotherham, St Ledger Homes of Doncaster, Sandwell Homes, Wigan and Leigh Housing

Conclusions

- The graphs show a consistent reduction in the level of both former and current tenant arrears and that in future years, when a tenancy ends, there is less chance of there being arrears on the account and if there are arrears there is a better chance of those arrears being collected.

Current Write-Off Criteria

Before submitting debts for write-off the following must have taken place:

- The collection process must have been carried out in full including referral to collection agencies.
- No payments have been made on the debt in the previous 12 months.

The following list the circumstances in which a debt may be submitted for write-off

1. Debts less than £5 submit **immediately** unless re-housed in another of our properties. Debts £5 - £9.99 after 2 letters unless re-housed.
2. Deceased Cases – No next of Kin or no estate or no response after at least **TWO** letters and **ONE** telephone call– **3 months** after tenancy terminated or date the debt accrued, whichever is the latest.
3. Residential / Nursing Home cases - no assets or no response after at least **TWO** letters and **ONE** telephone call– **3 months** after tenancy terminated or date the debt accrued, whichever is the latest.
4. No Forwarding Address Cases – Debt must be **at least 1 years old** and must have been numerous searches undertaken - at least 4 unsuccessful traces must have been carried out in the last financial year.
5. Bad Debt Cases – **After 1 years** if no payment and no response to ALL reasonable attempts at recovery action