

ANGUS COUNCIL

COMMUNITIES COMMITTEE

16 AUGUST 2016

WRITE-OFF OF RENT FOR MAINSTREAM AND TEMPORARY ACCOMMODATION IN 2015/16**BACKGROUND**

Every year, Angus Council Housing Division reviews the debts owed by tenants. All cases have been thoroughly investigated in an attempt to trace debtors using all avenues and maximise income to the Council. The Council have followed rigorous recovery processes, from reminder stage to full Court Action but in spite of this, these cases are still considered as irrecoverable and therefore require to be written off.

Appendix 1 shows the main reasons for the write-offs and details the number of cases by Community Housing Team Area. There are some accounts where payments have previously been made but contact has been lost and accounts have become dormant.

The term "written off" does not mean the debt is disregarded. If a debtor applies for Council housing, efforts will be made to recover the debt and where legislation allows, the applicant will be deferred from receiving offers of housing, until an arrangement has been made and met. During 2015-16 the Council were successful in recovering £7,240.70 which was written back on.

As part of previous year's final account processes, a provision for bad debts has been grown in the Housing Revenue Account (HRA). This provision amount to £1,315,910.24 as at 31 March 2016 and was written off under delegated authority by the Head of Finance & Corporate Improvement.

WRITE OFF

The write-off in this report contains debts of 298 cases totalling £187,383.48. There have already been 48 cases valued at £63,503.29 written off as a result of sequestrations. This brings the total year write off to £250,886.77.

The budget provision for write off for 2015-16 was £700,000 therefore the write off can be well accommodated within the resources available.

FUTURE PROVISION

An overall 2016/17 budget allowance for bad debt purposes of £500,000 was approved at the special Communities Committee meeting on 9 February 2016. This level of ongoing bad debt provision will be reviewed as part of the year end accounting process and may require adjustment to reflect arrears levels at 31 March 2017. Cash collection history, the history of previous bad debt provision charges and the possible impacts of the benefits changes arising from welfare reform will inform the reviews.

Should the bad debt provision require to be adjusted in excess of the budgeted level, the excess will be borne by the overall HRA and reflected in the surplus/deficit position at the end of the year.

An annual trend is emerging whereby the number of cases being sequestrated is increasing, giving an indication of the strain on household finances.

FUTURE ACTIONS

To reduce the amount and number of cases written off in future years, we will continue to review our rent arrears procedures to reflect any legislative changes. We are reviewing our software requirements to ensure improved monitoring of arrears cases.

The Housing Division and the Revenues and Benefits Section of Resources Directorate are working collaboratively on the provision of information and advice for householders and intend to present a combined report next year.

Contact for further information:

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List of Appendices

Appendix 1 - Table 1 – Number of Cases and Amount of Arrears to be written off

APPENDIX 1

Number of Cases and Amount of Arrears to be written off by Community Housing Team Area

Community Housing Team Area	Reason for Write Off	No. of Accounts	Amount of Arrears
Arbroath, Carnoustie And Monifieth	Deceased	25	5,386.34
	Irrecoverable	116	85,723.18
Arbroath, Carnoustie And Monifieth Total		141	91,109.52
Forfar And Kirriemuir	Deceased	9	2,215.89
	Irrecoverable	60	40,316.13
Forfar And Kirriemuir Total		69	42,532.02
Montrose And Brechin	Deceased	15	2,105.88
	Irrecoverable	73	51,636.06
Montrose And Brechin Total		88	53,741.94
Overall Total		298	187,383.48