

## ANGUS COUNCIL

## COMMUNITIES COMMITTEE

18 AUGUST 2015

## WRITE-OFF OF RENT FOR MAINSTREAM AND TEMPORARY ACCOMMODATION IN 2014/15

**BACKGROUND**

On an annual basis, Angus Council Housing Division reviews the debts owed to it through its tenancies. All cases have been thoroughly investigated for information on their whereabouts using available internal avenues and have followed rigorous recovery processes, from reminder stage to full Court Action and are considered as irrecoverable. There are accounts where payments have previously been made but contact has been lost and accounts have become dormant. **Appendix 1** shows the headline reasons for the write-offs and numbers for the Community Housing Teams writing off debt.

There will now have been 49 cases, valued at £62,411.22 (up from £43,999.52 in previous year) including the 3 cases above reported to Committee which have been sequestrated and written off throughout the year, which need to be included in this final write off position. These cases are not included in **appendix 1** information.

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. We also have an approach of linking previous tenants' debts to current tenants.

**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.

The Housing Division and the Revenues and Benefits Section of Corporate Services are continuing to work together on the provision of information and advice and the rent arrears recovery function will transfer to Revenues and Benefits from 1 October 2015.

As part of previous years' final accounts processes, a provision for bad debts has been built up in the HRA accounts. This provision amounted to £1,000,000 as at 31 March 2014 with the balance of the provision now standing at £878,517.50.

**WRITE OFF**

The write-off on this report of £81,028.06 has been met from the balance of the bad debt provision, after which a revised balance of £797,489.40 will remain. There are also a further 3 debts valued at £5,926.23 to be written off as irrecoverable for 2014/2015 as a result of sequestration.

An overall 2014/15 budget allowance for bad debt purposes of £700,000 was approved at the special Neighbourhood Services meeting on 12 February 2014. The level of ongoing bad debt provision will, however, be reviewed as part of the year end accounting process and may require adjustment to reflect arrears levels at 31 March 2015, cash collection history, the history of previous bad debt provision charges and the possible impacts of the benefits changes arising from welfare reform. Should the bad debt provision require to be adjusted in excess of the budgeted level, the excess will be borne by the overall HRA revenue account and reflected in the surplus/deficit position at the end of the year.

The proposed amount of debt for write off can be accommodated from the provisions made for bad debt. It should be noted that the current rent arrears as a percentage of the net debit has increased by 0.05% over the last year and every effort will be made to collect any of the debts written off where information becomes available to allow this. An annual pattern is emerging with a numbers of cases being sequestrated increasing.

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## List of Appendices

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

### APPENDIX 1

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

<b>District or Town</b>	<b>Reason for Write Off</b>	<b>Number of cases</b>	<b>Balance Amount</b>
Arbroath, Carnoustie And Monifieth	Deceased	18	6,313.32
	Irrecoverable	37	29,546.32
Arbroath, Carnoustie And Monifieth Total		55	35,859.64
Forfar And Kirriemuir	Deceased	3	433.94
	Irrecoverable	34	23,924.38
Forfar And Kirriemuir Total		37	24,358.32
Montrose And Brechin	Deceased	4	2,034.13
	Irrecoverable	31	18,775.97
Montrose And Brechin Total		35	20,810.10
<b>Grand Total</b>		<b>127</b>	<b>81,028.06</b>