

## Report to Resources Committee

25 February 2014



**Title:** Transfer of Accounts – Former Tenants Arrears

**Report of:** Head of Corporate Services

### Purpose of Report

1. To approve a recommendation to Gateshead Council to transfer former tenants arrears to a debtor's account and subsequently provide details of the recommendation to Board for information.

### Background

2. Periodically the Council transfers former tenants arrears considered irrecoverable into a debtors account. This entails setting off an amount against the bad debts provision held in the Housing Revenue Account.

### Summary

3. In 2012/13, a total amount of £276,129 owed by 473 former tenants was transferred in two instalments of £167,657 and £108,472.
4. During this financial year, the sum of £228,057 has been recovered from former tenants, including £41,230 relating to previously transferred accounts, which have been reinstated for recovery purposes.
5. Using the following criteria, it is proposed that 693 cases totalling £485,584 in value should be recommended for transfer. This transfer is the second of two instalments in 2013/14:

	<b>No of cases</b>	<b>Value £</b>
Debts created before 1 January 2008	251	172,663
Debts created after 1 January 2008 but no forwarding address is known or not at the forwarding address	64	84,563
Amounts considered unrecoverable or uneconomic to pursue including deceased, no next of kin, no estate, credits, etc.	378	228,358

6. Since April 2008, 1,552 cases considered unrecoverable through the internal recovery team and totalling £2,827,704 have been passed to external debt collection agencies. These agencies have managed to collect £153,879 so far from transferred cases.
7. As detailed in previous reports, the agency's fees are set at a flat rate of 22% regardless of their contact method. As a result, we will be passing more cases regarded as unrecoverable or uneconomic to pursue internally as a further stage before being considered for transfer to a debtors account.

### **Bankruptcy**

8. For information, there are currently 265 cases where tenants have been declared bankrupt or have applied for debt relief orders and debts on their rent accounts have been transferred to separate bankruptcy accounts. The total outstanding on these accounts is £298,626. None of the debts on bankruptcy accounts have previously been transferred to a debtors account. We are currently in discussion with Gateshead Council as to how these accounts will be treated in the future.

### **Link to values**

9. This report is in line with the company value of being honest, accountable and transparent.

### **Impact on tenants**

10. There is no direct impact on tenants from this recommendation.

### **Risk Management Implications**

11. There are no risk management implications relating to this report.

### **Financial Implications**

12. Any debts within former tenant's arrears are fully provided for; hence there is no financial effect on the Housing Revenue Account.

### **Equality and Diversity Implications**

13. There are no equality and diversity implications arising from this report.

### **Value for Money implications**

14. Transferring unrecoverable arrears to a debtors account allows Rent and Income Team Recovery Officers to concentrate on recoverable debts.

### **Environmental Implications**

15. There are no environmental implications arising from this report.

### **Health Implications**

16. There are no health implications arising from this report.

### **Consultation carried out**

17. There was no consultation carried out relating to this report.

### **Recommendation**

18. It is recommended that the committee propose to Gateshead Council a transfer of former tenants' arrears into a debtors account of £485,584.

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