

Report to the Board

23 January 2019



Title: Transfer of Accounts – Former Tenants Arrears

Report of: Director of Business & Development

Purpose of Report

1. To approve a recommendation to Gateshead Council to transfer former tenant's arrears to a debtor's account.

Background

2. Periodically the Council transfers former tenant 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 2017/18, an amount of £175,478 owed by 770 former tenants was transferred.
4. During this financial year, the sum of £221,247 has been recovered from former tenants, including £36,003 relating to previously transferred accounts, which have been reinstated for recovery purposes.
5. Using the following criteria, it is proposed that 926 cases totalling £268,883 in value should be recommended for transfer.

	No of cases	Value £
Debts created before 1 February 2013	5	3,139
Debts created after 1 February 2013 but no forwarding address is known or not at the forwarding address	134	162,568
Amounts considered unrecoverable or uneconomic to pursue including deceased, no next of kin, no estate, credits, etc.	787	103,176

6. Since April 2008, 2,999 cases considered unrecoverable through the internal recovery team and totalling £4,407,773 have been passed to external debt collection agencies. These agencies have managed to collect £328,922 so far from transferred cases.

7. We currently use two Debt Collection Agencies. One agency charges commission of 22% whilst the other charges a commission of 15% regardless of their contact method. We continue to use both agencies whilst comparing performance. We will continue to pass cases regarded as unrecoverable or uneconomic to pursue internally as a further stage before being considered for transfer to a debtors account.

Sundry Accounts

8. There are currently 1,136 cases relating to sundry accounts where relevant former tenant rent debts have been previously transferred to a debtors account. The total outstanding on these accounts is £225,431.
9. It is proposed that 1,136 cases totalling £225,431 in value, should be recommended for transfer.

Bankruptcy

10. There are currently 103 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 £127,419.
11. Using the criteria that bankruptcy debts are discharged after one year from the date of judgement, it is proposed that 34 cases totalling £49,883 in value should be recommended for transfer.

Leasehold Accounts

12. There are currently 18 cases where credits exist on leasehold accounts following adjustments made during the process of repurchasing the properties. It is no longer value for money to pursue the former leaseholders to allow the credits to be refunded. The total credit outstanding on these accounts is £518.
13. It is proposed that 18 cases totalling £518 credit in value should be recommended for transfer.

Link to values

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

Impact on tenants

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

Risk Management Implications

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

Financial Implications

17. 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

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

Value for Money implications

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

Environmental Implications

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

Health Implications

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

Consultation carried out

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

Recommendation

23. It is recommended that the Board propose to Gateshead Council the following transfers to a debtors account:
- £268,883 former tenant rent arrears
 - £225,431 relating to sundry accounts
 - £49,883 relating to discharged bankruptcies and debt relief orders
 - £518 credit relating to leasehold account