
Subject:	Annual Report for Dover District Council Housing Services Write Offs of Former Tenant Arrears
Meeting and Date:	Governance Committee 28 th September 2023
Report of:	Mike Davis, Strategic Director of Finance and Housing
Portfolio Holder:	Councillor Sue Beer, Portfolio holder for Finance, Governance, Climate Change and Environment
Decision Type:	Non-Key
Classification:	Unrestricted

Purpose of the report: To advise Members of the value of former tenant arrears write offs in 2022/23.

Recommendation: Members are asked to note the report.

1 Summary

- 1.1 Dover District Council (DDC) aim to recover all monies due from former tenants with outstanding balances. Housing Services Income Recovery team collect monies due from former council tenants for residential rental arrears and court costs along with arrears from temporary accommodation due to the HRA and non-residential garage arrears due to the General Fund.
- 1.2 DDC seek to do this in the most efficient and cost-effective manner and will recommend debts for write off only where they are irrecoverable and within agreed parameters.
- 1.3 Debts owed by current tenants are not written off.

2 Background

- 2.1 The Housing service returned to Dover District Council from East Kent Housing in October 2020. At this time the limited resources within the transferred team were concentrated on reducing the current tenant arrears. From 2021 when the team were fully resourced, they were able to start working the former tenant arrears and write offs. These had not been worked for many years at East Kent Housing and therefore it was suggested and approved by the Head of Housing and the Head of Finance & Investment for bulk write offs of those former tenant arrears that were non-recoverable arrears, uneconomical to pursue or out of time.
- 2.2 The most effective way to manage former tenant arrears is to take all possible steps to prevent them from arising in the first place. This will be achieved through efficient and effective management of current tenant arrears.
- 2.3 Particular attention will be given to ensuring that any arrears are collected on mutual exchange of tenancies, or on transferring to another property. DDC will maintain comprehensive documentary evidence in respect of all terminations, transfers and exchanges of tenancies, including information in respect of rent arrears and other debts legitimately due from the former tenant.

- 2.4 Former Tenant Arrears should therefore only arise due to:

- Abandonment of property
- Eviction
- Termination of tenancy with arrears still outstanding
- Death of the tenant.

3 Procedure for Arrears

- 3.1 The procedure for dealing with former tenant arrears is followed as per the DDC Write off Policy for Housing Debts including Former Tenant Arrears and Rechargeable Works Orders. In cases where there is no known forwarding address, Experian Citizen View is used as a tracing tool.
- 3.2 Legal action is rarely taken to recover former tenant debts based on cost and historic recovery success rates. This course of action may however be cost effective if the tenant's whereabouts are known and they are in employment, because an attachment of earnings order can be applied for. Consideration will always be given to the size of the debt, available options, and the cost effectiveness of pursuing legal action.
- 3.3 There are currently three eviction cases, each with arrears over £3k, where legal action is being taken and attachment of earnings has been applied for.
- 3.4 DDC recognises that it is important to consider the balance between recovering former tenant arrears as effectively and efficiently as possible with the need to be fair and reasonable to the former tenant and tenants as a whole.
- 3.5 Arrears proposed for write off are likely to fall into the following Categories:

Non recoverable arrears	<ul style="list-style-type: none"> • Customer is Bankrupt under a Debt Relief Order • Customer is deceased and there are no funds in the Estate
Non-engagement	<ul style="list-style-type: none"> • Customer will not engage to reach an arrangement or pay
Uneconomical to pursue	<ul style="list-style-type: none"> • Balances below £50
Unable to trace	<ul style="list-style-type: none"> • Customer has absconded and we are unable to trace their current address

4 2022/23 Write Offs

- 4.1 The total write offs and reason codes for 2022/2023 are detailed below:

Write off Reason	Write off Number	Write off Value
WOD - Deceased	119	68,128.87
WOENE - Eviction/Abandonment No Engagement	8	12,501.80
WOENT - Eviction/Abandonment No Trace	7	20,487.76
WOEOA - Eviction/Abandonment Out of Area	6	11,527.41
WOGAR - Garage Rent	20	1,261.40
WOLB - Low balance under £50	17	266.75
WONE - Non-Engagement	48	22,870.72
WONT - No Trace	11	5,043.47

Write off Reason	Write off Number	Write off Value
WOOA - Out of area	12	13,377.18
WOOF - Data load only	24	11,598.29
WOVAT - Garage VAT	16	185.38
WOSS - Short Settlement	6	6,047.32
WODC - Decant	2	1,223.96
WOCC - Write off Court Cost over 6yrs	2	669
Total	298	£175,189.31

4.2 In 2022/2023 there were no cases written off over £8k, and only two cases over £5k.

4.3 Former tenant arrears figures from the East Kent Housing transfer in October 2020 and the year-end position for each subsequent financial year are below:

	October 2020	2020/21	2021/22	2022/23
Total Former tenant arrears (including court costs)	£382,033	£428,393	£238,179	£167,352
Former tenant arrears as a % of annual rental income	1.94%	2.17%	1.19%	0.80%
Total former tenant arrears (including court costs) written off	£0	£164	£328,564	£175,065

4.4 The bad debt provision for rents in 2022/23 was £100k. The higher amount written off in 2022/23 was incorporated into the Housing Revenue Account year-end outturn figures.

4.5 The Housing Services Income Recovery team's priority is the collection of current tenant arrears and court costs which, when managed correctly and consistently, particularly prior to the termination of tenancies, will have a beneficial effect on the total amount of former tenant arrears and therefore the amount written off.

4.6 The table below shows the 3.2% reduction of current tenant arrears as a percentage of annual rental income from the EKH transfer in October 2020 to year end 2022/2023. Annual rental income in 2022/2023 was £21,027,972 and therefore this equates to a collection rate of 98.58% for the Housing Revenue Account. The team also collected 99.92% of the garage annual rental income of £413,846 for the General Fund in that year.

4.7 Current tenant arears total from the East Kent Housing transfer in October 2020 and the year-end position for each subsequent financial year are below:

	October 2020	2020/21	2021/22	2022/23
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Total current tenant arrears (including court costs)	£911,815	£747,907	£427,812	£297,765
Current tenant arrears as a % of annual rental income	4.62%	3.79%	2.13%	1.42%

- 4.8 There are no write off values for current tenants as debts owed by current tenants are not written off.

5 Corporate Implications

- 5.1 Comment from the Section 151 Officer: The Head of Finance & Investment has been consulted on this report and has no further comments to add. (HL)

6 Background Papers

Write off Policy for Housing Debts including Former Tenant Arrears and Rechargeable Works Orders

Contact Officer:

Helen Ayers, Income and Tenancy Sustainment Manager