

Social Issues Scrutiny Panel – 10 March 2008

Former Tenant Arrears Informal Scrutiny Group

Report of Head of Landlord Services

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Purpose of the Report

The purpose of report is to advise the Social Issues Scrutiny Panel of the findings and conclusions of the Former Tenant Arrears Informal Scrutiny Group (ISG).

Links to the Corporate Strategy

The Corporate Strategy places emphasis on strong performance management. The Former Tenant Arrears ISG focused on the reasons for increasing level of former tenant debt and potential measures for addressing this.

Recommended

That the Social Issues Scrutiny Panel assures itself that the Former Tenant Arrears ISG has sufficiently concluded its review of former tenants arrears and notes the final recommendations made by them at the meeting on 27 February 2008. These are that

- It would not be cost effective to increase resources to address former tenant debt levels
- That current debt recovery levels are reasonable
- That officers should review administrative options for streamlining the Debt Write Off process, subject to Internal Audit approval.
- That the Social Issues Scrutiny Panel continue to monitor progress through the quarterly performance reporting process

Executive Summary

The Scrutiny Panel established the ISG in order to review the policy and procedures for the collection of former tenant debt following concerns raised by members as part of the scrutiny process. The inaugural meeting in early 2007 reviewed the procedures in detail and made no recommendations for change.

However, during the course of 2007, the overall level of former tenant debt continued to increase. The Panel agreed that a further meeting to investigate the reasons for this was required.

The ISG met on 27 February 2008. Former Tenant Arrears continue to be in excess of £230,000 against a target of £100,000. The Panel challenged officers on the reasons and discussed potential options to address current debt levels including the potential to increase staff resources, the use debt collection agencies and whether more priority should be placed on chasing former tenant debts.

Officers presented the current position to the Panel and the briefing paper for the Panel is appended to this report for information.

The Panel concluded that overall debt collection arrangements were effective and current collection rates, which continue to be in line with previous years, are reasonable.

It was accepted that the current weakness has been with the lengthy administrative process involved in writing off unrecoverable debt.

Whilst CIPFA recommend that provision is made to write off 95% of former tenant debt, the Council have recovered in excess of £66,000 this year alone. However, staff have focussed on debt recovery at the expense of the write off process.

The ISG accepted that increasing resources would not result in an increase in actual debt collected and agreed this would not be a cost effective option.

The ISG also accepted that the current £100,000 target required review.

Officers gave assurances that efforts to progress the write off process have been increased in recent weeks and that progress on this issue will be made in the coming months. The ISG suggested that the Scrutiny Panel should continue to monitor progress.

The ISG agreed that the Head of Landlord Services should discuss options for streamlining the write off process with the Head of Legal and Head of Finance, subject to Internal Audit approving any changes. However, they did not feel that any further scrutiny by the ISG was required.

TACT Comment

TACT has been represented at both meetings of the ISG. The representative supported the conclusions.

Background Documents

Working documents held in the Strategic Housing and Housing Landlord Services divisions.

Appendices

Appendix 1: Former Tenant Arrears Informal Scrutiny Group - Briefing Paper 27/2/08

Social Issues Scrutiny Panel - Former Tenant Arrears

27 February 2008 - The Boardroom

Report of Amber Crosskey, Tenancy Services Manager

Introduction

The Scrutiny Panel last met on 18 January 2007 to discuss the performance and management of Former Tenant Arrears (FTAs). This paper will update Members on progress made to date on the issues highlighted at the previous meeting and also outline the current position regarding the collection of FTAs.

Value of Former Tenant Arrears

The former tenant arrears debt is currently £237, 936.87 and there are 626 cases. Tables 1 and 2 show the value of debt and number of cases from January 2007.

Table 1 – Value of Former Tenant Arrears

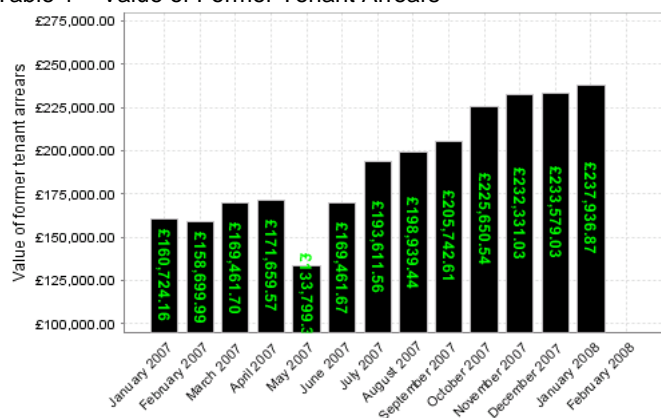
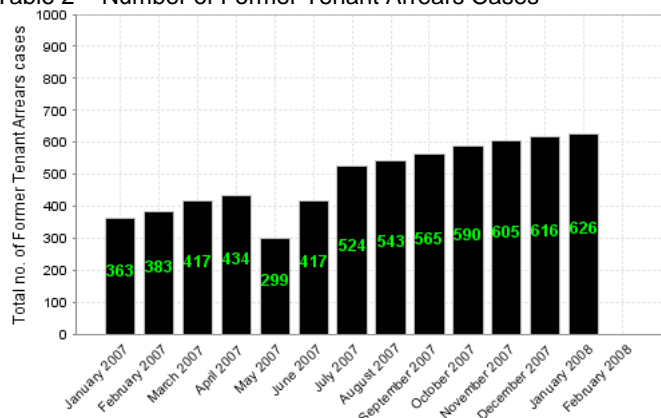


Table 2 – Number of Former Tenant Arrears Cases



Payments on Former Tenant Accounts

Although the amount of debt outstanding has increased since January 07, the amount of monies collected on former tenant accounts has been maintained. Payments made on former tenant accounts to date for 2007/08 total £66, 181.95, compared to £53, 623.59 for 2006/07 and £69, 753.19 for 2005/06.

Writing Off Former Tenant Arrears

The increase in former tenant debt can be attributed to the fact that to date, no former tenant debt has been written off this financial year and only £13 000 was written off in 2006/07. By comparison the amount of former tenant debt written off in 2005/06 totalled £92 000.

A large percentage of former tenant debt is unrecoverable and as such, is written off by the City Council. Currently, circa £100 000 has been identified as debt which is likely to be written off. Consequently the true value of recoverable former tenant debt is approximately £137 000. This figure compares favourably with previous years (2006/07 £169 000, 2005/06 £95, 000, 2004/05 146, 000, 2003/4 £167 000 and 2002/03 £168 000).

Value for Money

The recovery of former tenant arrears is the responsibility of the Arrears Officer who spends approximately 20 per cent of their time managing this function. With recovery levels for the current year in the region of £66,000, the performance detailed within this report represents good value for money as the recovered debt equating to the cost of a full time position.

IT System Update

The report in January 2007 to the Scrutiny Panel detailed the improvement Landlord Services were making to the former tenant arrears management process by moving from a paper based system to our automated IT system, Orchard. Transferring the process took slightly longer than anticipated due to technical difficulties. However, since its implementation, the Orchard system is proving to be a valuable tool in managing the former tenant arrears and its true benefits will be seen in the forthcoming financial year.

Case Management

All cases have been actioned in accordance with the Policy and Procedure for the recovery of former tenant arrears. The Arrears Officer is working with Legal Services to ensure all former tenants/relatives of former tenants are contacted about any outstanding arrears debts and that the stages of the procedure are followed within the agreed timescales.

Conclusion

Allowing for potential write offs, the former tenant debt is comparable to previous years. Debt recovery performance remains satisfactory and the Arrears Officer post provides good value for money. The full benefits of the IT system will be seen in 2008/09.