



COMMUNITY REGENERATION COMMISSION 10 JANUARY 2006

Report of the Chief Executive of Derby Homes

Derby Homes – Evictions and Write Offs

RECOMMENDATION

1. To note the report.

SUPPORTING INFORMATION

- 2.1 At the last Community Regeneration Commission I was asked to answer two questions, one on the level of evictions and the other on write offs of arrears.
- 2.2 In terms of evictions, the table below shows the levels of legal action and evictions for the past 7 years and the half year up to end of September 2005. As can be seen the levels of evictions were generally around 40, but increased in 2002-3 to 65 and in 2004-5 increased to 79. The figure for the first half of 2005-6 would suggest we will carry out less evictions this year.
- 2.3 My reading of these figures is that they reflect an upturn in arrears in 2002-3 which caused the Council and Derby Homes a lot of concern. Legal actions increased as a result and so did evictions. As can be seen levels of court cases peaked in 2003-4 and have declined since. I am hopeful that numbers of evictions will stay at around the 60 level in future years.
- 2.4 Arrears collection is overseen by specialist officers. We use automated reminder letters for the early stage of debts, but from Notice of Seeking Possession (NSP) stage onwards actions are triggered by staff. Home visits and telephone contacts are used, and all cases are referred to the council's money advice team before eviction is arranged. Most cases are given several chances to keep to an agreement to pay, and eviction is still seen as a sign of failure, and a last resort.
- 2.5 Nevertheless I am convinced that eviction is an essential tool to keep on top of levels of arrears, avoid tenants running into serious problems, and to pay for services provided to tenants. We do have a reward scheme which offers a prize of £1,000 each 6 months to tenants who have a clear

rent account. We normally get over 1,000 tenants submitting an entry into this competition.

Arrears Recovery

Monitoring Method	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	Sept 2005
Level of current arrears £	678,915	813,016	1021,810	1,073,106	1,047,315	967,387	827,655	1,015,372
No of NSPs served	1,998	1,932	2,139	2,303	2,325	2,217	1,455	818
No of court cases	266	267	274	318	338	450	365	110
No evictions	32	44	37	40	65	62	79	30
No of cases in arrears	4,515	4,644	5,040	4,514	3,879	4,071	3,833	4,932

2.6 In terms of write offs of arrears I give below the summary of reasons for the £175, 194 write offs carried out in 2004-5:

Former Tenant Arrears write off 2004/2005

Code	Description	Amount
B	Tenant Deceased	-£28,566.77
C	No Forwarding address	-£91,535.94
D	Small Amount	-£5,627.03
F	Tenant On Income Support – No funds	-£9,801.62
G	Special Circumstances	-£2,120.41
H	Old Debt	-£37,422.31
M	Tenant Hospitalised	-£120.48

So far this year we have written off £248,139.

2.7 As is shown in the analysis the largest amount of former tenant arrears is written off for lack of a forwarding address. We do use a private collection agency to try and trace debtors. Of our £1.1 million former tenant debt at least 80% is over 2 years old. These are the debts which were initially sent to the collection agency. Many of these debts had little or no action taken on them mainly due to the lack of forwarding addresses. It is clear that this year we will be writing off considerably more than in previous years as we complete the exercise of forwarding debts to the collection agency, and they are returned as untraceable.

2.8 Once this initial old debt has been cleared off the books the actual figure should stabilise. We create around £250,000 a year in new former tenant debt and of this I would expect to be writing off around £150,000. The majority of this would be because of no known address available due to abandoned and evicted tenants plus deceased tenants with no estates.

<p>For more information contact: Phil Davies 01332 711010 e-mail phil.davies@derby.gov.uk</p> <p>Background papers: Appendix 1 – Implications</p> <p>List of appendices:</p>

IMPLICATIONS

Financial

1. As set out in the report.

Legal

2. Derby Homes operates in the context of landlord and tenant law applicable to local authority housing provision.

Personnel

3. None arising from this report.

Equalities impact

4. None directly arising.

Corporate Objectives, Values and Priorities

5. This report links to the **objective** of healthy, safe and independent communities and the **priority** of minimising increases in Council Tax and increasing value for money from Council services