

AGENDA ITEM: 11 Pages 53 – 57

Meeting	Cabinet Resources Committee
Date	2 March 2011
Subject	General Debt, Housing Revenue and General Fund (Temporary Accommodation) Write Offs
Report of	Cabinet Member for Housing, Planning and Regeneration
Summary	This report proposes the write off of individual debts in excess of £5,000 arising from Temporary Accommodation rental charges during the financial years 1999 to 2004.

Officer Contributors	Rashmikant Mandalia, Income Maximisation Manager
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Schedule listing the amount to be written off
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: Rashmikant Mandalia, Income Maximisation Manager, (Planning, Housing and Regeneration), 020 8359 4805.

1. RECOMMENDATIONS

- 1.1 That the Temporary Accommodation charges totalling £575,452.89 and detailed in the appendix to this report be written off.

2. RELEVANT PREVIOUS DECISIONS

- 2.1 The write off of these debts is in line with good accounting practice, which requires that debit balances accurately reflect realisable income that helps to deliver the Council's value for money objective of a "more efficient and strategic use of public sector systems and resources".

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 None.

4. RISK MANAGEMENT ISSUES

- 4.1 The recommendation to write off these debts recognises that there is no longer a realistic possibility of these sums being recovered. All appropriate avenues have been exhausted in attempting to recover these sums.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 It is not considered that this matter is likely to raise any concerns under the Council's Equalities Policy or compromise the commitment outlined in the Council's Equality Scheme 2007/08-2010/11.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The debts proposed to be written off relate to the financial years 1999-2004. It is important to note that the amounts to be written off are within the existing bad debt provision of £3,865,591 covering nightly purchase and hostels.
- 6.2 There are no other resource implications.

7. LEGAL ISSUES

- 7.1 None other than as mentioned in the body of the report.

8. CONSTITUTIONAL POWERS

- 8.1 The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states that the functions of the Cabinet Resources Committee including "to write off debt".

9. BACKGROUND INFORMATION

- 9.1 The debts which are proposed to be written off relate to charges arising from individuals or families placed in bed and breakfast accommodation and hostels as emergency accommodation during the financial years 1999 to 2004.
- 9.2 The persons placed in temporary accommodation were individuals or families with low incomes who presented themselves as homeless to the Council for assistance. They were placed in emergency accommodation whilst their applications were assessed. Most individuals' income was dependant upon state benefits and delays in the set up and processing of these caused knock on delays in claims for housing benefits and a consequent build up of rent arrears.

Clients subsequently moved out of their accommodation without leaving a forwarding address and it has therefore proved difficult to find households from whom to recover the debts.

- 9.3 The Council has a fiduciary duty to its council taxpayers to recover monies owing to it. The Council also has a duty to act reasonably.
- 9.4 Attempts to trace individuals in order to collect debts have included searches of the Council's internal housing management, Housing Benefit and Council Tax databases, enquiries made with agents, visits and letters sent out. Having regards to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debt, with a greater number of checks being carried out in respect to larger debts. Due to the Council's updating of various Information Technology systems, it has also been very difficult to trace the movement of people where there is no access to pre-existing systems.
- 9.5 In the cases dealt with within this report and for the reasons given, it has not been possible to collect these debts. Further, as the debts are over 6 years old the Council is, in all but one case where court action was taken, statute barred from bringing action. The Limitations Act 1980 provides that when the following conditions are met then the debt cannot be pursued through the courts. The conditions are:
- that the creditor has not taken court action;
 - that no payments have been made on the debt over the last 6 years; and
 - that the debtor has not written to the creditor acknowledging that it owes them money.
- 9.6 The breakdown of the debt is as follows:

Year debt was accrued	Amount £
1999	7,348.60
2000	125,479.32
2001	134,830.68
2002	92,049.79
2003	68,310.20
2004	147,434.30
Total	£575,452.89

- 9.7 The Amount of debt profile (Number of Cases)

	Nightly Purchase
2000	16
2001	19
2002	12
2003	8
2004	11
Total	66

	Hostels
1999	1
2003	3
2004	10
Total	14

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal – SWS
CFO – MC

APPENDIX – SCHEDULE LISTING THE AMOUNT TO BE WRITTEN OFF

NIGHTLY PURCHASE

<u>Rent Account</u>	<u>Balance (£)</u>	<u>Account Type</u>	<u>B&B End Date</u>
142138019	11,708.67	B&B	09-Apr-00
141634015	6,479.43	B&B	07-May-00
141714010	12,308.02	B&B	21-May-00
141760010	9,728.51	B&B	11-Jun-00
142674014	6,972.11	B&B	18-Jun-00
144128018	5,118.10	B&B	16-Jul-00
142957016	6,188.26	B&B	30-Jul-00
143105016	11,031.90	B&B	20-Aug-00
142340010	5,299.30	B&B	27-Aug-00
143758015	7,847.41	B&B	10-Sep-00
143726010	6,482.08	B&B	24-Sep-00
144189015	5,776.57	B&B	01-Oct-00
143797012	10,961.02	B&B	22-Oct-00
143856012	6,777.83	B&B	05-Nov-00
144658016	6,397.19	B&B	19-Nov-00
143949017	6,402.92	B&B	17-Dec-00
144725012	7,081.93	B&B	07-Jan-01
143973016	7,321.90	B&B	28-Jan-01
145057010	6,856.32	B&B	04-Feb-01
142365014	8,019.04	B&B	04-Feb-01
143950011	7,336.92	B&B	25-Feb-01
143376011	9,458.77	B&B	25-Feb-01
144060017	6,148.50	B&B	04-Mar-01
141521010	8,663.94	B&B	29-Apr-01
145158011	6,938.70	B&B	15-Jul-01
141329013	8,685.30	B&B	15-Jul-01
146494011	5,657.26	B&B	22-Jul-01
143928011	9,111.77	B&B	22-Jul-01
145676015	6,006.26	B&B	26-Aug-01
145439014	5,332.76	B&B	30-Sep-01
146025012	6,776.65	B&B	04-Nov-01
145966019	6,123.60	B&B	11-Nov-01
146733013	8,265.39	B&B	11-Nov-01
146154010	5,430.69	B&B	09-Dec-01
144768018	5,614.98	B&B	09-Dec-01
146214015	7,095.27	B&B	20-Jan-02
147764011	5,308.77	B&B	03-Feb-02
149271016	20,138.01	B&B	03-Feb-02
147857016	5,545.87	B&B	24-Feb-02
144622012	9,602.58	B&B	24-Feb-02
146697018	6,341.59	B&B	26-May-02
148518017	6,694.61	B&B	07-Jul-02
146685013	9,345.62	B&B	21-Jul-02
145782019	5,041.85	B&B	29-Sep-02
150624010	5,184.68	B&B	08-Dec-02
147762012	5,651.04	B&B	08-Dec-02
148336016	6,099.90	B&B	22-Dec-02
147547011	5,320.07	B&B	09-Mar-03
147855017	6,279.49	B&B	06-Apr-03

150703011	6,065.86	B&B	13-Jul-03
150548013	6,894.92	B&B	28-Sep-03
144093017	6,409.75	B&B	05-Oct-03
150767012	5,365.78	B&B	12-Oct-03
149493019	6,009.63	B&B	28-Dec-03
148658015	6,031.95	B&B	28-Dec-03
151692017	5,102.48	B&B	14-Mar-04
152969019	6,058.32	B&B	28-Mar-04
150179019	6,081.13	B&B	28-Mar-04
150874010	5,579.84	B&B	04-Apr-04
152572017	5,173.63	B&B	18-Apr-04
153591010	5,348.18	B&B	04-Jul-04
153566017	5,936.66	B&B	11-Jul-04
154441014	9,232.94	B&B	18-Jul-04
154257014	5,985.31	B&B	24-Oct-04
154416010	5,566.48	B&B	07-Nov-04
154563023	6,325.29	B&B	14-Dec-04

467,127.50

HOSTELS

<u>Rent Account</u>	<u>Balance (£)</u>	<u>Account Type</u>	<u>Tenancy End Date</u>
137618018	7,348.60	Hostel	30-May-99
151356014	6,240.34	Hostel	19-Oct-03
151451018	6,814.51	Hostel	19-Oct-03
151425010	6,877.90	Hostel	19-Oct-03
151423010	8,401.97	Hostel	04-Jan-04
147428019	5,404.83	Hostel	22-Feb-04
149979017	9,642.06	Hostel	22-Feb-04
151368019	7,006.72	Hostel	14-Mar-04
153270016	5,378.38	Hostel	11-Jul-04
153316017	12,982.40	Hostel	15-Aug-04
151436010	5,212.76	Hostel	10-Oct-04
153322014	7,082.14	Hostel	17-Oct-04
151514016	13,932.78	Hostel	24-Nov-04
154594011	6,000.00	Hostel	25-Nov-04

108,325.39