

AGENDA ITEM:7

Pages nos. 178 - 181

Meeting	Cabinet Resources Committee
Date	16 January 2012
Subject	General Debt, Housing Revenue and General Fund (Temporary Accommodation) Write Offs
Report of	Cabinet Member for Housing
Summary	This report proposes the write off of individual debts in excess of £5,000 arising from Temporary Accommodation rental charges during the financial year 2005.

Officer Contributors	Cathy Osborn, Interim Head of Housing Rashmikanth Mandalia, Team Leader, Housing Management Team (Finance)
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix "A"– 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

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1. RECOMMENDATIONS

- 1.1 That the Temporary Accommodation charges totalling £97,438.30 and detailed in the Appendix “A” to this report be written off.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee 2nd March 2011 approved write off of arrears amounting to £575,452.89 covering the period 1999 to 2004, agenda item number four.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The write-off proposal helps meet the Corporate Plan 2011-13 priority of better services with less money through meeting the strategic objective of helping managing assets and resources more effectively and sustainably.

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 considered that this matter is not likely to neither have an impact on the Council's statutory duties under the Equality Act 2010 nor 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 year 2005. It is important to note that the amounts to be written off are within the existing bad debt provision of £97,438.30 covering nightly purchase and hostels.
- 6.2 There are no other resource implications.

7. LEGAL ISSUES

- 7.1 The Council has a duty to its taxpayers to take steps to recover money owed to it. However, section 19 of the Limitation Act 1980 states that no action shall be brought, or distress made, to recover arrears of rent, after the expiration of six years from the date on which the arrears became due.

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 include “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 year 2005.

- 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 derived from state benefits. 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 minimum of five letters sent out on each cases. 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 of 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 each of the debts is over six years old the Council is statute barred from bringing action. This means that the Council is legally unable to recover any monies from these individuals placed in emergency accommodation. The Limitation 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 six 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 £
2005	£97,438.30
Total	£97438.30

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

	<u>Nightly Purchase</u>
2005	10
Total	

	<u>Hostels</u>
2005	3
Total	

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal
CFO

APPENDIX “A” – SCHEDULE LISTING THE AMOUNT TO BE WRITTEN OFF

NIGHTLY PURCHASE

<u>RENT ACCOUNT</u>	<u>Balance</u>	<u>Account Type</u>	<u>BB END DATE</u>	<u>Reason for Write Off</u>
<u>Bed and Breakfast</u>				
152449016	£ 9,582.95	B&B	14-Feb-05	Statute Barred
153130018	£ 5,031.34	B&B	04-Apr-05	Statute Barred
153217015	£ 6,095.65	B&B	04-Apr-05	Statute Barred
155251014	£ 7,082.12	B&B	12-Apr-05	Statute Barred
170011401	£ 6,124.50	B&B	06-May-05	Statute Barred
170012187	£ 5,766.69	B&B	13-May-05	Statute Barred
154742018	£ 5,960.00	B&B	19-May-05	Statute Barred
153785016	£ 8,077.79	B&B	25-Aug-05	Statute Barred
170014280	£ 8,278.52	B&B	03-Nov-05	Statute Barred
143922014	£ 9,470.76	B&B	03-Nov-05	Statute Barred
	<u>£ 71,470.32</u>			

HOSTELS

<u>RENT ACCOUNT</u>	<u>Balance</u>	<u>Account Type</u>	<u>Hostel END DATE</u>	<u>Reason for Write Off</u>
<u>Hostels</u>				
153637011	£ 5,793.85	FTA	19-May-05	Statute Barred
153142012	£ 7,445.35	FTA	27-Feb-05	Statute Barred
170011392	£ 12,728.78	FTA	11-Sep-05	Statute Barred
	<u>£ 25,967.98</u>			