

PAPER NO.3

REPORT TO THE EXECUTIVE MEETING OF 14TH MARCH 2011

Status: Decision
Title: Bad Debt Write Off Report
Originator: Leigh Butler
Where from: Management Board
Where to next: Executive

1 Purpose of Report

1.1 This reports seeks approval to write off debts in respect of National Non Domestic Rates, Council Tax, Housing Benefit overpayments and Sundry Debts.

2 Recommendations:

2.1 **It is recommended that the total amounts for Council Tax £47,517.78 as listed in Appendix A, National Non Domestic Rates £86,427.67 as listed in Appendix B and Sundry Debt of £12,268.30 as listed in Appendix C be written off.**

3 Summary of Reasons for the Recommendations

3.1 The Council's Constitution and supporting Financial Regulations delegates the responsibility for writing off individual debts up to and including £1k to the Head of Financial Services under the scheme of delegation. Above this threshold debts (greater than £1k) are written off by the Executive.

3.2 The Council only writes off debt where it is irrecoverable for example where a customer has died and there are no assets, or a business is bankrupt and has no assets. The only exception to this is where a debt is not cost effective to recover.

3.3 The council is prudent in managing debt and makes provision for then in its annual statement of accounts. This ensures that the writing of bad debt has no detrimental affect on service provision or the council taxpayer. In the case of National Non Domestic Rates the Government meets the cost of writing off bad debt through the 'Pool arrangements'.

3.4 Details of accounts with individual values above £1k in respect of National Non Domestic Rates, Council Tax, Housing Benefit overpayments and Sundry

Debt are set out in appendices attached to this report.

- 3.5 The table below is for information on the amounts that have been written off for the period shown.

Table 1

Debts Write Off Summary - Period 20th November 2010 to 11th February 2011

Fund	Over £1k	Under 1k	Total
Council Tax	£29,888.05	£3,114.80	£33,002.85
Non Domestic Rates	£215,692.06	-£3,020.79	£212,671.27
Housing Benefit Overpayments	£0.00	£1,678.62	£1,678.62
Sundry Debtors	£67,765.70	£7,502.34	£75,268.04
Grand Totals	£313,345.81	£9,274.97	£322,620.78

- 3.6 The following is the in year collectable sums due for the above as at 31st January 2011:

Council Tax (net of Council Tax Benefit)	£45,424,766.52
Non Domestic Rates (net of reliefs)	£33,789,113.86
Housing Benefit Overpayments	£ 296,024.56
Sundry Debt	£ 4,080,976.41
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Total	£83,590,881.35
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4 Impact on Communities

- 4.1 There will be no direct impact on the Community.

5 Key Facts

- 5.1 With the current economic climate, taxpayers will find it harder to pay local taxes such as Council Tax and Non Domestic Rates and as such, there may be an increase in the number of taxpayers who abscond with arrears left owing.
- 5.2 By not writing off bad debts efficiently, this can affect collection rates by inflating arrears figures.
- 5.2 With limited resources, it is not cost effective to spend the same amount of time tracing all levels of debt.

6 Legal Issues

- 6.1 There are no implications.

7 Resource Issues

7.1 There are no implications

8 Equality Impact Assessment Implications/Outcomes

8.1 There are none arising directly out of this report.

9 Impact on the Organisation

9.1 It is normal financial practice to ensure that the council is not carrying amounts that it has identified as irrecoverable through due process in its financial statements.

10 Community Safety Implications

10.1 None arising from this report.

11 Carbon Management Implications

11.1 None arising from this report.

12 Risk Management Implications

12.1 If proper debt management and accounting procedures are not followed in the management and writing off of debt then the council could be criticised by the external auditor as part of the annual 'Use of Resources Assessment'.

13 Consultation

13.1 No consultation was necessary in the production of this report.

14. Options Considered

14.1 None arising from this report.

15. Background Papers

15.1 Council's Corporate Debt Policy.

Previous report(s): Write Offs over £1,000 awaiting Member Approval dated 11th January 2011

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N