

24 November 2016

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS 01/04/16 - 30/09/16

EXEMPT INFORMATION

None

PURPOSE

That Members endorse the amount of debt written off for the period 01 April 2016 to 30 September 2016.

RECOMMENDATIONS

To provide Members with details of write offs from 01 April 2016 to 30 September 2016.

EXECUTIVE SUMMARY

The Heads of Service are responsible for the regular review of debts and consider the need for write off and authorise where necessary appropriate write offs in line with the Corporate Credit Policy. The first part of this report shows the position for the last financial year. Further updates will continue to be produced on a quarterly basis.

Type	01/04/16 – 30/09/16 £ p
Council Tax	(£1,040.92)
Business Rates	(£106.41)
Sundry Income	£0.00
Housing Benefit Overpayments	£45,252.17

A revised approach to the calculation of Business Rates bad debt has been developed which involves a review of all of the outstanding debts to ascertain whether they are likely to be collectable. This has then been used to determine the balance to apply the usual aged debtor percentage.

Business Rates	01/04/16 – 30/09/16 £ p
Bad Debt provision	£1,086,899.44
Add reversal of amount previously written off under delegated powers	£106.41
Amount remaining	£1,087,005.85

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

There are no new financial implications arising from this report. As the write offs detailed have already been approved in line with the Corporate Credit Policy/Financial regulations and have been reported to members where appropriate.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

SUSTAINABILITY IMPLICATIONS

This forms part of the Council's Corporate Credit Policy and effective management of debt. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off in accordance with the schemes of delegation prescribed in the Corporate Credit Policy.

The Council views such cases very much as exceptions. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt together with any factors that it feels are relevant to the individual case.

BACKGROUND INFORMATION

Debt Write Off

Authorisations are needed to write off debt:

Authority	Account Value
Head of Revenues	up to £1,000
Chief Officer (or authorised delegated officer)	£1,001 - £5,000
Executive Director Corporate Services	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction

Bad Debt Provision

The level of the provision must be reviewed jointly by the unit and Accountancy on at least a quarterly basis as part of the management performance review, and the table below gives the mandatory calculation.

Where the debt is less than 6 months old it will be written back to the service unit.

Debt Outstanding Period	Debt Outstanding Provision (net of VAT) %
Between 6 and 12 months old	50%
Between 12 and 24 months old	75%
Over 24 months old	100%

The financial effects of providing for Bad Debts will be reflected in the Council's accounts at Service Unit level.

REPORT AUTHOR

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LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices A to D give details of write offs completed for Revenues and Benefits Services for 01 April 2016 to 30 September 2016.

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