

16 February 2017

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS 01/04/16 - 31/12/16

EXEMPT INFORMATION

None

PURPOSE

To provide Members with details of write offs from 1st April 2016 to 31st December 2016 and to seek approval to write off irrecoverable debt in line with policy re Business Rates in excess of £10k.

RECOMMENDATIONS

That Members

- 1) endorse the amount of debt written off for the period of 1st April 2016 to 31st December 2016 – **Appendix A-D**, and:
- 2) approve the write off of irrecoverable debt for Business Rates of £142,150.19 – **Appendix E**.

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 current financial year – **Appendix A- D**. Further updates will continue to be produced on a quarterly basis.

Type	01/04/16-31/12/16
Council Tax	(£1,100.31)
Business Rates	£28,968.67
Sundry Income	£15,926.85
Housing Benefit Overpayments	£59,859.02

The second part of the report is in respect of debts which are in excess of £10k.

Under Financial Regulations, debts for write-off greater than £10k require Cabinet authorisation and this report details such accounts. The amount for Business Rates is attached in **Appendix E**.

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. In the case of the accounts included in Appendix E all had been flagged as no probability of any further payments being recovered. This is due to the nature and location of the assessments. Therefore they have all been covered fully in the Bad Debt provision.

Business Rates	
Bad Debt provision @ 1 st April 2016	£1,051,791.15
Amounts previously written off under delegated powers (£28,968.67) plus amounts requested for approval in this report (£142,150.19)	-£171,118.86
Amount remaining	£880,672.29

OPTIONS CONSIDERED

Not applicable

RESOURCE IMPLICATIONS

The write offs detailed are subject to approval in line with the Corporate Credit Policy/Financial Regulations, and have been provided for under the bad debt provision calculation set out below.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

SUSTAINABILITY IMPLICATIONS

Not applicable

BACKGROUND INFORMATION

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.

Authority Account Value	
Head of Revenues	Up to £1,000
Chief Officer(or authorised delegated officer)	£1,001 to £5,000
Executive Director Corporate Services	£5,001 to £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	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 31 December 2016

Appendix E gives details of Business Rates write offs for approval

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