

21 August 2014

## REPORT OF THE PORTFOLIO HOLDER FOR OPERATIONS AND ASSETS

## CABINET WRITE OFFS FOR 01/04/14 - 30/6/14

## EXEMPT INFORMATION

None

## PURPOSE

To provide members with details of write offs from 01 April 2014 to 30 June 2014.

## RECOMMENDATIONS

That Members endorse the amount of debt written off.

## 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. This report shows the position for the current financial year. Further updates will continue to be produced on a quarterly basis.

Type	01/04/14-30/06/14
Council Tax	(£32.32)
Business Rates	(£473.63)
Sundry Income	£0.00
Housing Benefit Overpayments	£7,846.29

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.

<b>Business Rates</b>	
Bad Debt provision	£1,068,903.15
Less amount written off to date under delegated powers	£0.00
<b>Amount remaining</b>	<b>£1,068,903.15</b>

## 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

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.

Authorisations are needed to write off debt:

<b>Authority Account Value</b>	
Head of Revenues	up to £1,000
Chief Officer (or authorised delegated officer)	£1,001 to £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.

<b>Debt Outstanding</b>	<b>Provision (net of VAT)</b>
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.

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