

ITEM

ITEM

Executive – 29 May 2008

WRITE-OFF REPORT

Report of: Head of Finance

**Statutory powers: Section 151 Local Government Act 1972
Section 44 Local Government Finance Act 1988 –
(Non Domestic Rate)
Section 14 Local Government Finance Act 1992 –
(Council Tax)**

Financial implications: Debts totalling £62,256.02 to be written-off. Stock notionally valued at £3,888.00 to be written off.

Purpose:

The Housing Advice, Benefits & Council Tax Service is responsible for the collection of Sundry Debts including Housing Benefit Overpayments, Rents, Council Tax and Non - Domestic Rates.

The report informs members of the individual debts for all revenue streams, up to the value of £3,000, written off by the Head of Finance under delegated authority; and for those debts in excess of £3,000 for which permission to write off is sought.

The Council's sound financial management arrangements underpin delivery of all the Councils priorities, including the commitment to providing value for money services. This report forms part of the formal debt write-off procedures included in these financial arrangements.

Members have requested that this information be presented in a composite report rather than for each individual revenue stream.

Permission is also sought to write off stock which has become out of date. This relates to a wide range of leaflets and guides to walks, trails and rides in the area published over the years. A number of the items date back to the days of the Council's former Heritage Coast Service and Environment Service. Some of these (such as the Dart Valley Trail) remain popular publications and are revised and reprinted as required. However, many of them were published as long ago as the early 1990s and have long been out of date. Following a thorough review of the remaining stock of print publications, it is proposed that 40 of the older and slower-selling titles be deleted and sent for recycling. Using today's print costs, this stock is notionally valued at £3888, although as many were printed up to 15 years ago the actual original cost would have been considerably lower.

RECOMMENDATIONS

The Executive notes that, in accordance with Financial Regulations, the Head of Finance has authorised the write-off of individual debts totalling £53291.88 as detailed in Table 1.

Executive considers the write off of individual debts in excess of £3,000, together with the write off of stock notionally valued at £3888. These items are detailed in Table 2.

THIS REPORT COVERS THE PERIOD 1.1.08 - 31.3.08

The issues

1. In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £1,000,000. This provision recognises that a proportion of the authority's debts will prove irrecoverable and ensures that the value of debtors within the authority's accounts is a fair reflection of the amount that will eventually be recovered.
2. All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. Sometimes, however, officers find themselves in the position where special arrangements are needed to effect recovery, and this may mean extending the period of time to collect the debt or ultimately instigating enforcement proceedings to secure payment.
3. In some cases further pursuit of the debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases with arrears under £3,000 are written off by the Head of Finance under delegated authority.
4. Cases where the debt exceeds £3,000 must, however, be approved by Executive prior to the debt being written off.
5. Members are reminded that a record is kept of debts written off, together with the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be resurrected and pursued again.

Risk Assessment

Risk	Mitigation
Financial risk	The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in 5. Any individual debt exceeding £3,000 is referred to members for consideration prior to write-off which accords with Financial regulations.
Impact on Reputation	Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible, but this risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue.

Conclusion

We would wish to reassure Members that every effort is made to collect all debt owing to the Council, and that the decision to write off any amount is not taken lightly.

Tracy Winser
Head of Customer Services

John Foxworthy
Head of Finance

Executive
29th May 2008

TABLE 1**SUMMARY OF CASES UNDER £3000 WRITTEN OFF BY THE HEAD OF FINANCE**

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL
HOUSING BENEFIT	28	Overpaid Entitlement	£15108.79
	8	Not cost effective to pursue	£992.23
	2	Deceased	£2379.51
	38		£18480.53
NON DOMESTIC RATE	1	Absconded	£1480.18
	2	Administrative Receivership	£3271.47
	5	Bankruptcy	£1803.23
	3	Liquidation	£1058.13
	4	Other	£4734.11
	2	Small Balance	£44.46
	17		£12391.58
COUNCIL TAX	7	Absconded	£1835.03
	5	Administrative Receivership	£1535.32
	11	Bankruptcy	£6237.36
	4	Deceased	£2420.05
	14	Other	£2939.79
	51	Small balance	£1187.95
	92		£16155.50
SUNDRY DEBTS	36	Absconded	£5301.96
	2	Bankruptcy	£370.26
	2	Not cost effective to pursue	£437.05
	1	Other	£155.00
	41		£6264.27
TOTAL	188		£53291.88

TABLE 2**SUMMARY OF ITEMS OVER £3000 WHERE PERMISSION TO WRITE OFF IS REQUESTED**

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL
NON DOMESTIC RATE	2	Absconded	£8964.14
DISPOSAL OF PUBLICATIONS		Old Leaflets published since 1992 – now out of date	£3888.00
TOTAL	2		£12852.14