

REPORT TO: CABINET MEMBER – CORPORATE SERVICES

DATE: 13th October 2010

SUBJECT: Proposed Write-off of Irrecoverable Debts with Balances between £2,000 and £10,000

WARDS AFFECTED: All

REPORT OF: Interim Head of Corporate Finance and ICT Strategy

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**EXEMPT/
CONFIDENTIAL:** No

PURPOSE/SUMMARY:

To seek approval to write off debts amounting to £555,074.11.

REASON WHY DECISION REQUIRED:

The debts have proved to be irrecoverable.

RECOMMENDATION(S):

It is recommended that 57 non-domestic rate debts amounting to £258,292.87, 79 Council Tax Debts amounting to £272,266.84 and 8 Housing Benefit Overpayments amounting to £24,514.40 be written off.

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE: Following the expiry of the "call-in" period for the Minutes of this meeting.

ALTERNATIVE OPTIONS:

None

IMPLICATIONS:

Budget/Policy Framework: Any uncollectable non-domestic rates that are written off can be offset against the Council's contribution to the Non Domestic Rates Pool. Provision has been made for this in the closing accounts for the Pool each year since 1990.

Financial:

<u>CAPITAL EXPENDITURE</u>	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £	2012/ 2013 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal:

Risk Assessment:

Asset Management:

CONSULTATION UNDERTAKEN/VIEWS

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy		√	
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

None

1. BACKGROUND:

- 1.1 This report is about various amounts of debts that have proved to be irrecoverable.
- 1.2 The Council has delegated authority to the Cabinet Member for Corporate Services to write-off sums in this range. Sums below this range are delegated to the Head of Corporate Finance & ICT Strategy and the Head of Corporate Legal Services. Sums above this range must be referred to the Cabinet.

144 individual accounts, with balances between £2,000 and £10,000 and totalling £555,074.11 have been identified for write off. These can be summarised as follows: -

Write Offs between £2k - £10k		
Write Off Reason	No of Cases	Amount for Write Off
Bankrupt	29	£ 123,251.90
Ceased Trading No Assets	16	£ 77,104.87
Deceased No Assets	7	£ 28,315.13
Housing Benefit Manager's recommendation	1	£ 2,016.96
Out of Jurisdiction	1	£ 2,724.95
Gone No Trace	53	£ 180,461.92
Liquidation	16	£ 59,578.03
Receivership	4	£ 17,380.30
Unable to Collect	12	£ 47,973.20
Aged Debt/ceased accounts	5	£ 16,266.85
Totals	144	£ 555,074.11

These debts can be broken down into separate revenues types as follow: -

NNDR		
Write Offs Over £2k - £10k		
Write Off Reason	No of Cases	Amount for Write Off
Bankrupt	11	£ 56,018.52
Ceased Trading No Assets	16	£ 77,104.87
Gone No Trace	9	£ 46,112.49
Liquidation	16	£ 59,578.03
Receivership	4	£ 17,380.30
Unable to Collect	1	£ 2,098.66
Totals	57	£ 258,292.87

CTAX		
Write Offs Over £2k - £10k		
Write Off Reason	No of Cases	Amount for Write Off
Bankrupt	17	£ 64,680.74
Deceased No Assets	5	£ 19,578.47
Gone No Trace	40	£ 123,141.29

Out of Jurisdiction	1	£	2,724.95
Unable to Collect	11	£	45,874.54
Aged debt/ceased accounts	5	£	16,266.85
Totals	79	£	272,266.84

Housing Benefits		
Write Offs Over £2000		
Write Off Reason	No of Cases	Amount for Write Off
Bankrupt	1	£2,552.64
Deceased No Assets	2	£8,736.66
Gone No Trace	4	£11,208.14
Housing Benefit Manager's recommendation	1	£2,016.96
Totals	8	£24,514.40

- 1.3 Any uncollectable non-domestic rates that are written off can be offset against the Council's contribution to the Non-Domestic Rates Pool. Provision has been made for this in the closing accounts for the Pool in each year since 1990.
- 1.4 Prior to write off every effort has been made to seek recovery. Internal Audit has reviewed the write off process, has independently scrutinised a sample of the cases submitted and has no objection to these debts being written off. Whenever a firm or individual goes into bankruptcy, liquidation, receivership etc., the Council's interest is registered with the Receiver, Liquidator etc. and it is possible that further sums may be recovered in due course.
- 1.5 Whenever an amount is written off it is possible that further sums may be recovered in due course as new information is obtained. This would happen in the following instances: -
- Where a new address is found for an absconded debtor, attempts will be made to recover any outstanding sums.
 - Whenever a firm or individual goes into bankruptcy, liquidation, receivership etc., the Council's interest is registered with the Receiver, Liquidator etc. and the receiver may pay a dividend to creditors.
 - Companies that have ceased trading but have not entered into insolvency may restart their business.
 - New information may come to light that indicates it is now feasible to collect a debt that had previously been deemed uncollectible for example, a large outstanding debt for a tax payer suffering extreme financial hardship, and in receipt of benefits, may have entered into employment.
- 1.6 Schedules of the debts concerned will be available at the meeting if required.
- 1.7 The amounts proposed for write off are within the provision set aside for doubtful debts. The Council has made provision for writing-off bad debts and these debts will be charged against this provision.

2. RECOMMENDATION:

It is recommended that 57 non-domestic rate debts amounting to £258,292.87, 79 Council Tax Debts amounting to £272,266.84 and 8 Housing Benefit Overpayments amounting to £24,514.40 be written off.

The total debt recommended for write off amounts to £555,074.11