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**Report to:** Audit and Governance Committee **Date of Meeting:** 21 September 2016

**Subject:** Revenue & Benefit Service –  
Write off of irrecoverable debts with balances over £10,000

**Report of:** Chief Finance Officer

**Wards Affected:** All Wards

**Is this a Key Decision?** No

**Is it included in the Forward Plan?** No

**Exempt/Confidential:**

No - but the Appendices to the report are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt

**Exempt Appendices:**

- Appendix 1 – NNDR accounts over £10,000
  - Appendix 2 – Council Tax account over £10,000
  - Appendix 3 – Sundry Debt accounts over £10,000
  - Appendix 4 – Housing Benefit account over £10,000
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### **Purpose/Summary**

As outlined within the Council's constitution, all outstanding debts over £10,000 cannot be written off without Member approval.

This report requests the authorisation of the Committee to write off the debts listed in Appendices 1, 2, 3 and 4 to this report.

### **Recommendation**

To approve the write off of all debts detailed in the appendices to this report. The total amount for write off is £378,982.05.

### **How does the decision contribute to the Council's Corporate Objectives?**

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

**Reasons for the Recommendation:**

The debts detailed in Appendices 1 to 4 are considered to be irrecoverable and are recommended for write off.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

The amounts proposed for write off are within the provisions set aside for doubtful debts and the Council will write off these debts against these provisions.

**(B) Capital Costs**

N/A

**Implications:**

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal</b>	None
<b>Human Resources</b>	None
<b>Equality</b>	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

**Impact on Service Delivery:**

None

**What consultations have taken place on the proposals and when?**

The Head of Corporate Resources is the author of the report (FD 4259/16).

Head of Regulation and Compliance has been consulted and has no comments on the report. (LD 3542/16).

**Are there any other options available for consideration?**

Not to write off the debt.

## **Implementation Date for the Decision**

Immediately following the close of the meeting.

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## **Background Papers:**

There are no background papers available for inspection.

## 1. Introduction/Background

- 1.1 This report is about Non Domestic Rate debts, Sundry Debts, Housing Benefit Overpayment debts and Council Tax debt with balances greater than £10,000 that have proved irrecoverable.
- 1.2 Sums below this range are delegated to the Head of Corporate Services and Head of Regulation and Compliance.

## 2. Debts of over £10,000 Identified for Write-Off

- 2.1 19 individual accounts with balances over £10,000 and totalling £378,982.05 have been identified for write off.
- 2.2 These can be summarised as follows:

<b>All Debts</b>		
<b>Write Offs Over £10k</b>		
<b>Write Off Reason</b>	<b>No of Cases</b>	<b>Amount for Write Off</b>
Bankrupt	1	£11,533.49
Ceased Trading No Assets	8	£187,872.30
Gone No Trace	2	£28,179.65
Legal Department Recommendation	1	£16,132.54
Liquidation	1	£13,129.38
Negotiated Settlement	2	£67,601.24
Unable To Collect	4	£54,533.45
<b>Totals</b>	<b>19</b>	<b>£378,982.05</b>
<b>Breakdown into annual debt:</b>		
2000		£532.33
2001		£659.94
2002		£762.16
2003		£792.05
2004		£720.47
2005		£879.11
2006		£916.65
2007		£955.44
2008		£993.22
2009		£1,020.79
2010		£23,190.47
2011		£22,324.90
2012		£20,789.01
2013		£46,198.22
2014		£57,717.09
2015		£180,056.62
2016		£20,473.58
<b>Total</b>		<b>£378,982.05</b>

2.3 These debts can be broken down into separate revenue types as follows:

NDR		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Ceased Trading No Assets	8	£187,872.30
Gone No Trace	1	£14,279.04
Liquidation	1	£13,129.38
Unable To Collect	4	£54,533.45
<b>Totals</b>	<b>14</b>	<b>£269,814.17</b>
<b>Breakdown into annual debt:</b>		
2011		£411.89
2012		£11,530.05
2013		£19,439.77
2014		£56,642.20
2015		£179,604.82
2016		£2,185.44
<b>Total</b>		<b>£269,814.17</b>

Sundry Debts		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Legal Department Recommendation	1	£16,132.54
Negotiated Settlement	2	£67,601.24
<b>Totals</b>	<b>3</b>	<b>£83,733.78</b>
<b>Breakdown into annual debt:</b>		
2010		£22,142.85
2011		£20,865.39
2012		£8,206.69
2013		£25,764.20
2016		£6,754.65
<b>Total</b>		<b>£83,733.78</b>

<b>Housing Benefit</b>		
<b>Write Offs Over £10k</b>		
<b>Write Off Reason</b>	<b>No of Cases</b>	<b>Amount for Write Off</b>
Bankrupt	1	£11,533.49
<b>Totals</b>	<b>1</b>	<b>£11,533.49</b>
<b>Breakdown into annual debt:</b>		
2016		£11,533.49
<b>Total</b>		<b>£11,533.49</b>

<b>Council Tax</b>		
<b>Write Offs Over £10k</b>		
<b>Write Off Reason</b>	<b>No of Cases</b>	<b>Amount for Write Off</b>
Gone No Trace	1	£13,900.61
<b>Totals</b>	<b>1</b>	<b>£13,900.61</b>
<b>Breakdown into annual debt:</b>		
2000		£532.33
2001		£659.94
2002		£762.16
2003		£792.05
2004		£720.47
2005		£879.11
2006		£916.65
2007		£955.44
2008		£993.22
2009		£1,020.79
2010		£1,047.62
2011		£1,047.62
2012		£1,052.27
2013		£994.25
2014		£1,074.89
2015		£451.80
<b>Total</b>		<b>£13,900.61</b>

- 2.4 Any uncollectable amounts can be written off against the Council's bad debt provision.
- 2.5 Prior to write off every effort has been made to seek recovery. Accounts have been provided to the Partnership Team Assurance Officers who have undertaken sample checks.
- 2.6 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.

2.7 Following approval and the write off for individual debts, the Revenues Manager will provide a reconciliation statement identifying any discrepancies that have arisen and reasons for discrepancies. Schedules of balances actually written off will accompany the statement and submitted to Financial Management for evidence and monitoring debt provision.