

CABINET

14 February 2017

WRITE OFF OF IRRECOVERABLE DEBTS

Report of the Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Key Decision: No	Forward Plan Reference: FP/041116/06	
Exempt Information	Yes APPENDIX A contains exempt information as defined in paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972	
Cabinet Member(s) Responsible:	Councillor Tony Mathias, Leader and Portfolio Holder for Finance and Places (Highways, Transport and Market Towns)	
Contact Officer(s):	Saverio Della Rocca, Assistant Director – Finance	01572 758159 sdellarocca@rutland.gov.uk
	Andrea Grinney, Revenues and Benefits Manager	01572 758227 agrinney@rutland.gov.uk
Ward Councillors	N/A	

DECISION RECOMMENDATIONS

That Cabinet:

1. Notes the action taken by the Resources Directorate to recover outstanding debts.
2. Approves the write off of the debts shown in Exempt Appendix A.

1 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to seek approval to write off debts, over the value of £2,500, where officers believe that there is little or no prospect of recovering them.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council collects council tax, business rates, overpaid housing benefit and sundry debtor income. Every effort is made to collect all monies due by the most appropriate and effective method. This includes reminder letters, attachment of earnings and benefits, civil enforcement action and special arrangements to pay.
- 2.2 The Council has a good track record of collecting debt: the council tax collection rate for 2016/17 is forecast to be 98.8%, business rates 99% and sundry debt collection is expected to be 97%.
- 2.3 In the context of these collection rates, the level of proposed write offs is relatively low. The Assistant Director-Finance has delegated authority to write off debts up to £2,500 and debts above that level are written off by Cabinet. Cabinet are being asked to write off debts of £63,454.57 which officers believe cannot be recovered.
- 2.4 Debts arising due to bankruptcy, insolvency and debt relief orders are pursued as far as possible and a claim is always made, however dividends are rarely received as local authority debts are not classed as preferential debts.
- 2.5 Debts arising from absconders are thoroughly investigated using our bailiff tracing services and third party tracing agents prior to a request for write off. Should the debtor be discovered at a later date the write off will be reversed and the debt reinstated.
- 2.6 There are a number of requests to write off unpaid business rates for public houses. In most cases the ratepayer is not the owner of the public house but the tenant. Many landlord or owners are able to protect themselves from losing rental income as a result of their tenants going into liquidation or administration by requesting a deposit or a bond in advance of occupation; local authorities are unable to protect themselves in such a way which means that, in effect, local authorities give 'credit' from day one. Offices take enforcement action in accordance with legislation and debts are pursued as far as possible.
- 2.7 The recovery process is defined in legislation and a set process must be followed. Instalments are due on the 1st of each month. For example, the first instalment is due on 1st April, if this first instalment is not paid the Council would only be able to obtain a Liability Order to take enforcement action towards the end of June, by which time further debt will accrue. Cases are referred promptly to enforcement agents for collection and statutory fees are added, this can add further financial pressure to ratepayers who are unable to meet their existing liability. In some cases the ratepayer stops trading or enters into liquidation and the debt becomes irrecoverable.

3 SUMMARY OF PREVIOUS WRITE OFFS

- 3.1 The following table details the total amounts written off in the last three years, this includes those approved by Cabinet and under delegation awarded to officers.

Year	Council Tax	Business Rates	Overpaid Housing Benefit	Sundry Debt
2013/14	£24,199.09	£16,598.84	£13,185.33	£47,946.49
2014/15	£15,244.38	£11,794.67	£11,016.25	£13,683.19
2015/16	£33,520.08	£36,288.44	£18,859.48	£22,994.62
2016/17(to date including Appendix A)	£8,084.53	£9,321.54	£12,777.62	£40,655.07

4 CONSULTATION

4.1 Consultation is not required for any decisions being sought in this report.

5 ALTERNATIVE OPTIONS

5.1 The Council has a statutory duty for the proper administration of its financial affairs and this is detailed in the Council's Financial Procedure Rules.

6 FINANCIAL IMPLICATIONS

6.1 A bad debt provision is made for loss of collection for all debts and the provision is sufficient to cover these write offs. When the provision is reset any increase is charged to the Revenue Account.

7 LEGAL AND GOVERNANCE CONSIDERATIONS

7.1 Cabinet approval is required for the write off of debts in excess of £2,500, as per paragraph 8.51 of the Council's Financial Procedure Rules.

8 EQUALITY IMPACT ASSESSMENT

8.1 An Equality Impact Assessment questionnaire has been completed and there are no specific issues arising from the write off of uncollectable amounts.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications arising from this report.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications arising from this report.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 There is no prospect of collecting the debts detailed in Appendix A; it is therefore prudent to write off the debts.

12 BACKGROUND PAPERS

12.1 There are no additional background papers to the report.

13 APPENDICES

13.1 Exempt Appendix A– Appendix A is marked as “Not For Publication” because it contains exempt information as defined in paragraph 2 of Part 1 of Schedule 12A of the Local Government Act 1972, namely information which is likely to reveal the identity of an individual.

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.