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15 May 2015

To: All Members of the Council

Quorum: 15

Dear Councillor

This is a supplement to the previously-published agenda for the meeting of **COUNCIL** on **THURSDAY, 21 MAY 2015**, containing those reports which had not been received by the original publication deadline.

Yours faithfully  
**JEAN HUNTER**  
Chief Executive

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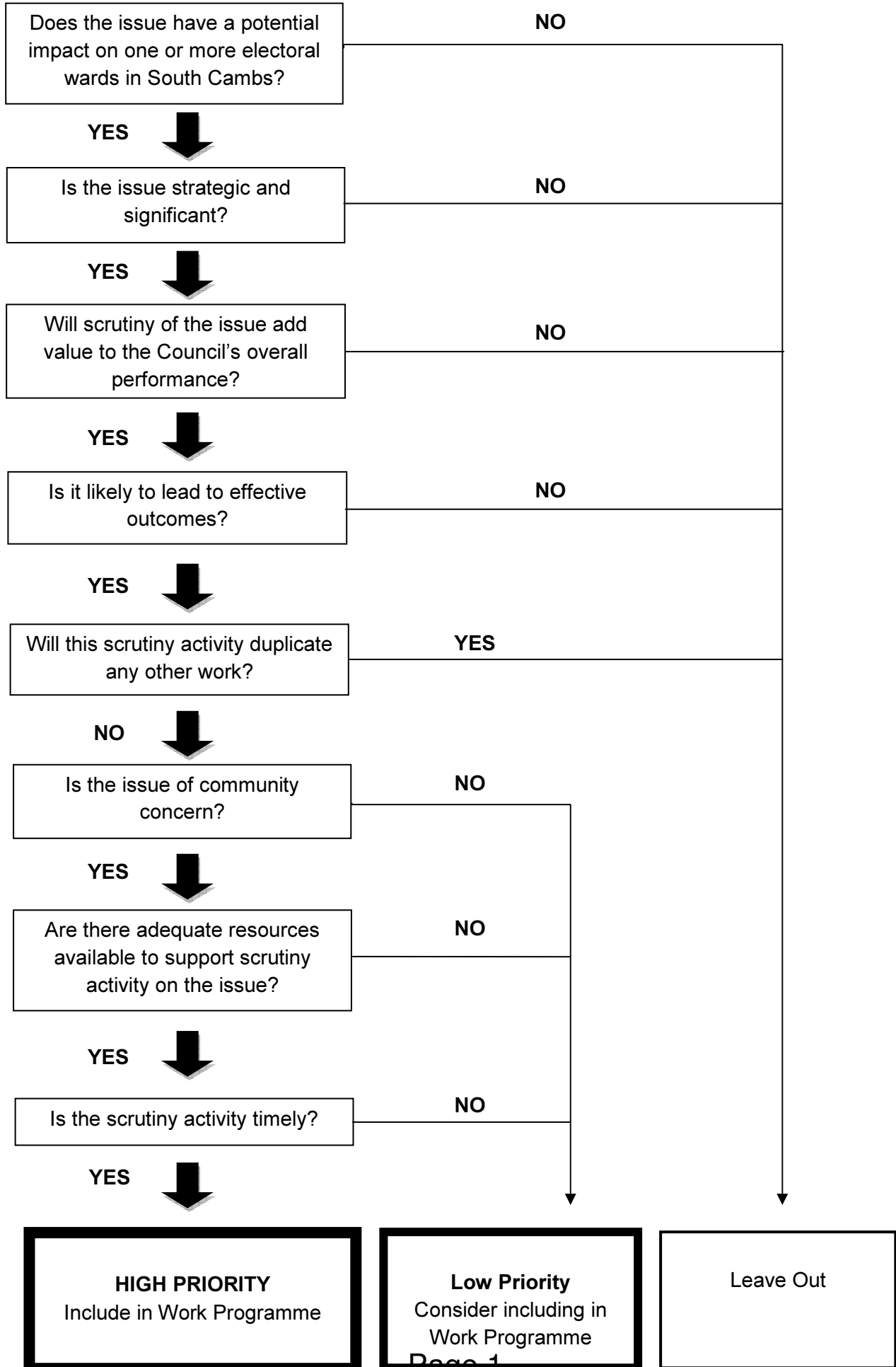
## AGENDA

	<b>PAGES</b>
<b>14. JOINT SCRUTINY &amp; OVERVIEW COMMITTEE AND PARTNERSHIPS REVIEW COMMITTEE ANNUAL REPORT 2014/15</b>	<b>1 - 2</b>
Appendix A to the report is attached, which was omitted from the report included in the original agenda pack.	
<b>18. WRITE-OFFS 2014/15</b>	<b>3 - 8</b>
To <b>NOTE</b> the amounts written off under delegated powers. This report was marked as 'to follow' on the original agenda pack.	

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# Agenda Item 14

## Scrutiny Work Programme Prioritisation Tool



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# Agenda Item 18



**Report To:** Council  
**Lead Officer:** Executive Director Corporate Services

21 May 2015

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## Write off of outstanding debt

### Purpose

1. To notify Council of debts written off under powers delegated to the Finance Portfolio Holder and the Chief Financial Officer as required by the Constitution.
2. This is not a key decision; however, the Council's Constitution requires that an annual report regarding the use of delegated authority to write off debts be submitted to Council.

### Recommendations

3. It is recommended that Council note the amounts written off under delegated powers.

### Reasons for Recommendations

4. The Council has very good revenue collection rates and has maintained good accounting practice by regularly reviewing debts and writing them off where there is no likelihood of recovering them.

### Background

5. The Council's Constitution sets out delegated authority to write off irrecoverable debts. The Chief Financial Officer is authorised to approve the write off of debts up to level 2 (£25,000) and the Finance Portfolio Holder to approve write offs in excess of that amount. The Chief Financial Officer has further delegated authority to write off irrecoverable debts below £2,500 to the Head of Accountancy through the scheme of officer delegation.

### Considerations

6. Whilst the Council's revenue collection rates remain high there are inevitably cases where it proves impossible to collect outstanding amounts. These may be due to legal restrictions, such as in the case of insolvency or death; because the debtor has absconded and cannot be located; or because it is not economic to take further action in consideration of the amount of the debt and the particular circumstances.
7. All appropriate options to recover the debt are attempted before the debt is considered for write off.

8. Provisions for bad debt are made annually in the Council's accounts and it is generally recognised to be good accounting practice to write off debts as soon as possible once it has been established that collection is unlikely.
9. During the 2014/15 year, authorisation was given to write off amounts as shown in the first table. The amounts are expressed as a percentage of the 2014/15 collectible charges in the second table. Table 4 provides a comparison to previous years.

**Table 1 – Value of debt written off**

Type of Debt	Total Amount Authorised by	
	Portfolio Holder	Chief Financial Officer
Rent	16,013.11	32,616.38
Council Tax	26,590	67,438.38
Non-Domestic Rates	478,027.59	10,336.61
Sundry Debt	30,935.94	44,255.40
Housing Benefit Overpayment	32,620.09	68,689.39
LCTS Overpayment*	-	-

\* Collectible overpayments of Local Council Tax Support are debited to Council Tax accounts

**Table 2 – Value of debt written off as a percentage of charge**

Type of Debt	As % of 2013/14 Collectable Charge	
	Portfolio Holder	Chief Financial Officer
Rent	0.06%	0.12%
Council Tax	0.03%	0.07%
Non-Domestic Rates	0.68%	0.01%
Sundry Debt	0.39%	0.56%
Housing Benefit Overpayment	1.18%	2.49%
LCTS Overpayment	-	-

**Table 3 – Number of debts written off**

Type of Debt	Number of Debts Written Off	
	Portfolio Holder	Chief Financial Officer
Rent	7	106
Council Tax	11	720
Non-Domestic Rates	14	58
Sundry Debt	6	108
Housing Benefit Overpayment	7	225
LCTS Overpayment	-	-

**Table 4 – Previous Years figures**

Type of Debt	Year							
	2012/13				2013/14			
	Auth'd by PFH	Auth'd by CFO	Value of Debt Written off as % of Charge	No. Of Debts	Auth'd by PFH	Auth'd by CFO	Value of Debt Written off as % of Charge	No. Of Debts
	£	£	%		£	£	%	
Rent	-	37,657.9	0.15	151	-	37,230.81	0.14%	226
Council Tax	-	89,710.36	0.11	175	-	136,412.00	0.15%	1198
Non-Domestic Rates	361,169.12	138,301.51	0.21	54	500,007.34	91,786.00	0.85%	44
Sundry Debt	-	60,824.24	1.24	72	-	31,266.40	0.48%	7
Housing Benefit Overpayment	-	44,190.45	2.33	160	-	80,875.00	3.28%	121
Council Tax Benefit Overpayment	-	7,133.68	N/A	27	-	13,266.40	N/A	40

## **Options**

10. It is recommended that Council note the amounts written off under delegated powers

## **Implications**

11. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

### ***Financial***

12. The financial implications vary, dependent upon the type of debt as outlined below.
13. Council Tax. The write off of debts represents a loss of income to the Council's Collection Fund. An allowance for bad debt is made when setting the tax base used to calculate the level of Council Tax. If there is an overall deficit on the collection fund at the end of the financial year this is shared by all the major preceptors, the County Council, and Police and Fire Authorities
14. Rent. There is a direct loss of income to the Council's Housing Revenue Account. Bad debt allowances are set according to a statutory scale based on the value of individual debts.
15. Business Rates. The write off of debts represents a loss of income to the Council's Collection Fund. An allowance for bad debt is made within the accounts. If there is an overall deficit on the collection fund at the end of the financial year this is shared by all the major preceptors, the County Council, and Fire Authorities.
16. Sundry Debts, Write offs represent a direct loss of income to the Council's General Fund or Housing Revenue Account as appropriate.
17. Overpayments of Housing Benefit & Local Council Tax Support. Whilst the write offs are a direct loss of income to the Council's General Fund, the Council still receives a subsidy from central Government in respect of the Housing Benefit paid in the majority of cases. The actual amount of subsidy varies depending on the reason for the overpayment.

### ***Legal***

18. The Council has a statutory responsibility to collect certain charges such as Council Tax, Non-Domestic Rates, and overpayments of benefits, and must act reasonably in attempting to collect all money due. Other charges can be subject to legally binding contractual arrangement. In some situations, such as insolvency, the Council is precluded from recovering debts and obliged to write them off.
19. Whilst not a legal requirement it is considered good accounting practice to write off bad debts as soon as it is evident that they are uncollectable.

### ***Risk Management***

20. Debts written off during the year are within the budgeted provisions and there are no risk management implications

## **Consultation responses (including from the Youth Council)**

21. None



### **Effect on Strategic Aims**

22. Efficient revenue collection with minimal levels of debts written off is essential to ensure that budgeted funding is available to enable the Council to provide services.

### **Background Papers**

No background papers were relied upon in the preparation of this report.

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