

<b>Subject:</b>	Irrecoverable Debt Report	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	7 <sup>th</sup> March 2012
<b>Report of:</b>	Finance Manager	<b>Portfolio Holder:</b>	Finance and Resources
<b>Key Decision:</b>	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Community Impact Assessment:</b>	Required:	<del>Yes</del> /No	Attached: <del>Yes</del> /No
<b>Biodiversity Impact Assessment</b>	Required:	<del>Yes</del> /No	Attached: <del>Yes</del> /No
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1.	<b>RECOMMENDATION(S)</b>
1.1	Members are recommended to approve the write off of £14,467.49 in respect of irrecoverable Non-Domestic Rate debts.
1.2	Members are recommended to approve the write-off of £7,070.00 in respect of irrecoverable sundry debts.

## 2. PURPOSE OF REPORT

- 2.1 The purpose of the report is request member authority to write off bad debts of National Non-Domestic Rates (NNDR) and sundry debts which are above the delegated limit of £5000 (see Appendix 1).

## 3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- **Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

Strong financial control ensures the effective management of the Council's resources, which then enables the provision and delivery of value for money services.

## 4. RISK ASSESSMENT IMPLICATIONS

- 4.1 There are no specific risk issues for members to consider arising from this report. Funds are already provided to support such write-offs and officers now consider these debts to be irrecoverable.

## 5. BACKGROUND AND OPTIONS

- 5.1 Before the accounts for the year are closed down it is prudent practice to clear any debts from the ledgers which are now deemed to be irrecoverable. Appendix 1 and Appendix 2 show the debts above the £5k limit delegated to the Head of Finance which now require Member approval for write-off.

### 5.2 Appendix 1 – Non-Domestic Rates

The sum of £14,467.49 is regarded as irrecoverable in respect of Non-Domestic Rates due to liquidation of one business. A creditor's claim has been lodged in respect of this debt.

A record of all debts written off is maintained in the event that there is an opportunity for future collections.

### 5.3 **Appendix 2 – Sundry Debts**

One sundry debt invoice to the value of £7,070.00 is now considered irrecoverable. The company in question has gone into receivership, and though claims have been lodged there is little hope at this stage that any funds will be received. Since the invoice was to recover the costs of work done to secure the premises in default of the Local Government (Miscellaneous Provisions) Act 1982 and as such the debt will remain on the Local Land Charges Register so that funds would be recovered in future should the property be sold.

### 5.4 **Resources for Write-off**

The cost of write off for NNDR does not fall on the Council fund directly but is absorbed by central government through the national pooling arrangement.

There is an accumulated provision of £124k available for the write-off of sundry debts, against which the current financial monitoring report anticipates a doubtful debt level of £105k (including the above £7k).

## **COMMENTS FROM STATUTORY OFFICERS:**

### **6. SECTION 151 OFFICER**

6.1 Financial matters are dealt with in the report. As the invoices in Appendix 1 are over £5,000 each they require member approval to write off.

### **7. MONITORING OFFICER**

7.1 Unless specifically commented upon within the report, there are no specific implications for consideration.

### **8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)**

8.1 Unless specifically commented upon within the report, there are no implications for consideration.

### **9. CONSULTATION CARRIED OUT**

9.1 Directors, Heads of Services and Budget Holders

### **10. CONCLUSION**

10.1 The write-offs are within the provisions available and recommendation to write off is made within the grounds of prudence before the financial year end.

#### Background Papers

Document	Place of Inspection
Monthly detailed financial monitoring statements for each service area	Financial Services
Final Accounts working papers	Financial Services