

APPENDIX D

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 5 MARCH 2013

Title:

OUTSTANDING DEBTS WRITE-OFF FOR DECISION

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: N/A]

Note pursuant to Section 100B(5) of the Local Government Act 1972

The annexe to this report refers to exempt information by virtue of which the public may be excluded during the item to which the report relates, as specified in Paragraph 3 of part I of Schedule 12A to the Local Government Act 1972, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

To obtain approval for irrecoverable bad debts of more than a £7,500 individual value to be written off in accordance with the Council's Financial Regulations.

How this report relates to the Council's Corporate Priorities:

The efficient and professional management of outstanding debt ensures that the best possible collection rates are achieved at the lowest unit cost to Waverley. Such action falls within the Value for Money Corporate priority.

Financial implications:

In accordance with recommended accounting practice, the Council maintains a provision for write offs in respect of council tax and sundry debt invoices. This provision meets with audit requirements and is subject to annual review. The write offs detailed in this report are within the normal annual allowance for such items therefore this report does not impact on Waverley's budgets. National Non Domestic Rates are collected on behalf of Central Government and yield lost in respect of bad debts written off is reported to and is currently borne by the Department for Communities and Local Government. The yield lost in respect of council tax is allowed for when setting the council tax base and the impact is shared by all precepting authorities in proportion to their precepts.

Background

1. Waverley's Financial Regulations include a delegation to the Deputy Chief Executive to authorise the write off of any individual debt up to the value of £5,000 and, in conjunction with the Chief Executive, any debt up to £7,500. Any debt over £7,500 must be referred to the Executive for approval before it is written off. In arriving at a decision to write off a debt, officers pursue a rigorous testing process to establish whether funds can be recovered or, as a last resort, whether the debt has to be deemed to be irrecoverable. Every effort is made to trace debtors and recover amounts but some debtors become insolvent and some debts become uneconomical to pursue further. Waverley makes a prudent provision within its accounts for bad debts which is based on the age profile and type of outstanding debts in each of the main income areas.
2. This report requests the Executive to approve the write-off of five business rate debts totalling £107,603.32 as detailed in the Exempt Annexe. The reasons for write-off, together with the number of debts and the total values, are analysed as follows:
 - Four debts totalling £87,088.27 which relates to companies that have been formally declared insolvent and there is no distribution to unsecured creditors. Therefore there is no chance of recovering any of this money.
 - One debt with a value of £20,515.05 where the debtor has no assets of significant value so further recovery action is not cost effective.
3. In addition to these larger value debts the Deputy Chief Executive has also approved write-off of business rates, council tax and sundry debts in the <£5,000 bracket, totalling £52,928.62, £80,595.32 and £69,192.36 respectively. The Chief Executive and the Deputy Chief Executive have approved business rates and council tax write-offs in the £5,000 to £7,500 bracket, totalling £23,354.00 (4 cases) and £5,059.84 respectively. These debts have been approved for write-off under the delegated authority. The Head of Finance can arrange for Members of the Executive to see more detail about any of the debts approved or put forward for write-off if they wish.

Recommendation

It is recommended that, under Financial Regulation D203, the Executive approve the debts put forward for write-off as listed in the (Exempt) Annexe to this report.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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