

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 1 DECEMBER 2015

Title:

OUTSTANDING DEBTS WRITE-OFF FOR DECISION

[Portfolio Holder for Finance: Councillor Wyatt Ramsdale]

[Wards Affected: All]

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:

The purpose of this report is 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.

Equality and Diversity Implications:

Waverley treats all individuals consistently and fairly regardless of age, sex, gender, disability and sexual orientation and to ensure that individual's rights under data protection and human rights legislation is protected. The recommendations of this report are in line with these principles.

Resource and legal 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. Business Rates are shared between the Government (50%), Surrey County Council (10%) and Waverley (40%). 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 Director of Finance and Resources to authorise the write-off of any individual debt up to the value of £5,000 and, in conjunction with the Executive Director, 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 recommendation 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. Write-offs were last reported to the Executive in September 2014. This report requests the Executive to approve the write-off of eight business rates debts totalling £133,931.01 and one case of Former Tenant Arrears with a value of £8,870.47 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:
 - Uncollectable - Three debts with a total value of £27,031.29 where the debtor has no assets of significant value so further recovery is not cost effective.
 - Insolvent - Four debts totalling £91,683.90 which relates to companies/individuals that have been formally declared insolvent and a small distribution has been received and posted to the appropriate account or there is no distribution to unsecured creditors. Therefore, there is no chance of recovering any of the outstanding monies.
 - Absconded - Two debts with a value of £24,086.29 where the debtor has absconded and a current address is not forthcoming despite various efforts to trace the debtor, these efforts included the use of tracing agents.

3. In addition to these larger value debts, over the past year the Director of Finance and Resources has also approved write-off of business rates and council tax debts in the <£5,000 bracket, totalling £113,315.51 (sixty-one cases) and £39,473.46 (64 cases) respectively. The Executive Director and the Director of Finance and Resources have approved business rates and council tax write-offs in the >£5,000 to £7,500 bracket, totalling £19,141.42 (three cases) and £6,095.16 (one case) respectively. These debts have been approved for write-off under the delegated authority.

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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