

Executive Member for Corporate Services

16 February 2010

Report of the Assistant Director (Customer Service & Governance)

Bad Debt Write Off Report – Period mid November 2009 to January 2010

Summary

- 1 This report presents to the Executive Member for Corporate Services the irrecoverable accounts in respect of Council Tax (CT), National Non-Domestic Rates (NNDR), Sundry Debtors and Housing Benefit overpayment for write-off covering the period 21 November 2009 to 22 January 2010. The last write-off report was presented to the Executive Member for Corporate Services on 15 December 2009 for the period 1 October 2009 to 20 November 2009.

Background

- 2 The council's Constitution and supporting Financial Regulations delegate the responsibility for writing-off all individual debts up to and including £5k to Chief Officers in consultation with the Chief Financial Officer (CFO) under the officer scheme of delegation. Above this threshold debts are written-off in consultation with the Executive Member for Corporate Services. Any exceptional debts with an individual value above £200k may only be written off on the authority of the Executive.
- 3 The council only writes off debt where it is irrecoverable for example where a customer has died and has no assets, or a business is bankrupt and has no assets. The only exception to this is where a debt is not cost effective to recover.
- 4 The council's in year collection rate for CT (2008/09) was in excess of 97% and placed York above the Unitary average of 96.7%. There was a 97.52% collection rate in 2008/09 for NNDR, which was down slightly on 2007/08 (98%) which reflected the recent economic conditions. The total collection rate for Sundry Debtor accounts is in excess of 99%.
- 5 The council is prudent in managing bad debt and makes provision for them in its annual statement of accounts. This ensures that the writing off of bad debt has no detrimental affect on service provision or the council taxpayer. In the case of NNDR the Government meets the cost of writing off bad debt.

Debt to be written off 21 November 2009 – 22 January 2010

- 6 Details of accounts with individual values above £5k in respect of NNDR and Sundry Debtors are set out at Annex A excluding any personal data, and in detail in confidential Annex B of this report respectively. The value of the accounts to be written off this period is £169,560 and Table 1 below shows the value of accounts by each area of debt.

Table 1

Debt Write -Off Summary 21 November 2009 - 22 January 2010			
Fund	Over £5K	Under & Inc £5K	Total
National Non-Domestic Rates	£35,854	£10,741	£46,594
Council Tax	£0	£78,033	£78,033
Housing Benefit Overpayment	£0	£14,370	£14,370
Sundry Debtors	£10,882	£19,680	£30,563
Grand Total	£46,736	£122,825	£169,560

- 7 The figures alone do not reflect the overall performance of the recovery teams. This can be more clearly demonstrated when the figures are compared to the value of debts raised. A more detailed breakdown of the debt write off relating to each year, compared to the respective value of accounts raised is set out at Annex C.
- 8 The council is continuing to develop and improve the efficiency of its debt collection and is working with the 'More for York' programme during 2009/10 to further improve its performance in the collection of both in year and prior year debt across all of the council's income streams.

Consultation

- 9 No consultation was necessary in the production of this report.

Options

- 10 There are two options for the Executive Member for Corporate Services to consider in relation to this report. These are:
- i. to write off the over £5k accounts totalling £46,736 in line with the council's Financial regulations;
 - ii. to leave the accounts on the council's accounts, but acknowledging the risk of doing so as laid down in paragraph 14 below.

Analysis

- 11 All analysis is contained in the annexes to this report.

Corporate Priorities

- 12 The effective and efficient management of income collection directly supports the corporate strategy objective of delivering an Effective Organisation. Improved income to the council also provides cross-cutting financial support in delivering all eight corporate objectives.

Implications

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- (a) **Financial** – The Assistant Director of Resources (Corporate Finance) has been consulted in relation to this report and has confirmed that there is adequate provision to meet the value of the accounts to be written off.
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications

Risk Management

- 14 If proper debt management and accounting procedures are not followed in the management and writing off of debt then the council could be criticised by the external auditor as part of the annual Use of Resources Assessment.

Recommendations

- 15 The Executive Member for Corporate Services is asked to:
- a) approve the write off of bad debt as set out at Table 1 above and in the confidential annexe B attached to this report.

Reason

To remove irrecoverable bad debt from the council's accounts in accordance with accountancy best practice.

Contact Details

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Report Approved



3 February 2010

Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Write off Report December 2009

Non-Confidential Annexes

Annex A Accounts to be written off excluding personal data

Annex C Debt Write off by year account raised

Confidential Annexes

Annex B NNDR Accounts Over £5K & Sundry Debtor Accounts Over £5K