
Executive Member for Corporate Services

20 October 2009

Report of the Assistant Director (Customer Service & Governance)

Bad Debt Write Off Report – Period April to September 2009

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 1 April 2009 to 30 September 2009. The last write-off report to come before the Executive Member for Corporate Services was on 16 June 2009 for the 2008/09 year.

Background

- 2 The council's Constitution and supporting Financial Regulations delegate the responsibility for writing-off all individual debts in excess of £2,000 to the Executive Member for Corporate Services. The debts with individual values below this amount are written-off by the Chief Financial Officer (Director of Resources) under the officer Scheme of Delegation.
- 3 The council only writes off debt where it is irrecoverable for example where a customer has died, or a business is bankrupt. 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) is in excess of 97% and puts York above the Unitary average of 96.7%. The collection rate for Sundry Debtor accounts is in excess of 99% with NNDR having a 97.52% (2008/09) collection rate, which is down slightly on 2007/08 (98%) but reflects the current economic conditions.
- 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 1 April 09 – 30 September 09

- 6 Details of accounts with individual values above £2,000 in respect of CT, NNDR, Sundry Debtors and Housing Benefit Overpayment are set out in confidential Annexes A to D of this report respectively. The value

of the accounts to be written of this period is £629,654. Table 1 below shows a comparison between the total value of accounts written off in 2008/09 and the value for this year (2009/10) as at 30 September 2009.

Table 1

Debt Write -Off Summary 2009/10						
Fund	This Period		This Year		Total	Totals 2008/09
	Over £2K	Under £2K	Over £2K	Under £2K		
National Non-Domestic Rates	£182,132	£13,553	£182,132	£13,553	£195,685	£391,383
Council Tax	£78,722	£274,943	£78,722	£274,943	£353,665	£431,467
Housing Benefit Overpayment	£4,268	£47,128	£4,268	£47,128	£51,396	£89,144
Sundry Debtors	£28,660	£250	£28,660	£250	£28,909	£216,772
Grand Total	£293,781	£335,873	£293,781	£335,873	£629,654	£1,128,765

- 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 E.
- 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 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 £2,000 accounts totalling £293,781
 - ii. to leave the accounts on the council's accounts.

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

13

- (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 approve the write off of bad debt as set out at Table 1 above and in Annexes A – D 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

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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 2008/09

Confidential Annexes

Annex A Council Tax Accounts Over £2,000
Annex B NNDR Accounts Over £2,000
Annex C Sundry Debtor Accounts Over £2,000
Annex D Housing Benefit Accounts Over £2,000

Non-Confidential Annexes

Annex E Debt Write off by year account raised