

Subject:	Irrecoverable Debt Report	Status:	For Publication
Report to:	Cabinet	Date:	4th March 2015
Report of:	Finance Manager	Portfolio Holder:	Finance and Resources
Key Decision:	<input type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	General Exception	<input type="checkbox"/> Special Urgency <input type="checkbox"/>
Equality Impact Assessment:	Required: Yes /No	Attached:	Yes /No
Biodiversity Impact Assessment	Required: Yes /No	Attached:	Yes /No
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1.	RECOMMENDATION(S)
1.1	Members are recommended to approve the write off of £122,080.30 in respect of irrecoverable Non-Domestic Rate debts (Appendix 1).
1.2	Members are recommended to approve the write off of £11,430.40 in respect of irrecoverable Benefit debts (Appendix 2).

2. PURPOSE OF REPORT

- 2.1 The purpose of the report is request member authority to write off bad debts of Council Tax, Non-Domestic Rates (NDR), overpaid Benefits and Sundry debts which are above the limit of £5,000 which is delegated to the Head of Finance. There are no amounts over £5,000 for either Council Tax or Sundry Debts. Larger debts for Non-Domestic Rates and Benefits are attached at Appendix 1 and 2 respectively.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:

- **Responsive Value for Money Services:** This priority is about the Council working collaboratively, being a provider, procurer and a commissioner of services that are efficient and that meet the needs of local people.

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

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. Appendices 1 & 2 show the debts above the £5k limit delegated to the Head of Finance which now require Member approval for write-off.

5.1 Council Tax

There are no council tax debts over £5,000 awaiting write-off approval.

At the last financial monitoring report collection rates for Council Tax were slightly down on last year, but officers report some increase in the take-up of payments by 12ths rather than the usual 10 monthly instalments.

The Council Tax Collection Fund is currently anticipating a surplus of £929k, of which this Council's share would be £150k. This is due in part to the change in the empty property discount policy and a reduction in the volume of banding appeals.

5.2 Non-Domestic Rates (Appendix 1).

The sum of £122,080.30 is regarded as irrecoverable in respect of Non-Domestic Rates due from 8 accounts.

Where the relevant companies have been dissolved, creditor's claims have been lodged in respect of these debts and a record of all debts written off is maintained in the event that there is an opportunity for future collections.

The Collection Fund for Non-Domestic Rates is currently projecting a cash surplus of £429k for 2014/15, due in part to changes in gross billing, discounts and a reduction in banding appeals. Rossendale will be able to retain 50% of any such surplus.

5.3 Benefit Debts (Appendix 2)

The sum of £11,430.40 is regarded as irrecoverable in respect of 2 overpaid Benefit claims.

In both cases some benefit has been recovered from ongoing entitlement, but in one case the claimant has died leaving no estate, therefore no means to recover the balance. In the other case ongoing benefit has ceased and the bailiffs have exhausted all recovery avenues at the moment. However, should that claimant requalify for Housing Benefit within the next six years, this debt can be written back on and recovered from any ongoing entitlement.

5.4 Sundry Debts

Collection of sundry debts continues to be around the 97.5% target, despite a 37% rise in the value of debts being issued by the end of January 2015 to over £3.1m.

At the end of January 2015 the total amount of outstanding sundry debt has fallen to £280k, of which £125k is under 30 days old. Of the £76.5k outstanding in relation to prior years, there are no debts over £5,000 awaiting write-off approval.

5.5 Resources for Write-off

As at 01/02/15 the provisions for bad debts stood at

- Council Tax = £363
- Non-domestic Rates = £347k
- Housing Benefits = £533k
- Sundry Debts = £84k

6. SECTION 151 OFFICER

6.1 Financial matters are dealt with in the report. As the accounts in the attached Appendices

are over £5,000 each they require member approval to write off.

6.2 Housing Benefits overpaid will in the first instance have been refunded to this Council in full through DWPO Housing Subsidy. Therefore, the write-off of this debt does not have an adverse impact on the Council's finances. Any recovery of overpaid benefits is retained 100% by this Council.

6.3 The value of doubtful Non-domestic Rates has been fully provided for. However, under the new arrangements for the financing of Local Government, the opportunity cost of the above NDR write-offs is £24,400 (i.e. 20%).

7. MONITORING OFFICER

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

8. POLICY IMPLICATIONS AND CONSULTATION CARRIED OUT

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

8.2 Consultation with Capita and relevant Budget Holders.

9. CONCLUSION

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

Background Papers

Document	Place of Inspection
Monthly detailed monitoring statements cover outstanding sundry debts as well as reports on Council Tax and Non-domestic Rates collection.	Financial Services
Capita records are held on each Council Tax, Non-domestic Rates and Benefit case on the Appendices attached.	Capita