

Agenda Item No: 6
Report To: CABINET
Date: 14 JANUARY 2016



Report Title: Revenues & Benefits Recommended Write-Offs Schedule
Report Author: Peter Purcell – Revenues & Benefits Manager

Portfolio Holder: Cllr Shorter, Portfolio Holder for Finance, Budget & Resource Management

Summary:	This report proposes the formal write off of 389 debts totalling £278,557.91. The proposals are in line with the Council's Revenues & Benefits Service Write Off Policy. Existing bad debt provisions already more than cover the sums involved.
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Key Decision: No
Affected Wards: None

Recommendations : **The Cabinet be asked to:-**

- 1. Note the action that accounts totalling £81,719.17 have been written off under the delegated powers (Financial Regulations 11.1)**
- 2. Approve the write offs listed in the Exempt Appendices totalling £196,838.74**
- 3. Delegate the approval of the Council's Business Rates estimate for submission to government to the Chief Finance Officer and Portfolio Holder for Finance & Budget, Resource Management and Procurement on an ongoing basis.**

Policy Overview: The regular review and writing off of un-collectable debts is part of strong financial management.

Financial Implications: None – provision for bad debts has been made in the final accounts.

Risk Assessment No

Exemption Clauses **The Exempt Appendix is Not for Publication by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972**

Contacts peter.purcell@ashford.gov.uk

Purpose of the Report

1. To advise Members of debts written-off and obtain approval to write off further individual debts of over £1,000.00 listed in the Exempt Appendices.

Issues to be Decided

2. To agree the write off of uncollectable debts.

Background

3. The write offs being recommended are in accordance with the Revenues & Benefits Service Write Off Policy that was approved by the Executive Committee on 20 March 2003. Over recent years, due to the economic climate there has been a significant increase in NNDR (Business Rates) write offs, the majority of these relate to companies that have ceased trading.

Write Offs

4. Details of the write-offs being recommended are listed in the Exempt Appendices to this report and are summarised along with the debts written off under delegated powers by the Deputy Chief Executive as follows:

	Value of debts written off under delegated powers £	Value of debts recommended for write off (see attached appendices) £	Provision for Bad Debts at 1.4.15 £	Provision for Bad Debts Balance (Current) £	Value of outstanding Debt at 1.4.15 £
Council Tax	47,839	33,596	1,900,431	1,778,953	2,156,914
NNDR	4,749	151,388	611,359	323,507	634,108
HB overpaymts	1,177	2,295	2,342,483	2,330,417	2,465,772
Sundry Debtors	2,708	(5,274)	365,195	361,275	908,334
Housing Rents	25,246	14,834	849,943	777,065	915,068
TOTAL	81,719	196,838	6,069,411	5,571,217	7,080,196

5. The write offs do not have an immediate financial effect on the current year's budget as the bad debt provision is greater than the write-off total. However, the making of that provision did have a cost implication at the time the provision was made; those being sundry debtors at full cost, council tax approximately 10% cost (90% financed by Kent County Council, Police and Crime Commissioner of Kent & Kent Fire Authority), housing benefit overpayments 60% cost due to existing subsidy arrangements and NNDR 40% (50% financed by the Government and 10% by Kent County Council). The Housing accounts are provided for in full in the Housing Revenue Account.
6. Under delegated powers (Financial Regulations 1.1) the Deputy Chief Executive has written off 196 Council Tax accounts (£47,839.56), 18 NNDR accounts (£4,749.02), 7 Housing Benefit Overpayment accounts (£1,176.84), 11 Sundry Debtor accounts (£2,707.86) and 118 Housing accounts (£25,245.89).

Completion of a Business Rates Estimate

7. Each year the Council submits an estimate for Business Rates yield to government, this is called the NNDR1. This estimate then forms the basis of the Councils budget for business rates income.
8. Government usually release the form at the end of December and this is completed in January and submitted to Government. In previous years a draft return has been reported to Cabinet in January with an annual delegate made to the Chief Financial Officer and Portfolio Holder for Finance & Budget, Resource Management and Procurement.
9. This year government have delayed the release of the form making it more difficult to produce an estimate for submission to cabinet, although early indications are that the estimate will be in line with budget expectations. The table below compares the estimate within the draft budget with the first draft of the NNDR1 form.

	Draft Budget	Preliminary NNDR1
Yield	19,303,550	19,216,040
Tariff	(15,778,600)	(15,623,800)
Net Income	3,524,950	3,592,240

10. In view of the timescales for agreeing an estimate and submitting this to government it is proposed that the delegation agreed last year as mentioned above be continued permanently with the responsibility to submit the Councils NNDR1 being delegated to the Chief Financial Officer and Portfolio Holder for Finance & Budget, Resource Management and Procurement, with the estimate and impact that this will have on the budget being reported to Cabinet as part of the final budget report in February.

Other Options Considered

11. In most cases a number of methods of collection were attempted before the debt was recommended for write off.

Consultation

12. Deputy Chief Executive, Finance Manager and Cllr N Shorter Portfolio Holder.

Implications Assessment

13. The financial implications are given above.

Handling

14. Debts to be written off are considered on an on-going basis and reported to Committee regularly.

Conclusion

15. The Service's Write Off policy has been followed and in many cases a number of methods of recovery followed before the debts have been recommended for write off.

Portfolio Holder's Views

16. This is one of a regular series of reports to Cabinet showing recent write-offs from bad debts over £1,000.00. The total amount of £278,557.91 (which includes all debts over and under £1,000.00) is a significant amount however this should be considered in the context that £130m of debt is raised each financial year and the amount written off each year is less than half of one percent.

Contact:	Peter Purcell
Email:	Peter.Purcell@ashford.gov.uk