

**REPORT TO:** CHIEF EXECUTIVE

**DATE:** 15 APRIL 2020

**TITLE:** DEBT WRITE OFFS

**PORTFOLIO HOLDER:** COUNCILLOR MIKE DANVERS, PORTFOLIO HOLDER FOR RESOURCES

**LEAD OFFICER:** SIMON FREEMAN, HEAD OF FINANCE AND DEPUTY TO THE CHIEF EXECUTIVE (01279) 446228

**CONTRIBUTING OFFICERS:** DONNA BEECHENER, REVENUES AND BENEFITS MANAGER (01279) 446245

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**This is a Key Decision**  
**It is on the Forward Plan as Decision Number I010159**  
**Call-in Procedures may apply**  
**This decision will affect no ward specifically.**

**RECOMMENDED that:**

- A** Irrecoverable non domestic rates amounting to £255,240.59 be written off.
- B** Irrecoverable car loan debt of £23,531.81 be written off.

**REASON FOR DECISION**

- A** The Cabinet's approval is required to write off irrecoverable debts over £20,000.

**BACKGROUND**

1. The Council has an excellent record of recovering monies owed by customers. The Council collects 99 per cent of Non-domestic Rates due and over 99 per cent of Council Tax. Debts are only ever written off as a last resort and where recovery is deemed to be impossible. The amounts put forward for write-off in this report amount to less than one per cent of the total collectable debts.
2. All efforts to recover debts are undertaken in accordance with the relevant legislation.

3. On-going review processes and a review of aged debts have identified 9 Non Domestic rate debit balances, requiring write off approval in line with Financial Regulations, the details of which are shown in Appendix A to the report.
4. Write-off limits in the Financial Regulations require write-off requests relating to Council Tax, Housing Benefit overpayments, sundry debts and Non-Domestic rates be presented to Cabinet for formal approval.

## **ISSUES/PROPOSALS**

5. From the early 2000's to around 2010 the council operated an employee car loan scheme using a dedicated system called Merlin. This system operated in parallel with the councils Financial Information System (FIS) and was decommissioned in 2011. Major differences between the two systems of £16,585 in 2005/06 and £8,434 in 2008/09 contributed to a balance of £25,858.27 existing on the council's FIS since 2011. This figure was recently reduced by £2,326.46 to £23,531.81 due to the discovery and correcting of the misposting of a previous write off amount dating from 2008.
6. Working papers available from 2010/11 show that there were no outstanding car loan balances on the Merlin system as at 31 March 2011. The discrepancy between the figure of £nil on Merlin and that included on the FIS is thought to be due to the miscoding of income, rather than non-payment, especially where it is believed that some employees may have left the council with any outstanding loan being deducted from a final salary payment. However, this theory cannot be substantiated due to the unavailability of complete working papers from the period and as staff involved in accounting for the scheme are no longer with the authority, although there is no suggestion of impropriety.

## **IMPLICATIONS**

### **Environment and Planning (Includes Sustainability)**

None specific.

**Author: Andrew Bramidge, Head of Environment and Planning**

### **Finance (Includes ICT, and Property and Facilities)**

Debt write offs reflect a loss of income to the Council, but are only authorised after all attempts to recover debt are exhausted. The cost of non-domestic rates write offs are partially met by the national non domestic rate pool and partially by the billing and precepting authorities.

**Author: Simon Freeman, Head of Finance and Deputy to the Chief Executive**

### **Housing**

None specific.

**Author: Andrew Murray, Head of Housing**

**Community Wellbeing (Includes Equalities and Social Inclusion)**

No specific implications within the report, although issues around poverty may arise in discussion of individual cases.

**Author: Jane Greer, Head of Community Wellbeing**

**Governance (Includes HR)**

None beyond those contained in the report.

**Author: Simon Hill, Head of Governance**

**Appendices**

Appendix A – Table of Write Offs

**Background Papers**

None.

**Glossary of terms/abbreviations used**

FIS – Financial Information System