

AGENDA ITEM: 9

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Meeting	Cabinet Resources Committee
Date	28 February 2012
Subject	Write off of general income debts
Report of	Cabinet Member for Resources and Performance
Summary	This report proposes the write off of individual debts in excess of £5,000 in respect of income debts totalling £65,151.74

Officer Contributors	David Rowe, Interim Income Manager Maria G. Christofi – Assistant Director – Financial Services
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Listing of income debts recommended for write off
For decision by	Cabinet Resources Committee
Function of	Executive
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

Contact for further information: David Rowe, Interim Income Manager, 020 8359 7242.

1. RECOMMENDATIONS

- 1.1 That the income debts totalling £65,151.74 and detailed in the Appendix to this report be written off.**

2. RELEVANT PREVIOUS DECISIONS

2.1 Cabinet Resources Committee

31 October 2007 - Write off of Income Debts in excess of £5000.00

1 December 2008 - Write off of Income Debts in excess of £5000.00

28 March 2011 - Write off of Income Debts in excess of £5000.00

16 January 2012 – Approval of Debt Management Strategy

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1** The write off of these debts is in line with good accounting practice, which requires that debit balances accurately reflect realisable income that helps to deliver the council's strategic objective to 'Manage resources and assets effectively and sustainably across the public sector in Barnet'.

4. RISK MANAGEMENT ISSUES

- 4.1** The recommendation to write off these debts recognises that there is no longer a realistic possibility of these sums being recovered. All appropriate avenues have been exhausted in attempting to recover these sums.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1** It is not considered that this matter is likely to impact on the Council's statutory duties under the Equality Act 2010 or raise any concerns under the Council's Equalities and Diversity Policies.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1** The amounts being recommended for write off are within the bad debt provision.

- 6.2** There are no other resource implications.

7. LEGAL ISSUES

- 7.1** The Council has a duty to its taxpayers to take reasonable steps to recover money owed to it. However, the recovery of certain debts is precluded by statute including those where the debtor is subject to bankruptcy proceedings. The Council is also statute barred from recovering debts founded on simple contract which are over six years old by virtue of section 5 of the Limitation Act 1980.

8. CONSTITUTIONAL POWERS

- 8.1** The Council's constitution in Part 3, Responsibility for Functions, paragraph 3.6 states that the functions of the Cabinet Resources Committee include "to write off debt".

9. BACKGROUND INFORMATION

- 9.1 The debt referred to in this report is for general income debt and where there is no prospect of recovery. There are a number of reasons including, that the debtor has died leaving insufficient estate or the debtor has gone into liquidation or bankruptcy.
- 9.2 Two of these debts relate to legacy debts raised on SAP as part of the migration from earlier financial systems.
- 9.3 The recovery rate for outstanding debt continues to improve and since the beginning of this financial year the total value of the outstanding debt has fallen by 8.02%.
- 9.4 The Council has a fiduciary duty to its council taxpayers to recover monies owing to it. The Council also has a duty to act reasonably.
- 9.5 The breakdown of the debt by the financial year that the debt was initiated is as follows:

Financial year	Number of invoices	Amount £
2003	1	8,550.06
2005	1	13,220.04
2006	1	5,521.46
2008	1	6,009.50
2009	2	31,850.68
Totals	6	£65,151.74

- 9.6 The breakdown of the debt by service area is as follows:

Service Area	Number of invoices	Amount £
Adult Social Services	5	53,114.21
Deputy Chief Executives	1	12,037.53
Totals	6	£65,151.74

- 9.7 The collection procedures used for the recovery of these debts has included the issue of an invoice, a reminder and also a final notice, followed by a Notice before Proceedings. Efforts would also have been made to contact the debtor where possible and to agree suitable instalment arrangements.
- 9.8 The reasons for non-recovery in these cases are as follows:
- In three instances the clients have passed away and there are insufficient funds in the estate to clear the outstanding debts,
 - In one instance the London Borough of Barnet has been granted appointeeship and although the current debts are being met this cannot be retrospectively applied to debts incurred prior to the appointeeship.
 - In one instance the recovery action has been exhausted.
 - For the debt within the Deputy Chief Executives service the debtor successfully applied for bankruptcy preventing the outstanding debt from being collected.

10. LIST OF BACKGROUND PAPERS

- 10.1 None.

Legal: VG
CFO: MC

APPENDIX – Schedule listing the proposed amount to be written off

Document Number	Document Date	O/S Amount
000001	24/10/2003	8,550.06
000002	12/01/2006	13,220.04
000003	20/07/2006	5,521.46
000004	03/09/2008	6,009.50
000005	30/06/2009	12,037.53
000006	17/12/2009	19,813.15

