

IRRECOVERABLE ITEMS

Submitted by: **Head of Revenues & Benefits**

Portfolio: **Finance and Budget Management**

Ward(s) affected: **All**

Purpose of the Report

To consider items deemed irrecoverable.

Recommendation

That the items detailed at Appendix B be considered irrecoverable for the reasons stated and be written off.

Reasons

For a variety of reasons, from time to time, it is considered that certain items are unable to be recovered from debtors. When this occurs, it is necessary to write off these balances from the appropriate Council account records.

1. Background

1.1 For a variety of reasons, following the issue of accounts for amounts due to the Council, it is considered the debt is no longer able to be collected. Normally, these reasons follow from the debtor having been subjected to insolvency proceedings or other legal processes in respect of their debts or even the death of a debtor. There is then no further redress to recover the outstanding amounts and it is necessary to write off the outstanding balances from the Council's records.

2. Collection Procedures

2.1 Collection procedures in respect of business rates and council tax are operated in accordance with legislative guidelines. Other debts are collected by a variety of schemes suitable to the type of account involved. Full details of these procedures are included at appendix (a) and are considered confidential due to their potential sensitivity. Open disclosure of this information may give potential defaulters an advantage in respect of when action is taken and therefore less incentive for them to pay in accordance with routine payment schedules.

3. Proposal

3.1 That the items listed at Appendix B be considered irrecoverable for the reasons stated and these balances be written off. Irrecoverable amounts are considered to be of a confidential nature and reports have historically been treated in this manner. This policy was last reviewed and endorsed by Cabinet in July 2008 and is common in the majority of local authorities and all other Staffordshire authorities. Further guidance obtained from the Local Government Association in May 2011 endorsed this methodology for dealing with irrecoverable items. It is used to ensure the principles of data protection are maintained. It would also obviously be inappropriate to disclose information for instance about deceased debtors, with the potential for causing further distress to bereaved family members. Where debts are in respect of commercial organisations, there is the potential in cases such as

administration that disclosure could jeopardise the potential recovery of the business in the long term. Items are only ever considered for write-off following robust adherence to the appropriate collection policy.

4. **Financial and Resource Implications**

4.1 The Council makes provision for unrecoverable sums and the amounts recommended for write-off are within the current budgeted bad debt provision.

5. **Earlier Cabinet/Committee Resolutions**

5.1 23 July 2008

6. **List of Appendices**

Appendix A - Collection procedures

Appendix B - Irrecoverable items