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**PROPOSED WRITE-OFF OF IRRECOVERABLE SUNDRY DEBTS**

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**Responsible Cabinet Member – Councillor Chris McEwan,  
Efficiency and Resources Portfolio**

**Responsible Director – Paul Wildsmith , Director of Corporate Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. To seek approval from Cabinet for the write-off sundry debtor arrears in respect of invoices with individual values greater than £500 that are considered to be irrecoverable.

**Summary**

2. The arrears recommended to be written-off at this time are debts amounting to £14,361.51 being 0.12% of the debt collectable, which during 2008/09, it has become apparent that no further steps can be taken to recover the sums due

**Recommendation**

3. It is recommended that Sundry Debtor invoices over £500 in value amounting to £14,361.51 for 2008/09 be written –off, subject to further action if and when contacts are made.

**Reasons**

4. The recommendation is supported by the following reasons :-
  - (a) It is considered all practical steps have been made to recover the debts
  - (b) To enable the Council's accounts to be maintained in accordance with Financial Procedure Rules

**Paul Wildsmith  
Director of Corporate Services**

**Background Papers**

Sundry Debtor records  
Elaine Hufford: Extension 2447

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S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There are no issues which this report needs to address
Sustainability	There are no issues which this report needs to address
Diversity	There are no issues which this report needs to address
Wards Affected	The proposal affects all wards
Groups Affected	The proposal affects all groups within the community
Budget and Policy Framework	This report does not represent a change to Council policy
Key Decision	The proposals do not represent a key decision
Urgent Decision	This is not an urgent item
One Darlington: Perfectly Placed	This report does not seek to deliver aspects of the sustainable community strategy
Efficiency	This report does not contain proposals but reports on initiatives that will increase income, reduce costs and improve services

## MAIN REPORT

### Information and Analysis

5. Following submission of a sundry debtor account to a customer, a period of 28 days is normally allowed for the payment after which a reminder is sent. A notice advising that legal proceedings may be taken is sent following a further 14 days after which the account is sent to the Borough Solicitor in appropriate cases for action to be taken through the court.
6. During the course of recovery procedures, it may be found that an individual has absconded or been declared bankrupt, or in the case of a company has ceased trading and winding-up procedures commenced. In these circumstances, the authority will try to find absconders or submit claims to receivers/liquidators. Enquiries are made through other departments of the Council and if appropriate, searches initiated by bailiffs. Only when all recovery routes have been exhausted is it considered that invoices should be written off.
7. The Sundry Debtors function for the authority is part of the services transferred Xentrall in May 2008 and is now administered by the team based at Bayheath House in Stockton.
8. The following is a schedule of debts over £500 recommended for write-off:-

<b>Category of Write-Off</b>	<b>2008/09</b>	
	<b>No. of Invoices</b>	<b>Value £</b>
<b>Debtor Absconded</b>	<b>2</b>	<b>1,999.77</b>
<b>Bankruptcy and Receivership</b>	<b>8</b>	<b>10,285.14</b>
<b>Exhausted Recovery procedures</b>	<b>3</b>	<b>2,076.6</b>
<b>Total</b>	<b>13</b>	<b>14,361.51</b>

9. Cabinet should be aware that in accordance with Financial Procedures, the Director of Corporate Services has also authorised write-offs amounting to £16,219.35 in 2008/09, in respect of 190 individual debts of less than £500 where all practical recovery steps have been taken
10. An analysis of all invoices written off by department is shown in the following table:-

<b>Department</b>	<b>2008/09 Total £</b>
<b>Chief executives Office</b>	<b>1,059.50</b>
<b>Children's Services</b>	<b>5,135.24</b>
<b>Community Services</b>	<b>20,651.69</b>
<b>Corporate Services</b>	<b>3,734.43</b>
<b>Total</b>	<b>30,580.86</b>

11. The total amounts written off, compared to the total invoices raised for 2008/09 are shown in the table below

	£M	£M
Debt Brought Fwd	3.777	
New debt raised during the year	21.942	
Total Debt Collectable during 2008/09		25.719
<u>Less</u> Cash Collected during year	20.549	
Less Total debt to be written off	0.030	20.579
Debt Carried Forward		5.140
Debt written off as a percentage of debt collectable 2008/09	0.12%	
Debt written off as a percentage of debt collectable 2007/08	0.16%	

12. Darlington Borough Council working with Xentrall are currently reviewing procedures for debt collection with a view to speeding up collection time and reducing the need for invoicing debt by maximising “up front” charging for services.

### **Outcome of Consultation**

13. No consultation was undertaken in producing this report.