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**PROPOSED WRITE-OFF OF IRRECOVERABLE DEBTS**

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**Responsible Cabinet Member – Councillor Steve Harker,  
Efficiency and Resources Portfolio**

**Responsible Director – Paul Wildsmith, Director of Resources**

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**SUMMARY REPORT**

**Purpose of the Report**

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

**Summary**

2. The debts recommended to be written-off at this time amount to £47,286.68 being 0.2% of the debt collectable which during 2010/11, it has become apparent that no further practical steps can be taken to recover the sums due.

**Recommendation**

3. It is recommended that Sundry Debtor invoices over £500 in value amounting to £47,286.68 for 2010/11 be written-off, subject to further action if and when contacts are made.

**Reasons**

4. The recommendations are 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 the Financial Procedure Rules

**Paul Wildsmith,  
Director of Resources**

**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
Carbon Impact	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 effects all wards
Groups Affected	The proposal effects all groups within the community
Budget and Policy Framework	The report does not represent a change to the Council's budget or policy framework
Key Decision	The proposal 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 refers to on-going initiatives to increase income and reduce costs

## 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 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 through the court.
6. During the course of recovery procedures, it may be found that an individual has absconded or been made 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 following is a schedule of debts over £500 recommended for write-off;

Category of Write-Off	2010/11	
	No. of Invoices	Value £
<b>Bankruptcy/Receivership</b>	<b>5</b>	<b>6,114.90</b>
<b>Debtor Absconded</b>	<b>2</b>	<b>3,528.19</b>
<b>Deceased- no estate</b>	<b>1</b>	<b>607.48</b>
<b>Exhausted Recovery Procedures</b>	<b>30</b>	<b>37,036.11</b>
<b>Total</b>	<b>38</b>	<b>47,286.68</b>

8. Cabinet should be aware that in accordance with Financial Procedure Rules, the Director of Resources has authorised write-offs amounting to £60,806.46 in 2010/11 in respect of 498 individual debts of less than £500 where all practical steps have been taken.
9. An analysis by group of all debts to be written off is shown in the following table:-

Department	2010/11 Total £
<b>People Group</b>	<b>60,497.23</b>
<b>Place Group</b>	<b>34,373.55</b>
<b>Resources Group</b>	<b>13,222.36</b>
<b>Total</b>	<b>108,093.14</b>

10. The total amounts to be written off compared to the total invoices raised for 2010/11 are shown in the table below;

	£M	£M
<b>Debt Brought Forward</b>	<b>3.595</b>	
<b>New debt raised during the year</b>	<b>23.865</b>	
<b>Total debt collectable during 2010/11</b>		<b>27.460</b>
<b>Less Cash collected during year</b>	<b>-22.671</b>	
<b>Less total debt to be written off</b>	<b>-0.108</b>	<b>-22.779</b>
<b>Debt carried forward</b>		<b>4.681</b>
<b>Debt written off as a percentage of debt collectable in 2010/11</b>		<b>0.4%</b>
<b>Debt written off as a percentage of debt collectable in 2009/10</b>		<b>0.7%</b>

11. Darlington Borough Council continually works on debt collection to minimise loss of income by speeding up collection times and reducing the need for invoicing debt by maximising “up front” payment for services wherever possible. Councils are, however, obliged to provide some services that cannot be withheld prior to payment.

#### **Outcome of Consultation**

12. No consultation was undertaken in producing this report.