Meeting:	**Council**
Date:	**Wednesday 18 January 2006**
Subject:	**Proposed Change to Financial Procedure Rules – Write-off of Irrecoverable Debts**
Report of:	**Councillor Williams on behalf of the Cabinet.**

The Council is asked to consider the Cabinet minute and resolution from the meeting held on 14 December 2005. These are set out below.

A copy of the report was circulated to all Members with the Cabinet agenda (item 11 and titled Council Budget 2005/06 – Finance Matters) to which reference should be made.

Further copies of the report are available on request – please see end of this report. Copies may be seen on the Council's website at:
http://www.eastbourne.gov.uk/reports/docs/cabinet~14-12-2005~report~05.htm

The Council is recommended to:-

Amend Financial Procedure Rule 4.26 to allow the Finance Director to write off debts in excess of £5,000 where the debtor is deceased and where no residual estate exists to discharge the debt

Minute Extract

CABINET – 14 December 2005

77	**Council Budget 2005/06 – Finance Matters (**Cabinet, 31 October 2005, page 191, minute 58).

77.1	Councillor Lucas presented the report of the Acting Director of Financial Services updating Members on the budget position as at the end of October 2005. The report focused on the performance of the Council's main revenue accounts, the general fund (including the strategic change fund) and housing revenue accounts, plus the capital strategy programme.	
77.2	Key risk areas were reported in detail. In addition a change in accounting practice requested by the Audit Commission had resulted in an increase in the Council's working balances to £1,233,000. However, as the required balance was £1m, the surplus could be treated as a windfall gain and transferred to the strategic change fund. This would increase the fund to £281,000 and support the Council's future procurement and restructuring agenda.	
77.3	Changes to the Council's Financial Procedure Rules were also sought. Currently the Finance Director had delegated authority to write-off irrecoverable debts of up to £5,000. Debts in excess of this amount could also be written-off by the Director in certain cases (e.g. bankruptcy, company liquidation, receivership). It was proposed to add a further category to cover cases where the debtor had died and left little or no estate.	
77.4	**Resolved (Key Decision):** (1) To note that the general fund revenue account net expenditure budget was overspent by £38,000 as at 31 October 2005, but that this overspend was forecast to reduce down to £12,000 at the end of March 2006. (2) To note that the housing revenue account is under spent by £81,000 as at 30 September 2005 and that a surplus of around £100,000 was likely at the end of March 2006. (3) To note the position of the capital programme as at 31 October 2005 showing expenditure to date of £4,171,000. (4) Agree that £233,000 of the General Fund Working Balance be transferred into the Strategic Change Fund. (5) Recommend to Council that it amends Financial Procedure Rule 4.26 to allow the Finance Director to write off debts in excess of £5,000 where the debtor is deceased and where no residual estate exists to discharge the debt.	

For a copy of the report please contact Democratic Services at the Town Hall, Eastbourne, BN21 4UG. Tel. (01323) 415022 or 415023. E.Mail: councillors@eastbourne.gov.uk For further information please Bruce Bird, Acting Director of Financial Services, Telephone (01323) 415146 or internally on extension 5146. E-mail: bruce.bird@eastbourne.gov.uk	

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