

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>22 October 2008</b>
<b>Subject:</b>	<b>Write Off of Irrecoverable Debts</b>
<b>Report Of:</b>	<b>Head of Revenues &amp; Benefits</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To seek Cabinet approval for the write off of irrecoverable debts in excess of £5,000 as required by Financial Procedure Rule 4.26.
<b>Decision Type:</b>	Key Decision
<b>Recommendation:</b>	Cabinet is asked to approve the write off of three irrecoverable debts totalling £20,250.87
<b>Contact:</b>	Andrew Kupusarevic MIBC MCMI, Head of Revenues & Benefits, Telephone 01323 415171 or internally on extension 5171. E-mail address: <a href="mailto:andrew.kupusarevic@eastbourne.gov.uk">andrew.kupusarevic@eastbourne.gov.uk</a>

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## **1.0 Introduction**

1.1 Financial Procedure Rule 4.26 provides delegated authority to the Assistant Director - Financial Management for the write off of irrecoverable debts up to £5,000. Beyond that limit, unless particular circumstances apply (like bankruptcy, liquidation, etc) the approval of Cabinet is required.

## **2.0 Irrecoverable Debts in excess of £5,000**

2.1 Three debts have been identified as irrecoverable that require write off. Two relate to Non Domestic Rates (Business Rates), and one for Housing Benefit and Council Tax Benefit. In the first two cases identified, recovery proceeding are prevented in accordance with the statute of limitation act 1980. As the debts are over six years old and no recovery action took place during the intervening period we are unable to pursue the debtor. In the last case, relating to the housing / council tax benefit overpayment, the claimant had a change in their circumstances that was not automatically picked up by the processing officer and the claimant would not have known that they were being overpaid.

2.2

- The first debt covers the period 1995 - 1997 and amounts to £6,418.14. Details are included within the separate addendum report in the confidential section of today's agenda.

- The second debt covers the period 1995 – 1996 and amounts to £7,236.35. Details are included within the separate addendum report in the confidential section of today's agenda.
- The Third debt covers the period 1996 – 1998 and amounts to £6596.38 (HB: £6208.17 / Ctax: £388.21)

### **3.0 Business Implications**

- 3.1 Due to a recent re-profiling exercise of Ctax debt, staff have begun to look into old outstanding cases where no recovery action has been taken for some time. Ongoing 'data cleansing' within the Revenues debtors system will continue to identify cases that require write off. This exercise is beginning to identify these cases. This will inevitably include some further debts in excess of £5,000 that will need to be brought to Cabinet in the future for write off.
- 3.2 The Limitations Act 1980 outlines the time limit within which a creditor can chase a debtor for outstanding debts. The Limitations Act 1980 only applies when no contact has been made between the creditor and debtor within the given time limit and only applies to residents of England and Wales. Creditors are given a fixed period of time to chase their debtors, which is outlined in the Limitations Act 1980. The time scale mainly depends on the type of debt and can be extended at the courts discretion. The time limit begins when you last admitted owing the money or made a payment. Should the creditor fail to maintain contact with the debtor, for a period of 6 years or more, it is possible to claim that the outstanding debt is "Statute Barred" under the conditions of the Limitations Act 1980.
- 3.3 Even though The Limitations Act outlines the time limits in which a debtor can be pursued, the service will still look at various other recovery methods to try and get the debtor to repay the outstanding amount. However, where this proves unsuccessful it will still be prudent to seek write off approval.
- 3.4 As a last resort, cases which are uneconomic or where we are unable to collect the arrears, the debt will be written off. However, even though it has been written off the debt can be brought back into play if the debtor can be traced (within 6 years).
- 3.5 Previously assessed cases within the benefits system still require corrections and these are being picked up when cases are being reviewed or reassessed. Subsidy loss could be attributable to these cases, but as long as we remain with the threshold limit set by the DWP we will still be able to attract maximum subsidy.
- 3.6 Previously assessed cases within the benefits system still require corrections and these are being picked up when cases are being reviewed or reassessed. Subsidy loss could be attributable to these cases, but as long as we remain with the threshold limit set by the DWP we will still be able to attract maximum subsidy.

## **4.0 Resource Implications**

### 4.1 Financial

The financial implications are reflected in the report and will be met from existing provisions.

## **5.0 Summary**

- 5.1 This report seeks Cabinet approval for the write off of irrecoverable debts relating to aforementioned non domestic rates and a housing benefit overpayment / excess council tax benefit - amounting to £27,429.88

**Andrew Kupusarevic**  
**Head of Revenues & Benefits**

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### **Background Papers:**

There were no background papers used in compiling this report.

Oct.22.2008 - Write Offs - Sept.08 - final.doc