

<b>Name of decision maker:</b>	Councillor Graeme Elliot
<b>Portfolio:</b>	Finance & Resources
<b>Date of Portfolio Holder Decision:</b>	

<b>Title of Decision:</b>	<b>DEBT WRITE OFF</b>
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<b>Part I</b>
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<p><b>Decision made and reasons:</b></p> <p>That the debts detailed in the attached schedule be approved for write off.</p> <p>The write offs will be set against the Council's bad debt provisions.</p> <p>The Council's Financial Regulations require that debts valued at £20,000 and above and, where in the opinion of the Section 151 Officer there is not a budgetary implication, must be authorised by the Portfolio Holder – Finance &amp; Resources on the advice of the Section 151 Officer and Corporate Director (Finance and Operations) .</p>
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<p><b>Reports considered: ( here reference can be made to specific documents)</b></p> <p>Case Papers</p>
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<p><b>Implications:</b></p> <p><b>Value for Money:</b> Not applicable</p> <p><b>Risk:</b> Not applicable</p>
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<p><b>Officers/Councillors/Ward Councillors/Stakeholders Consulted:</b></p> <p>None</p>
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<p><b>Deputy Monitoring Officer:</b></p> <p>No comments to add to the report.</p> <p><b>Deputy Section 151 Officer:</b></p> <p>This is S151 Officer report. The cost of the write offs will be incurred against the bad debt provision held by the collection fund.</p>
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<p><b>Options Considered and reasons for rejection:</b></p> <p>Please see the report.</p>
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<p><b>Portfolio Holders Signature:</b></p> <p><b>Date:</b></p>
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<p><b>Details of any interests declared and any dispensations given by the Standards Committee:</b></p>
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<b>For Member Support Officer use only</b>	
Date Decision Record Sheet received from portfolio holder:	
Date Decision Published:	Decision No:

Date of Expiry of Call-In Period:
Date any Call-In received or decision implemented:

## **BACKGROUND**

1. The Council's Financial Regulations make provision for writing off debts that are bad, uneconomical to collect or irrecoverable. Where a debt falls into these categories, it is recommended that the debt be written off so that the Council's accounts reflect the realistic level of recoverable debt.
2. The Council maintains a number of bad debt provisions in the anticipation that some debts will become bad, uneconomical to collect or irrecoverable and write offs are charged to the relevant provision or cost centre.

## **ACTION TAKEN PRIOR TO WRITE-OFF**

3. Prior to debts being considered for write off, extensive work is undertaken to recover the debt. However, when recovery has not been possible a write off needs to be considered.
4. In absconded cases, search and tracing work has been undertaken without successfully identifying the whereabouts of the debtor.
5. With regard to insolvency, the Council's position as an unsecured creditor is a weak one and accordingly, when an insolvency process commences, it is prudent to consider the debt for write off. In the event that a dividend is subsequently paid to creditors, the value of that payment can be written back and reflected in the Council's income.

## **WRITE OFF CASES**

6. Hemel Snooker Club LTD was made insolvent resulting in the company being dissolved on 18 March 2014. Virgo (London) Limited went into liquidation on 9 January 2015 therefore for both of these companies Dacorum Borough Council can take no further recovery action and the debts cannot be pursued any further. A dividend may become available from the receivers which is however unlikely as Business Rates is not a preferred debt.
7. All supporting evidence and subsequent paperwork has been completed.
8. The cases listed in the schedule to this report have been approved for Portfolio Holder decision by the Section 151 Officer.

Number	Name & Property Address	Reference	Debt	Debt Type	Period of Liability	Write Off Reason/Schedule
1	Hemel Snooker Club Ltd Snooker Club Heney Wells Square Hemel Hempstead Herts HP1 3LB	90448730	£30,924.60	Business Rates	7 November 2012-30 June 2014	Insolvency  Company dissolved 18 March 2014.  They remained liable for Business rates on the property until 30 June 2014.
2	Virgo (London) Limited 188-190 Marlowes Hemel Hempstead Herts HP1 1BH	90471716	£20,822.40	Business Rates	16 August 2014-8 January 2015	Insolvency  Company in liquidation 9 January 2015

## **FUNDING**

Following the introduction of the Business Rates Retention Scheme in 2013, write offs are charged directly to the bad debt provision within the collection fund, which is distributed between Government, Dacorum Borough Council and Herts County Council. As such, Dacorum directly shares an element of the cost of write offs, which is currently set at 40%.

Any overall deficit on the collection is capped at 7.5% of baseline funding announced by the Government, known as the 'safety-net' level. As Dacorum currently estimate that it will be already be at safety-net, these proposed write offs will have no financial impact for Dacorum.

## **NOTES FOR ACCOUNTS**

None.