

It is important that the Council monitors levels and debt and writes off debt that cannot be collected. It is particularly important that the amounts reflected within the accounts are an accurate reflection of the level of debt which will be collected in the future. There are a number of reasons why debts cannot be collected and include the following categories

- Liquidation/Bankruptcy/Administration/Receivership

Once a company or individual becomes legally insolvent the Council will submit a claim in the insolvency. The Council is a non-preferential creditor and is considered for payment by the Liquidator or Trustee alongside the trade creditors. There is no further action the Council can take to recover the debt and good audit practice dictates that the outstanding sum be written off at this stage. If a dividend is later paid a debit will be created and the write off account reduced accordingly.

- Company Dissolved/Insolvent/Irrecoverable

Sometimes in chasing a company, enquiries of Companies House will reveal that a company has been struck off the Company Register. This means that the company is no longer a legal entity and can no longer trade. It is expensive and time consuming to apply for a company to be reinstated so at this stage the decision is taken to write off, unless specific circumstances apply that would merit further investigation / recovery action.

The decision will also be taken to write off where it appears following an investigation that a company has no assets or means of paying and is also insolvent. The Council will write to Companies House advising that the Council has been unsuccessful in collecting a debt and it appears the company has ceased trading

- Absconds

Either the Council and / or the Council's recovery agents have been unable to trace

- Debtor deceased with no estate

The Financial Scheme of Delegation gives the Corporate Director – Resources authority to write off all amounts where a company or individual has been declared insolvent/bankrupt and all amounts up to £20,000 which are unrecoverable for other reasons.

Any amounts over £20,000 which are not due to insolvency/bankruptcy require Cabinet agreement prior to being written off.

Over the first three months of 2012/13 the following amounts have been written off

Debt type	Amount written off
Housing – former tenant rents	£15,303.99
Council Tax	£163,114.24
National Non Domestic Rates	£318,707.62
General Debtors	£26,177.64
Property	Nil
TOTAL	£523,303.49

There are no write offs that require Cabinet approval at this time.