

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 8

meeting date: 8 SEPTEMBER 2015
title: SUNDRY DEBTOR WRITE OFF
submitted by: DIRECTOR OF RESOURCES
principal author: AMY JOHNSON

1 PURPOSE

1.1 To obtain committee approval to write off sundry debtor invoices relating to the payment of recycling credits.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified
- Corporate Priorities - to continue to be a well managed Council providing efficient services based on identified customer need. Revenue generation enables the Council to fulfil its ambitions, objectives and priorities.
- Other Considerations – none identified.

2 BACKGROUND

2.1 No specific statute exists to give guidance on the circumstances under which debts, in general, can be written off other than the statute of limitations. Any debt for which recovery action has not been taken within six years still remains but legal action cannot be taken.

2.2 We endeavour to recover debts by various means. However, there are some cases where debtors simply leave without leaving a forwarding address, or are declared bankrupt, or have unfortunately passed away.

2.3 Under the Council's Financial Regulations, section 10, paragraph 9 (ii):

“Where an individual debtor owes the Council no more than £1,000, the Director of Resources may approve the write off of that debt where there is satisfactory evidence that it is irrecoverable. In any other case, the debt may be written off only with the approval of Policy and Finance Committee.”

3 DETAILED INFORMATION

3.1 Recycling credits are claimed from Lancashire County Council for the following waste streams:

- Paper
- Co-mingled (glass, cans & plastics)
- Garden Waste
- Bring Sites (textiles etc.)

- 3.2 A number of years ago the County Council informed us that they were freezing the rate of recycling credits rather than continuing to apply an annual inflationary increase. Invoices for payment of recycling credits were however raised at the prescribed government default rate per tonne, LCC paid us at the frozen rate. As a consequence payment is being received at the 2011/12 rate per tonne for paper and the 2013/14 rate per tonne for co-mingled, garden and bring site waste. This has resulted in an outstanding balance of monies due to this Council, details of which can be seen below. These outstanding amounts have continued to be disputed between ourselves and Lancashire County Council:

Year	Amount Invoiced £	Amount Paid £	Outstanding Amount £
2012/13	87,063	58,761	28,302
2013/14	101,746	69,759	31,987
2014/15	420,477	372,971	47,506
TOTALS	609,286	501,491	107,795

- 3.3 As a measure of prudence an earmarked reserve was created due to uncertainty around the collection of these outstanding monies due from Lancashire County Council. Contributions to the reserve were made in 2013/14 and 2014/15 to ensure that the monies set aside match the outstanding balance owed.
- 3.4 Formal notification was received in 2013 from Lancashire County Council that they had taken the decision to withdraw recycling credit payments from 1 April 2014 although this was deferred until 1 April 2015 due to the lateness of advising districts.
- 3.5 The County Council has offered Cost Sharing to this council with effect from 1 April 2015. A decision was made by Community Services Committee at their meeting in January 2015 to move towards the Cost Sharing Agreement.
- 3.6 With the agreement to the new Cost Sharing agreement and particularly due to the age of this ongoing dispute over the outstanding recycling credits, it is highly unlikely that payment of outstanding recycling credits will now be received. Community Committee were informed of the current situation in an information report at their meeting on 2 June 2015. However, authorisation for any write off of these invoices must come from this committee.
- 3.7 The disputed invoices total £107,795.22 and it is recommended that they be written off. As mentioned previously monies have been set aside in an earmarked reserve to fully fund this write off, should it be approved.

4 RECOMMENDED THAT COMMITTEE

- 4.1 Approve the write off of an outstanding balance of £107,795.22 relating to the payment of recycling credits.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF43-15/AJ/AC

26 August 2015

For further information please ask for Amy Johnson.