

Report to Overview and Scrutiny Committee



Date of meeting: 29 January 2009

SCRUTINY

Portfolio Holder: Leader

Report of: Constitution and Member Services Standing Scrutiny Panel



Subject: Review of Financial Regulations

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Recommendation:

- (1) That the limit for writing-off arrears and debts in respect of Housing Benefit, National Non Domestic Rates (NNDR), Council Tax and Sundry Debtors under delegated authority by the Director of Finance and ICT be retained at £2,500 on a permanent basis; and**
- (2) That the limit for writing-off arrears and debts in respect of housing rents by the Director of Housing be retained at £2,500 on a permanent basis.**

1. Introduction

- 1.1 Over the past few years, the Council has resolved to carry an annual review of its financial regulations to ensure that these comply with current legal requirements and to ensure good governance of the Council's financial operations.
- 1.2 This year's review has identified only one matter which requires attention from the Panel, namely the decision, made last year, to increase the limit for the Directors of Finance and ICT and Housing delegated authority to write-off debts below £2,500 without referring to the Portfolio Holder.
- 1.3 This report provides data on how the revised delegation arrangements have operated in practice and recommends that this change in delegation become permanent.

2. Writing-off of Debts and Arrears

- 2.1 Last year the financial limit for the two Directors to write-off debts without approval was increased to £2,500, subject to a review after one year. There was also discussion about whether the limit of £2,500 was still too low, comparisons with the practice of other local authorities having been submitted. These comparisons show that some other Councils operated a higher limit for officer delegation.
- 2.2 The Officer Working Party has reviewed the operation of this revised delegation. One of the main reasons for making the change was to avoid large numbers of small debts being submitted on a regular basis to the Portfolio Holder for writing-off. The effect of the change is set out in the table below which shows the value of write-offs approved by the Portfolio Holder and those approved by the Director of Finance and ICT:

| Arrears Type | 2007/8 | | 2008/9 (Part Year) | |
|-----------------|--|------------------------------------|--|------------------------------------|
| | Written-off Director of Finance and ICT | Written-off Portfolio Holder | Written-off Director of Finance and ICT | Written-off Portfolio Holder |
| | £ | £ | £ | £ |
| Housing Benefit | 2,732 () | 38,753 () | 33,438 () | 30,571 () |
| NNDR | 10,359 () | 41,389 () | 14,450 () | 7,805 () |
| Council Tax | 267,559 () | 65,389 () | 173,967 () | Nil () |
| Sundry Debtors | 46,887 () | 18,652 () | 4,077 () | 2,586 () |
| Housing Rents | 40,666 () | 68,428 () | 33,154 () | 12,771 () |

Figures in brackets are the number of individual cases giving rise to the totals and will be reported at the Overview and Scrutiny meeting.

- 2.3 It will be seen from the table that, with Housing Benefit, NNDR, Sundry Debtors and Housing Rents the proportion of write-offs by the Directors of Finance and ICT and Housing has increased over the two years. The exception is Council Tax arrears where, to date in 2008/9, no write-offs have needed to be submitted to the Portfolio Holder primarily because only Council Tax arrears in the "H" banding are greater than £2,500.
- 2.4 The Directors of Finance and ICT and Housing report that there have been no problems in operating under the new delegation arrangements.
- 2.5 It is therefore recommended that the delegation limit of £2,500 should be retained on a permanent basis. No case is seen for seeking a higher delegation limit.

Reasons for Proposed Decision

To respond to the decision of the Council as a result of last year's review of financial regulations to review the operation of the £2,500 limit for writing-off of arrears.

Other Options for Action

Revert to the previous delegation limit of £1,000).

Resource Implications: Nil

Budget Provision: Not applicable.

Personnel: Nil

Land: Nil

Community Plan/BVPP Reference: Nil

Relevant Statutory Powers: Local Government Act 2000.

Background Papers: Nil