

**RECORD OF DECISION TAKEN UNDER
DELEGATED AUTHORITY FROM
EXECUTIVE/COUNCIL/COMMITTEE ☒
DELEGATED POWERS OUTLINED IN
THE CONSTITUTION ☒**



DELEGATED OFFICER DECISION TAKEN BY:	Strategic Director of Finance and Resources
DELEGATED BY:	Council (July 2024)
IN CONSULTATION WITH:	Executive Member
PORTFOLIO AREA:	Finance and Governance

SUBJECT: Write Off of Irrecoverable Debts Under £50,000

1. DECISION

That the debts are authorised for write off under delegated powers.

2. REASON FOR DECISION

This report details the debts that have been deemed irrecoverable. In accordance with the Financial Procedures Rules they are presented to the Strategic Director Finance and Resources for consideration for write off under delegated powers.

3. BACKGROUND

The Council is responsible for collecting income from a range of sources.

These include Council Tax, Business Rates, Housing Benefit Overpayments and Sundry Debtors which, taken together, forms around £145m of income to the Council annually. Taking Council Tax as an example, which was introduced in 1992, the annual Council Tax income is currently c£70m and so over the period since Council Tax was introduced, upwards of £2bn of Council Tax has been collectable.

In the case of both Council Tax and Business Rates, collecting this income is crucial to sustaining the delivery of the wide range of vital services provided by the Council. The position with Sundry Debtors is similar but these are more often related to specific services provided by the Council (Trade Waste Collection, Adult Social Care charges etc).

The Council has a good record of collecting this income, which is comparable with like Local Authorities. The collection rate for Council Tax is around 96% annually, Business Rates around 97% and Sundry Debtors around 97%. The collection rate for Housing Benefit Overpayments,

which are largely a consequence of changes in Benefit Claimants circumstances and for which the Council continues to receive subsidy, is lower primarily because the Council is restricted in statute by the amount of overpayments that can be recovered from a Claimant's Benefit entitlement.

Despite this performance in collecting debts, there are some instances (for example, where a debtor has passed away with no estate or has become declared bankrupt) where it is not possible to collect an outstanding debt. Equally, there are some debts in each year which remain unpaid and which the Council must take action to recover. The action undertaken to recover debts is in accordance with the Council's Collection and Enforcement Policies.

With the exception of those debts relating to, for example, bankrupt, insolvent and deceased persons, these unpaid debts can date back several years as the recovery action taken can be prolonged. However, once the recovery process is exhausted and all actions taken to recover debts have been completed, following appropriate accounting guidance, it is good practice to write them off.

The Council's Standing Orders and Financial Regulations stipulate that the Strategic Director Finance and Resources may authorise the write off of any individual debt up to the value of £10,000. For those debts above £10,000 and below £50,000, the Strategic Director Finance and Resources, in consultation with the Executive Member for Finance and Governance, can authorise the write offs.

In arriving at a decision to write off a debt, Officers must pursue a rigorous process to establish whether funds can be recovered before concluding, as a last resort, that the debt is deemed to be irrecoverable. The debts identified in this report have been pursued as appropriate using all available recovery and enforcement methods. However, it has not been possible to recover the money owed, and the only option available is to write off the debts.

The debts in this report cover a number of financial years ranging from 1995 to 2023 with the oldest debts being written off at this time dating back to the 1995/96 financial year.

Whilst writing off debts is a last resort, prudent accounting practice requires that provision be made for bad and doubtful debts. To that end, writing off the debts outlined in this report will not result in any additional cost to the Council as the cost is fully covered by the relevant bad debts provisions (see Financial Implications below).

That said, where additional information comes to the Council's attention that would indicate a debt is recoverable, any debts written-off are reinstated and recovery action will take place. Details of where this has happened are provided in the report.

4. KEY ISSUES AND RISKS

After extensive enquiries, all of the debts listed below have been deemed irrecoverable and do require write off from the appropriate system.

A summary of the write offs amounts is listed below. Included in the summary is the service area totals and the reasons for the write.

4.1 Council Tax

Under £10,000

Number of cases	Total amount	Reason for Write off
1632	£606,161.10	Irrecoverable

649	£423,809.90	Absconded / gone away
86	£53,255.46	Deceased
493	£1,214.46	De-minimus
124	£144,262.28	Bankrupt
2	£689.06	Local Authority Error
1	£0.01	Council Tax Benefit adjustment
2987	£1,229,392.27	

Over £10,000

Number of cases	Total amount	Reason for Write off
1	£10,730.44	Insolvency
1	£12,870.78	Deceased
1	£10,620.97	Irrecoverable
3	£34,222.19	

All accounts have been actively pursued with all recovery options being considered and exhausted. In the case of debts from deceased persons, it has been confirmed that the estate has no funds available to discharge the debt. The bankrupt cases have been verified with the Insolvency Service / Practitioners with claims made for the outstanding debts if applicable. All absconded accounts have also been subject to the various tracing methods including Experian checks and review on social media.

It is also possible for circumstances to change and the Council to write debts on. During this period a total of £46,083.93 of Council Tax debt was written back on to be pursued and recovered.

4.2 Business Rates

Under £10,000

Number of cases	Total amount	Reason for Write off
53	£134,239.62	Insolvency

Over £10,000

Number of cases	Total amount	Reason for Write off
19	£322,577.37	Insolvency

It is also possible for circumstances to change and the Council to write debts on. During this period a total of £2,169.05 of Business Rate debt was written back on to be pursued and recovered.

4.3 Sundry Debtors

Under £10,000

Number of cases	Total amount	Reason for Write off
39	£67,976.04	Deceased
3	£2,496.84	Gone Away / Absconded
9	£3,954.81	Bankrupt
105	£200,819.16	Irrecoverable
1033	£249,382.35	Out of time / Statute barred
1155	£524,629.20	

Over £10,000

Number of cases	Total amount	Reason for Write off
2	£41,359.61	Deceased
12	£224,194.56	Irrecoverable
2	£34,637.19	Out of time / statute barred
16	£300,191.36	

4.4 Housing Benefit Overpayments

Under £10,000

Number of cases	Total amount	Reason for Write off
20	£23,138.49	Local Authority error
1	£4,770.00	Bankruptcy
4	£1,498.20	Exceptional
2	£3,119.71	Deceased
4	£260.51	Recovery options exhausted
2	£4,210.64	Gone Away
33	£36,977.55	

Over £10,000

Number of cases	Total amount	Reason for Write off
1	£15,160.07	Local authority error

It is also possible for circumstances to change and the Council to write debts on. During this period a total of £2,985.80 of Housing Benefit Overpayment debt was written back on to be pursued and recovered.

All accounts have been actively pursued with all recovery options being considered and exhausted. In the case of debts from deceased persons, it has been confirmed that the estate has no funds available to discharge the debt. The bankrupt cases have been verified with the Insolvency Service / Practitioners with claims made for the outstanding debts if applicable.

5. FINANCIAL IMPLICATIONS

The Council maintains provision for potential bad debt write off. The adequacy of this provision is reviewed each year and is subject to audit review. The provision is sufficient to meet the cost of writing off these debts.

The amount for write off detailed in this report is £2,597,409. The total amount of write off is provided for under the Council's bad debt provision.

Number of cases	Provision at 1 st April	Write Offs	Balance of Provision
Council Tax	12,447,746	(1,263,614)	11,184,132
Business Rates	1,566,530	(456,817)	1,109,713
Benefit Overpayments	2,424,741	(52,158)	2,372,583
Sundry Debtors	6,197,933	(824,821)	5,373,112

6. LEGAL IMPLICATIONS

The Council has a duty to pursue and recover outstanding monies due, however, it is inevitable that some debts cannot be recovered for a number of reasons. All the debts outlined in this report

are deemed irrecoverable for the reasons listed above.

7. RESOURCE IMPLICATIONS

There are no resource implications associated with this decision.

8. OPTIONS CONSIDERED AND REJECTED

None.

9. CONSULTATIONS

None.

10. DECLARATION OF INTEREST

All Declarations of Interest of the officer with delegation and any Member who has been consulted, and note of any dispensation granted should be recorded below:

VERSION:	1
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CONTACT OFFICER:	Andy Ormerod
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DATE:	24 th October 2024
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BACKGROUND DOCUMENTS:	
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