



Corporate Debt Write-offs

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Lead Member/Relevant Portfolio Holder	Portfolio Holder for Corporate Finance, Property & Resources

Corporate Priority:	Ensuring the right conditions to support delivery (inward)
Wards Affected:	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	Y - Appendix 1, 2 and 3 of this report contains exempt information and is not for publication in accordance with Paragraphs 1 & 3 of Part 1 of Schedule 12A of the Local Government Act 1972. Further details can be seen in paragraph 18 below.
Key Decision:	Y a) Having income/expenditure of £50,000 or more
Subject to call-in:	Yes

1 Summary

- 1.1 A report seeking approval to write off debts, over the value of £5,000, where there is little or no prospect of recovering them.

2 Recommendations

That Cabinet:

- 2.1 **Notes the action taken by the Council to recover outstanding debts.**
- 2.2 **Authorises the Chief Finance Officer to write off the debts shown in Appendices 1-3.**

3 Reason for Recommendations

- 3.1 All recovery methods have been considered and where appropriate pursued, before recommending that debts are written off.
- 3.2 Officer time can be maximised on greater returns, focusing on debts where there is more realistic chance of recovery.

4 Background

- 4.1 The Council collects Council Tax, Business Rates, Rents (Former Tenants) and Sundry Debtor Income. Every effort is made to collect all monies due by the most appropriate and effective method. This includes but is not limited to reminder letters, attachment of earnings and benefits and special arrangements to pay.
- 4.2 The Council has a good track record of collecting debt, the Council Tax collection rate for 2023/24 was 98.56% and Business Rates collection was 97.33%.
- 4.3 In the context of these collection rates, the level of proposed write offs is relatively low. The Council's Constitution and supporting Financial Procedure Rules delegate the responsibility for writing off individual debts up to and including £5k to the Director for Corporate Services. Above this threshold, (debts greater than £5k) Cabinet may authorise the Chief Finance Officer to write-off bad or doubtful debts. Cabinet are being asked to authorise the write off of a total of £125,323.97 which officers believe cannot be recovered.
- 4.4 The need to write off debt can arise for a number of reasons, including (but not limited to) the debtor being untraceable, ceased trading with no assets, or deceased with insufficient funds in the estate. All methods of recovery are considered and pursued in line with legislative provision, before making the decision to write off. This can include internal recovery action, use of debt collection agents, external tracing agents and procedures through the courts.
- 4.5 All debt approved for write off will be set against existing bad debt provisions and can be resurrected in full or in part if at any time new information comes to light suggesting that they might be recoverable after all. In all cases collection options have been exhausted and/or there is no realistic prospect of recovery.
- 4.6 Debts arising from absconders are thoroughly investigated using our enforcement agent tracing services and third-party tracing agents prior to a request for write off. Should the debtor be discovered at a later date the write off will be reversed and the debt reinstated.
- 4.7 With the current economic climate, taxpayers may find it harder to pay local taxes such as Council Tax and Non-Domestic Rates and as such, there may be an increase in the number of taxpayers who abscond with arrears owing. By not writing off bad debts efficiently, this can affect collection rates by inflating arrears figures.
- 4.8 All recovery action is carried out in line with the Corporate Debt Policy.

5 Main Considerations

- 5.1 This report is to be submitted to Cabinet for the debts to be considered for write off. The last write off report was submitted to Cabinet in July 2024
- 5.2 The procedures for debt write off clearly set out the steps that are needed to be taken by officers before debts can be considered for write off. This will depend on the level of debts with lower amounts potentially being uneconomical to pursue, for debtors that cannot be

traced the level at which tracing agents will be used, what documentation is required before a debtor or company can be declared bankrupt, as well as what processes to follow in the case of deceased debtors. At all times a balance needs to be struck between ensuring all appropriate steps have been taken against the resources that are needed to recover the debt.

- 5.3 The table below summarises amounts outlined in the Appendices that are being requested for write off. However, although they are being requested for write off in 2024/25, they do not necessarily all relate to 2024/25. This is due to the varying timescales that debt recovery processes can take.

Fund	Value
Council Tax	£32,316.29
Rents	£7,890.73
Business Rates	£85,116.95

- 5.4 The table below is an analysis of what has been written off in previous years, including 2023/24. However, please note that it is the year in which the debt is written off and not necessarily the year it relates to. The figures above aren't included in the table below.

Fund	2019/20	2020/21	2021/22	2022/23	2023/24
Council Tax	£122,961	£62,531.19	£77,022.20	£131,002.29	£126,964.61
Rents	£81,461	£13,797	£37,377	£91,985	£128,476.56
Business Rates	£49,122.95	£14,534.58	£20,630.90	£25,779.42	£105,026.23

- 5.5 All debts that are being considered for write off have followed the steps outlined in the Corporate Debt Policy. The appropriate recovery action has been taken where applicable prior to recommending a debt for write off.

6 Options Considered

- 6.1 The debts in question are not written off and we continue to pursue and attempt to recover them. This would mean officer time would be diverted away from recovering debts for which there is a more realistic chance of recovery.

This could also in turn lead to the Council being criticised by external auditors for not following debt management and accounting procedures.

7 Consultation

- 7.1 There was no consultation required as part of this report.

8 Next Steps – Implementation and Communication

- 8.1 Once authorised the debts in question are written off within the applicable system and the relevant write off reconciliation will take place within either the Revenues or Housing teams.

9 Financial Implications

- 9.1 Clear processes for the writing off of irrecoverable debts represent sound financial management practice. Provision for bad debts is also made in the Council accounts.

Financial Implications reviewed by: Director for Corporate services

10 Legal and Governance Implications

- 10.1 The Council has both specific duties set out in legislation and a general fiduciary duty to the taxpayer to recover sums due to it. Those duties require the Council to take all reasonable steps to recover those outstanding sums. Determining what is reasonable in each case involves balancing the resources required to recover a debt and the likelihood of success; devoting excessive resources to seeking to recover a debt for which there is no reasonable prospect of success compromises that duty to the taxpayer.
- 10.2 As set out above, the Chief Finance Officer has delegated authority to write off individual debts up to a maximum of £5000.00. Cabinet may authorise the Chief Finance officer to write off debts exceeding £5,000 in accordance with the Council Financial Procedure Rules. Debt recovery is undertaken in line with the Council's Corporate Debt Policy and is both reasonable and proportionate. Cabinet must consider whether there is any realistic prospect of recovery the debts concerned.

Legal Implications reviewed by: Monitoring Officer

11 Equality and Safeguarding Implications

- 11.1 An Equality Impact Assessment has previously been undertaken with regard to debt management, and this should be referred to for full details on any implications. As part of the Equality Impact Assessment it was confirmed that the Council will adopt a consistent approach when considering debts for write off, ensuring that all cases are assessed against the same criteria.

12 Data Protection Implications (Mandatory)

- 12.1 A Data Protection Impact Assessments (DPIA) has not been completed as there are no risks to the rights and freedoms of natural persons arising directly from this report. However the relevant appendices have been considered exempt for data protection purposes.

13 Community Safety Implications

- 13.1 There are no community safety implications arising from this report.

14 Environmental and Climate Change Implications

- 14.1 There are no environmental and climate change implications arising from this report.

15 Other Implications (where significant)

- 15.1 There are no other implications arising from this report.

16 Risk & Mitigation

- 16.1 By the nature, volumes, and value of annual revenue to the Council there will always be uncollectable amounts which will be recommended for write off once avenues to recover are exhausted. Provision for bad debts is made and reviewed regularly.
- 16.2 If proper debt management and accounting procedures are not followed in the management and writing off of debt the Council could be criticised.

17 Background Papers

- 17.1 There are no background papers to the report.

18 Appendices

- 18.1 Exempt Appendix 1 – Council Tax Debts
- 18.2 Exempt Appendix 2 – Rents Debts
- 18.3 Exempt Appendix 3 – Business Rates Debts