

UNCOLLECTABLE DEBTS IN EXCESS OF £10,000
COUNCILLOR ANDY COLES, CABINET MEMBER FOR FINANCE
March 2022
Deadline date: 21 March 2022

Cabinet portfolio holder: Responsible Director:	Councillor Andy Coles, Cabinet Member for Finance. Cecilie Booth, Director of Resources and Section 151 Officer
Is this a Key Decision?	NO If yes has it been included on the Forward Plan: N/A Unique Key decision Reference from Forward Plan: N/A
Is this decision eligible for call-in?	YES
Does this Public report have any annex that contains exempt information?	NO
Is this a project and if so has it been registered on Verto?	NO

RECOMMENDATIONS
The Cabinet Member is recommended to authorise the write-off of the debt shown as outstanding in respect of non-domestic (business) rates and accounts receivable (sundry debt) accounts included in the Appendices (which detail the financial year and the category for the write-off request). The total value of these debts is £200,552.

1. SUMMARY OF MAIN ISSUES

- 1.1 This report seeks the Cabinet Member’s approval to write-off uncollectable debts that exceed £10,000 in relation to non-domestic rates and accounts receivable (sundry debt), as detailed in the appendices to this report. The aggregate total value of these debts is £200,552.
- 1.2 When the sum recommended for write-off for all debt is expressed as a percentage of the total debt raised over the period, it represents only 0.02%. If debts less than £10,000 are also included, the total percentage written off is only 0.03% of the total debt raised.
- 1.3 The majority of cases requested for write-off follow a lengthy process to recover the outstanding money, sometimes dating back many years. Only after all avenues have been exhausted will the council consider writing off debt.

- 1.4 It is acknowledged that given the high volume and value of invoices and bills issued there will always be a requirement to write off an element of debt as uncollectable.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Finance to consider exercising delegated authority under paragraph 3.4.3 of Part 3 of the constitution in accordance with the terms of their portfolio at paragraph (i).

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO
---	-----------

4. DETAILS OF DECISION REQUIRED

- 4.1 The Cabinet Member for Resources is requested to approve the write off of uncollectable debt in excess of £10,000. These debts relate to non-domestic rates and accounts receivable (sundry debt) accounts.

Financial Context

- 4.2 The Council is committed to taking all appropriate action necessary before considering a debt for write off. This includes multiple written reminder letters early in the recovery process, telephone call follow up, senior management dialogue with counterparts, and where necessary, court and enforcement agent action. It can take several years before all actions have been undertaken.
- 4.3 Per annum (excluding the impact of the pandemic), the Council currently expects to receive approximately £100m in non-domestic rates and in excess of £70m of sundry invoice income. As a result of activity on this scale, the Council recovers millions of pounds every year in unpaid debt, sometimes dating back years, due to being persistent in recovery activity.
- 4.4 Despite our best endeavours, it is inevitable that a small percentage of debt will not be collected and will ultimately have to be written off. There are a number of reasons why this occurs with the most common being where a company has gone into liquidation, an individual has been made bankrupt, a debtor has died with no funds available within the respective estate, or where it has not been possible to trace a debtor. Over the last 2 years, there has also been the impact of the Covid-19 pandemic on individuals and businesses across the local economy. It is very common for large organisations in both the public and private sectors to incur debt, and the Council is no different in that respect. Writing off debt is standard practice and recommended as part of good budget management.
- 4.5 In addition to the balances to be written off as part of this report, debts with a value less than £10,000 also require write-off consideration. While not forming part of this governance process (due to delegation limits as part of the Council's financial regulations), the values are shown in Appendix 2 for completeness and overall context.

5. CONSULTATION

- 5.1 Consultation between relevant Council Officers, the Local Taxation section and key Heads of Service within the Peterborough-Serco Strategic Partnership was undertaken to provide the relevant information for this report.

6. ANTICIPATED OUTCOMES

- 6.1 It is anticipated that the Cabinet Member for Finance will approve the write-off of the debt amounts summarised in Appendix 1.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

- 7.1 In all cases included in this Cabinet Member Decision Notice the authorisation for write-off is requested due to one of the following scenarios:

- the individual/ company being made insolvent/ bankrupt;
- the result of legal processes/ negotiations/ disputes concluding

- 7.2 Where debt being written off is in relation to companies that have gone into administration/ individuals being made bankrupt, proof of debt has been lodged with the Administrators or Liquidators in all appropriate cases and either it has been confirmed that no dividend is payable or a final dividend payment has been received. Recovery action has therefore been exhausted and there is no further action that can be taken to obtain any further payments in relation to the debt. Table 2 in Appendix 1 summarises the rationale for the different reasons for write off decisions by year and by value.

- 7.3 The majority of the aged debt outlined in Appendix 1 has been fully provided for in the council's debt provisions in accordance with the council's debt provision policies, local accounting procedures and statutory accounting regulations. As a result, the impact on the Council's revenue position as a result of this write off exercise is £51,421. All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off.

- 7.4 To further strengthen its debt collection procedures, the Council has a robust end-to-end accounts receivable process, including ensuring that all debt write-off exercises take place on a quarterly basis if material.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 The alternative option is to not write off this debt. This would result in uncollectable debts continuing to be shown as outstanding, with a bad debt provision apportioned to these balances. It should be noted that once a debt is no longer collectable it should be written off in the Council's accounts and the debt provision adjusted accordingly.

- 8.2 All other alternative options available to the Council to collect the debt have already been undertaken before making a decision to recommend a debt for write off.

9. IMPLICATIONS

- 9.1 Financial and legal implications have been included within this report.

- 9.2 Section 151 of the Local Government Act 1972 requires a local authority to make arrangements for the proper administration of their financial affairs and the write-off of debts falls within such duties.

- 9.3 There are no equalities implications arising from the recommendation.

Carbon Impact Assessment

9.4 It is considered that there is no/ negligible impact of implementing this decision.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

There are no documents.

12. APPENDICES

Appendix 1 - Debt Write-Offs With A Value Over £10,000 by type

Appendix 2 - Debt Write-Offs With A Value Under £10,000 (for information only)

Appendix 1 - Debt Write-Offs With A Value Over £10,000

Table 1: By financial year and % of debt type raised

Year	NNDR Debt			Sundry Debt		
	Write-Off Amount (£)	Debt Raised (£)	Write-Off as a %	Write-Off Amount (£)	Debt Raised (£)	Write-Off as a %
14/15	-	96,008,318	0.00%	-	45,140,000	0.00%
15/16	-	100,664,032	0.00%	2,736	54,270,000	0.01%
16/17	-	101,768,770	0.00%	8,057	56,610,000	0.01%
17/18	-	100,459,326	0.00%	113	56,914,648	0.00%
18/19	-	101,527,035	0.00%	14,762	67,843,815	0.02%
19/20	50,462	101,497,506	0.05%	5,299	68,726,462	0.01%
20/21	40,747	62,978,022	0.06%	25,730	69,698,833	0.04%
21/22	22,406	86,793,698	0.03%	30,240	*49,443,624	0.06%
Total	113,615	751,696,707	-	86,937	468,647,382	-

*Year to date figure up to 02/03/22

Table 2: By financial year and write-off rationale

Year	Company/ ratepayer placed into Administration/ Liquidation/Bankruptcy/ Entered into a CVA (£)	Disputed value/ legal agreement (£)	Total (£)
14/15	-	-	-
15/16	-	2,736	2,736
16/17	-	8,057	8,057
17/18	-	113	113
18/19	-	14,762	14,762
19/20	50,462	5,299	55,761
20/21	40,747	25,730	66,477
21/22	22,406	30,240	52,646
Total	113,615	86,937	200,552

Appendix 2 - Debt Write-Offs With A Value Under £10,000 (For Information Only)

Table 1: Sundry Debt Write-Off by type and financial year

Financial Year	Adult Social Care Write-Off (£)	Housing Debt Write-Off (£)	Market Debt Write-Off (£)	Property Debt Write-Off (£)	Other Sundry Debt Write-Off (£)	Under £10k Write-Off Total (£)	Total Debt raised in year (£)	write-off as a %
14/15	6,441	7,427	-	10,646	2,751	27,265	45,140,000	0.06%
15/16	5,228	8,856	240	3,559	2,159	20,042	54,270,000	0.04%
16/17	3,671	225	7,759	2,752	6,738	21,145	62,238,589	0.03%
17/18	1,891	3,104	651	5,114	3,531	14,291	62,295,850	0.02%
18/19	289	2,027	1,593	3,093	859	7,861	72,565,265	0.01%
19/20	-	3,525	16,750	9,877	4,800	34,952	74,397,999	0.05%
20/21	-	-	1,380	379	1,440	3,199	75,167,148	0.00%
21/22	-	-	9,935	-	-	9,935	*49,443,624	0.02%
Total	17,520	25,164	38,308	35,420	22,278	138,690	495,518,475	0.03%

*Year to date figure up to 02/03/22