

AUDIT COMMITTEE	AGENDA ITEM No. 11
30 JANUARY 2023	PUBLIC REPORT

Report of:	Cecilie Booth – Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Cllr Coles – Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth – Executive Director of Corporate Services and S151 Officer	Tel: 07970 325557

IRRECOVERABLE DEBTS IN EXCESS OF £10,000

R E C O M M E N D A T I O N S	
FROM: Cecilie Booth – Executive Director of Corporate Services and S151 Officer	Deadline date: 30 January 2023
<p>It is recommended that Audit Committee:</p> <p>1. Note the Irrecoverable Debts in excess of £10,000 report.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee for information from Cllr Coles (Cabinet Member for Finance and Corporate Governance) following consideration at Cabinet on 16th January 2023.

2. PURPOSE AND REASON FOR REPORT

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

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.

3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	NO	If yes, date for Cabinet meeting	
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4. BACKGROUND AND KEY ISSUES

4.1 The attached Cabinet report details the approval to write-off irrecoverable debts that exceed £10,000 in relation to Non-Domestic (Business) Rates, Council Tax, Accounts Receivable (sundry debt) accounts and Housing Benefit overpayments. The aggregate total value of these debts is £4,783,391.

4.2 The Council expects to receive approximately £100m in non-domestic rates annually, £100m for Council Tax, and in excess of £60m of sundry debt income. As a result of activity on this scale, the Council recovers millions of pounds every year relating to previous years' debt, sometimes

dating back several years, due to persistent recovery activity. Despite our best endeavours, it is inevitable that a small percentage of debt will remain uncollected and will ultimately have to be written off. There are a number of reasons why this happens, 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 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.

4.3 All cases requested for write-off follow a lengthy process to recover the outstanding money, sometimes dating back many years. Only once all avenues have been exhausted will the council consider writing off debt as irrecoverable.

4.4 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. Writing off irrecoverable debt is a necessary management tool, standard practice and recommended as part of good financial management.

4.5 Over 99% of the irrecoverable debt outlined in the Cabinet report has been fully provided for in the council's bad debt provision 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 from undertaking this write-off exercise is £3,637.

5. CONSULTATION

5.1 Information concerning the consultation undertaken is detailed within the attached Cabinet report.

6. ANTICIPATED OUTCOMES OR IMPACT

6.1 It is anticipated that the Committee will note the attached 'Irrecoverable Debts in Excess of £10,000' Cabinet report.

7. REASON FOR THE RECOMMENDATION

7.1 Reasons for recommendation are detailed within the attached Cabinet report.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 Alternative options are detailed within the attached Cabinet report.

9. IMPLICATIONS

Financial Implications

9.1 Financial implications are detailed within the attached Cabinet report.

Legal Implications

9.2 Financial implications are detailed within the attached Cabinet report.

Equalities Implications

9.3 There are no significant equalities implications.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

10.1 N/A

11. APPENDICES

- 11.1 Appendix 1. Cabinet report: To approve the write-off of any irrecoverable debts in excess of £10,000.

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