

AUDIT COMMITTEE	AGENDA ITEM No. 14
24 JULY 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

RECOMMENDATIONS	
FROM: Cecilie Booth – Executive Director of Corporate Services and S151 Officer	Deadline date: 24 July 2023
<p>It is recommended that Audit Committee:</p> <p>1. Note the Irrecoverable Debts in excess of £10,000 Cabinet report.</p>	

1. ORIGIN OF REPORT

1.1 This report is submitted to the Audit Committee for information following consideration at Cabinet on 19th June 2023.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is for information following consideration by Cabinet under its Terms of Reference No. 3.2.1, 'To take collective responsibility for the delivery of all strategic Executive functions within the Council's Major Policy and Budget Framework and lead the Council's overall improvement programmes to deliver excellent services,' and No. 3.2.2, 'To take collective responsibility for any Executive decision that has significant implications across two or more portfolios.'

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.

2.3 The specific detail relating to these debts is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial and business affairs of individuals. The public interest test has been applied to the information contained within the exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it as to do so would disclose personal and private information without the written consent of the individuals.

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 £2,350,991.
- 4.2 The Council expects to receive approximately £108m in non-domestic rates, £120m for Council Tax, and in excess of £90m of sundry debt income annually. 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.
- 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 All 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, there is no impact on the Council's revenue position from undertaking this write-off exercise.

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.

Appendix 2. Exempt annex: Summary of irrecoverable debts with a value over £10,000

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