

<b>CABINET</b>	<b>AGENDA ITEM No. 6</b>
<b>18 DECEMBER 2023</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth, Executive Director of Corporate Services and S151 Officer	
Cabinet Member(s) responsible:	Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance.	
Contact Officer(s):	Chris Yates – Acting Head of Finance (Corporate Services)	Tel. 01733 384552

**WRITE OFF IRRECOVERABLE DEBTS IN EXCESS OF £10,000**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Councillor John Howard, Deputy Leader and Cabinet Member for Corporate Governance and Finance.	<b>Deadline date:</b> 18 <sup>th</sup> December 2023
<p>It is recommended that Cabinet:</p> <p>1. Authorise the write-off of the irrecoverable debt shown as outstanding in respect of Non-Domestic (Business) Rates (NDR) accounts included in the Appendices to this report (which detail the financial year and the category for the write-off request). The total value of irrecoverable NDR debts in excess of £10,000 outlined in this report is £554,336.</p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Cabinet following referral from Budget Corporate Leadership Team (CLT) on 28<sup>th</sup> November 2023.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is for Cabinet to approve the write-off of irrecoverable debt in excess of £10,000.

2.2 This report is for Cabinet to consider 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.'*

2.3 The specific detail relating to these debts is NOT FOR PUBLICATION in accordance with paragraph (s) 3 of Schedule 12A of Part 1 of the Local Government Act 1972 in that it contains information relating to the financial and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?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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## **4. BACKGROUND AND KEY ISSUES**

- 4.1 The Council is committed to taking all necessary action 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 action. It can take several years before all actions have been undertaken.
- 4.2 The Council expects to receive approximately £108m in non-domestic rates 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.
- 4.3 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. Writing off irrecoverable debt is a necessary management tool, standard practice and recommended as part of good financial management.

## **5. CORPORATE PRIORITIES**

- 5.1 Writing off irrecoverable debts is standard practice and recommended as part of good financial management. While not directly impacting on the Council's Corporate Priorities, it is an important part of authority's financial governance and ensuring that the Council has robust financial reporting.

## **6. CONSULTATION**

- 6.1 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.
- 6.2 This report has been considered at Budget Corporate Leadership Team (CLT).

The report will also be taken to Audit Committee for information on the 29<sup>th</sup> January 2024.

## **7. ANTICIPATED OUTCOMES OR IMPACT**

- 7.1 It is anticipated that Cabinet will approve the write-off of the debt amounts summarised in Appendix 1.

## **8. REASON FOR THE RECOMMENDATION**

- 8.1 The authorisation for write-off is requested due to one of the following scenarios:
- the individual/ company being made insolvent/ bankrupt/dissolved;
  - recovery action attempted but no longer enforceable under the Limitation Act 1980 (Statute Barred); and
  - all recovery action has been exhausted with no prospect of recovery.
- 8.2 Where debt being written off is in relation to companies that have gone into administration/ individuals being made bankrupt/ proposals to strike off etc, 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. This amounts to 88% of the total write-off in this report.

Table 2 in Appendix 1 summarises the rationale for the different reasons for write-off decisions by year and by value.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 The alternative option is to not write off this debt. This would result in irrecoverable 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.
- 9.2 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.

## **10. IMPLICATIONS**

### **Financial Implications**

- 10.1 All debt relating to NNDR is accounted for through the Collection Fund, where a calculation is made for a bad debt provision. This provision will be used to offset the financial impact as a result of this write-off.

All debt recovery actions available to the council must be exhausted before outstanding debt can be recommended for write-off.

### **Legal Implications**

- 10.2 There are no legal implications in respect of what is proposed

### **Equalities Implications**

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

## **11. BACKGROUND DOCUMENTS**

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

- 11.1 There are no further documents apart from the exempt annex.

## **12. APPENDICES**

- 12.1 Appendix 1 - Debt Write-Offs With A Value Over £10,000 by type  
Appendix 2 - Exempt Annex – Not For Publication

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