

Agenda Item No: 12
Report To: **CABINET**
Date of Meeting: 23 February 2023
Report Title: Revenues & Benefits Recommended Write-Offs Schedule
Report Author: Nic Stevens
Job Title: Recovery Manager
Portfolio Holder: Cllr. Neil Shorter,
Portfolio Holder for: Portfolio Holder for Finance & IT



Summary: This report proposes the formal write off of £163,998.82. The proposals are in line with the Council's Revenues & Benefits Service Write Off Policy. The Deputy Chief Executive (Section 151 Officer) has been consulted along with Heads of Service for relevant areas.

Key Decision: No

Significantly Affected Wards: None

Recommendations: **The Cabinet is recommended to:-**

- I. Note the action that accounts totalling £19,639.89 have been written off under the delegated powers (Financial Regulations 11.1)
- II. Approve the write offs listed in the Exempt Appendices totalling £144,358.93

Policy Overview: The regular review and writing off of un-collectable debts is part of strong financial management.

Financial Implications: Provision for bad debts has been made in the final accounts to account for expected write-offs during the year.

Legal Implications: There are circumstances when it is appropriate to write off monies owed to the Council. Some of these are covered by statute or an instruction by the courts whereas other areas will be considered by local management, for example when residents abscond leaving debts. There are some debts that whilst are written off by ABC, could legally be pursued but the decision is a commercial and pragmatic one based on the likelihood of successful recovery further to the economic position of the debtor or known whereabouts or lack of. That said, just because a debt is written off, legally in some cases,

action can be reinstated if further evidence comes to light that indicates that it is now in both the commercial and public interest of ABC so long as the debt has not become statute barred.

Text agreed by Principal Litigator

Equalities Impact Assessment:

Not Required

Data Protection Impact Assessment:

Not required with the nature, scope, context and purposes of any necessary processing being in line with routine procedures

Risk Assessment (Risk Appetite Statement):

The write offs do not have an immediate financial effect on the current year's budget as the bad debt provision is greater than the write-off total. However, the making of that provision did have a cost implication at the time the provision was made.

Sustainability Implications:

Not Applicable

Other Material Implications:

Not Applicable

Exempt from Publication:

YES

[Appendix Not For Publication by virtue of Paragraph 1 of Part 1 of Schedule 12A of the Local Government Act 1972.] and the public interest in maintaining the exemption outweighs the public interest in disclosing the information

Background Papers:

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Contact:

nicola.stevens@ashford.gov.uk Tel: (01233) 330446

Report Title: Revenues & Benefits Recommended Write-Offs Schedule

Introduction and Background

1. To advise Members of debts written-off and obtain approval to write off further individual debts of over £1,000.00 listed in the Exempt Appendices

Proposal / Current position

2. The write offs being recommended are in accordance with the Revenues & Benefits Service Write Off Policy. Over recent years, due to the economic climate there has been a significant increase in Non-Domestic Rates (Business Rates) write offs, the majority of these relate to company insolvency.
3. Under delegated powers the Deputy Chief Executive (Section 151 Officer) has written off debts totalling £19,639.89 (column a). Approval is sought for write off of debts totalling £144,358.93 (column b).

Write off debt summary:-

	Value of debts written off under delegated powers	Value of debts recommended for write off (see attached appendices)	Provision for Bad Debt at 1.4.2022
	(a)	(b)	(c)
Council Tax	11,681.15	56,956.87	£311,988.52
Non Domestic Rates	1,526.28	48,552.91	£288,177.70
HB overpayment	1,978.95	33,287.81	£595,399.01
Sundry Debtors	4,453.51	5,561.34	£992,344.52
TOTAL	19,639.89	144,358.93	

Implications and Risk Assessment

The write offs do not have an immediate financial effect on the current year's budget as the bad debt provision is greater than the write-off total. However, the making of that provision did have a cost implication at the time the provision was made; those being sundry debtors at full cost, council tax approximately 10% cost (90% financed by Kent County Council, Police and Crime Commissioner of Kent & Kent Fire Authority), housing benefit overpayments 60% cost due to existing subsidy arrangements and NNDR 40% (50% financed by the Government and 10% by Kent County Council).

Consultation Planned or Undertaken

The Deputy Chief Executive been consulted along with Heads of Service for relevant areas.

Other Options Considered / Reasons for Supporting Option Recommended

Recovery options are considered throughout the process and all necessary efforts made to collect amounts due. There are circumstances when it is appropriate to write off of monies owed to the Council, for example, some of which are covered by statute, bankruptcy, absconders who cannot be traced and when the amount is uneconomical to collect. That said, just because a debt is written off, in some cases action can be reinstated if further evidence comes to light that indicates that it is now in both the commercial and public interest.

Next Steps in Process

Write off amounts in attached reports.

Conclusion

The Service's Write Off policy has been followed and in many cases a number of methods of recovery followed before the debts have been recommended for write off.

Portfolio Holder's Views

To be given at meeting

Contact and Email

Nic Stevens

nicola.stevens@ashford.gov.uk

Exempt Appendix
Revenues & Benefits Service Write Off Schedule
The Exempt Appendix is Not for Publication by virtue of Paragraph 1 of
Schedule 12A of the Local Government Act 1972

Guidance notes regarding reasons for write off and any subsequent action:

1. Where accounts are in bankruptcy, liquidation, dissolved, in administration or there is a Debt Relief Order claims for the amounts due have been submitted to the Receivers, Liquidators or Administrators. Any amounts received will be written back on to the appropriate accounts. Where a company is “struck off” or there is a proposal to “strike off” this means a company has ceased to trade and comply with the requirements of Companies House i.e. submit company accounts and there is little chance of recovering any monies due.
2. Where debtors have absconded “gone abroad” or “unable to trace” a report of confirmation has been obtained from a commercial tracing agency
3. Where Action states “LO returned by Bailiffs” - the Bailiffs have returned the Liability Orders as they are unable to collect the debts as the debtor has absconded. The Bailiffs would have undertaken initial trace action to locate the debtor before returning the Liability Orders.
4. Where action states “unable to attach to benefits” the debtor is not claiming state benefits in the UK or other attachments are in force.
5. Where action states “Committal” the debtor has been taken to Court with an application to commit to prison.
6. “Statute barred” means that the debt is unable to be recovered due the lapse in time (six years or more) of having contact with the debtor.
7. Where action states “uneconomic to pursue” means that all recovery methods have been exhausted other than civil court action where legal costs are likely to outweigh any monies recovered.
8. Company and Individual Voluntary Arrangements means that recovery action cannot legally proceed but there may be a partial payment of the debt.
9. County Court Judgement (CCJ) obtained means recovery is now with the Court Bailiffs and if they cannot collect no further action can be taken.
10. There have been instances where long term empty properties incurring an empty rates charge have been let to Companies that never occupy the property but become liable for the empty charge. Once recovery action reaches an advanced stage the Company is dissolved making the debt irrecoverable. The Department of Communities and Local Government (DCLG) have been informed of the practice and have advised that they are aware of the situation.