

Debt Write Offs



Report to:	Cabinet
Date:	15 January 2024
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance and Governance
Lead Officer:	Donna Beechener, Assistant Director - Revenues and Benefits (01279) 446245
Key Decision:	Yes
Forward Plan:	Forward Plan Number I015980
Call In:	This item is subject to call in procedures
Corporate Priority:	Improve Council Services
Wards Affected:	None specifically

Recommended that:

- A** Irrecoverable Council Tax amounting to £26,966.49 be written off.
- B** Irrecoverable Non-Domestic Rates amounting to £637,414.50 be written off
- C** Irrecoverable Sundry Debts amounting to £66,917.71 be written off.
- D** Irrecoverable Housing Benefit overpayments amounting to £44,919.84 be written off.

Reason for decision

- A** The Cabinet's approval is required to write off irrecoverable debts over £20,000.

Other Options

- A** There are no other options other than to write off these debts as all other options have been exhausted.
- B** Where a debtor has absconded and attempts to trace have failed, if the debtor is subsequently located, the debt is reinstated, and recovery action recommences.

Background

1. Harlow Council has an excellent record of recovering monies owed by customers. The Council collects 99% of Non-domestic Rates due and over 99% of Council Tax. Debts are only ever written off as a last resort and where recovery is deemed to be impossible. The amounts put forward for write-off in this report amount to less than 1% of the total collectable debts.
2. All efforts to recover debts are undertaken in accordance with the relevant legislation.
3. On-going review processes have identified –
 - a) 45 Council Tax Debit Balances, all of which relate to one company which was dissolved in September 2020. The debts relate to a block of apartments owned by the developer of the site (the company) and relate to council tax debts accrued for short periods once completed and prior to sale of the block. The company was subsequently dissolved. All attempts to recover the debts were unsuccessful.

DEBITS		
REASON	NO. OF ACCOUNTS	TOTAL
Dissolved	45	£26,966.49
TOTAL	45	£26,966.49

- b) 14 Non domestic rate balances, please note that where a Company Voluntary Arrangement (CVA) exists (4 accounts), it is expected that a dividend will be received, and where this occurs, a reversal of the write off equal to the dividend will then be made.

DEBITS		
REASON	NO. OF ACCOUNTS	TOTAL
Liquidation	8	£360,905.48
Dissolved	2	£61,030.04
Company Voluntary Arrangement (CVA)	4	£215,478.98
TOTAL	14	£637,414.50

c) 1 Sundry Debt balance.

DEBITS		
REASON	NO. OF ACCOUNTS	TOTAL
Liquidation	1	£66,917.71
TOTAL	1	£66,917.71

d) 8 Housing Benefit overpayment debit balances

DEBITS		
REASON	NO. OF ACCOUNTS	TOTAL
Abscond	1	£24,644.84
Deceased	1	£20,275.00
TOTAL	2	£44,919.84

requiring write off approval in line with Financial Regulations. Further details for each are shown in Appendix One, Tables 1, 2, 3 and 4.

4. Write-off limits in the Financial Regulations require write-off requests relating to Council Tax, Housing Benefit overpayments, sundry debts and Non-Domestic rates be presented to Cabinet where the amount is equal to or exceeds £20,000.

Issues/Proposals

5. The Revenues and Benefits service works hard to minimise write offs, and as a result reports of debt write offs are rarely brought forward to Cabinet. The pandemic halted legal recovery action for two financial years and this report includes debts that accrued during that period and seeks to bring the reporting of write offs for approval by Cabinet up to date.
6. In regard to Non Domestic Rates, the majority of ratepayers received significant levels of rate relief since 2020 as a result of the impacts of Covid 19, significantly reducing the likelihood of non-collection and associated write offs.
7. Whilst action is taken to minimise debt write offs, the Council does make provision for doubtful debts. Write offs relating to Council Tax and Non domestic rates are accounted for in the Collection Fund and are shared with the precepting bodies in accordance with collection fund accounting principles.
8. Debt write offs are a normal day to day activity and it is good practice to write off irrecoverable debts.
9. Benchmarking has not been undertaken.

Implications

Equalities and Diversity

A decision tree has been conducted and is attached at Appendix 2. An equality impact assessment is not required.

Climate Change

No climate change implications have been identified.

Communities and Environment

No specific implications within the report, although issues around poverty may arise in discussion of individual cases.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Finance

Debt write offs reflect a loss of income to the Council, but are only authorised after all attempts to recover debt are exhausted. The cost of non-domestic rates write offs are partially met by the national non domestic rate pool and partially by the billing and precepting authorities.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

Governance and Corporate Services

None beyond those contained in the report.

Author: Simon Hill, Director of Governance and Corporate Services

Appendices

Appendix One – Write off Summary Tables

Appendix Two – Equality Impact Decision Tree

Background Papers

None.

Glossary of terms/abbreviations used

None.

Appendix 1

Table 1

Council Tax	
Reason for debt	Amount £
Dissolved	622.71
Dissolved	547.32
Dissolved	622.71
Dissolved	547.32
Dissolved	547.32
Dissolved	622.71
Dissolved	622.71
Dissolved	622.71
Dissolved	622.71
Dissolved	622.71
Dissolved	622.71
Dissolved	547.32
Dissolved	547.32
Dissolved	622.71
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Dissolved	622.71
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Dissolved	622.71
Dissolved	547.32
Dissolved	622.71
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Dissolved	622.71
Dissolved	547.32
Dissolved	622.71
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Dissolved	622.71
Dissolved	622.71

Dissolved	622.71
Dissolved	622.71
Dissolved	547.32
Dissolved	547.32
Dissolved	547.32
Dissolved	622.71
Total Council Tax write offs	£26,966.49

Table 2

Non Domestic Rates	
Reason for debt	Amount £
Liquidation	30,594.66
Liquidation	42,362.00
Liquidation	24,663.98
Dissolved	34,850.12
Liquidation	85,778.77
Liquidation	26,868.57
Liquidation	32,164.22
Liquidation	78,893.96
CVA	29,549.56
CVA	25,028.92
CVA	16,620.68
Liquidation	39,579.32
CVA	144,279.82
Dissolved	26,179.92
Total Non Domestic Rates write offs	£637,414.50

Table 3

Sundry Debts	
Reason for debt	Amount £
Liquidation	66,917.71
Total Sundry Debts write offs	£66,917.71

Table 4

Housing Benefit Overpayment	
Reason for debt	Amount £
Abscond	24,644.84
Deceased	20,275.00
Total Housing Benefit Overpayment write offs	£44,919.84

Equality impact initial screening

Reference: E568753593

Date completed: 12 Dec 2023

Person completing form: Donna Beechener

Email address: donna.beechener@harlow.gov.uk

Title of equality impact: Debt write offs

Service: Finance

Team: Revenues and Benefits

Does/will the policy or activity affect the public directly or indirectly? No

Have there been or likely to be any public concerns about the policy or proposal? No

Does the evidence/data show an existing or likely differential impact for the different strands of diversity? Age, gender, disability, race, religion, sexuality: No

Do/will people who belong to the different strands of diversity have different needs, experiences, issues or priorities in relation to this policy or activity (use evidence): No

Could the policy or activity affect how services, commissioning or procurement activities are organised, provided, where and by whom? No

Could the policy or activity affect our workforce or employment practices? No

Have complaints been received from different equality groups about the effect of this policy, proposal or our activities in general? No

Does the policy involve or will it have an impact upon eliminating unlawful discrimination, promoting equality of opportunity and promoting good relations between diverse groups: No

Is there likely to be an adverse/negative impact or risks to the organisation, for users, equality groups and staff if the policy or activity is implemented in its current format? No

Equality impact assessment not required.