

# Debt Write Offs



<b>Report to:</b>	Cabinet
<b>Date:</b>	24 October 2024
<b>Portfolio Holder:</b>	Councillor James Leppard, Portfolio Holder for Finance
<b>Lead Officer:</b>	Donna Beechener, Assistant Director - Revenues and Benefits (01279) 446245
<b>Key Decision:</b>	Yes
<b>Forward Plan:</b>	Forward Plan number I017244
<b>Call In:</b>	This item is subject to call in procedures
<b>Corporate Mission:</b>	Deliver High Performing Customer Services
<b>Wards Affected:</b>	None specifically

## Executive Summary

- A** Uncollectable debts that require write off require formal approval, which is a key financial control in respect of income due.
- B** Write-off requests relating to Council Tax, Non Domestic Rates, Housing Benefit overpayments, sundry debts, and Housing Rents are presented to Cabinet where the amount exceeds £20,000.

## Recommended that:

- A** Irrecoverable Non-Domestic Rates amounting to £44,184.42 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.
  - a) On-going review processes have identified 1 Non domestic rate balance requiring write off approval in line with Financial Regulations.

DEBITS		
REASON	NO. OF ACCOUNTS	TOTAL
Liquidation	1	£44,184.42
<b>TOTAL</b>	<b>1</b>	<b>£44,184.42</b>

3. Write-off limits in the Financial Regulations require write-off requests relating to Non-Domestic rates be presented to Cabinet where the amount is equal to or exceeds £20,000.
4. Details of the debt write off process can be found at Appendix 1 to this report.

## Issues/Proposals

5. The Revenues and Benefits service works hard to minimise write offs, and this is the first report in this financial year of debt write offs for Cabinet's approval.
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 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.

### **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: Jacqueline Van Mellaerts, Assistant Director – Finance and Deputy Section 151 Officer

### **Governance**

Financial regulations require that write-off requests relating to Council Tax, Benefit Overpayment, sundry debt and non-domestic rates be presented to Cabinet for formal approval.

Author: Julie Galvin, Legal Services Manager and Monitoring Officer

## **Appendices**

Appendix 1 – Debt Write Off Process

Appendix 2 – Equality Impact Decision Tree

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

None.

## Debt Write Off Process

## Appendix 1

1. Uncollectable debts that require write off require formal approval, which is a key financial control in respect of income due. The Council's Financial Regulations set out the approval limits for debt writes offs as follows.

<b>Write off Limits (Debits &amp; Credits)</b>	<b>Limit</b>
Portfolio Holder in consultation with S151 Officer	£20,000
Chief Executive & Section 151 Officer	£5,000
Directors (Heads of Service)	£2,000
Assistant Director Revenues & Benefits	£1,000

2. Harlow Council collects a range of income, namely; Council Tax, Non Domestic Rates, Housing Rent, Sundry income, and housing benefit overpayments.

In collecting the above income, services comply with the statutory requirements to collect amounts falling due, utilising legal enforcement options when required. Where all legal options for recovery have been exhausted, it is prudent to consider whether the debt should be written off.

3. Debts will be considered for write off in the following circumstances.
  - Personal Bankruptcy and the debt forms part of the bankruptcy.
  - Debt Relief Order (DRO) and the debt is included in the DRO.
  - Individual is deceased, with no estate.
  - Debtor has absconded, no trace.
  - Uneconomical to collect (small balances and no ongoing liability)
  - Order of a Court to remit part or all of the debt.
  - Company Insolvency
  - Dissolution of Company
  - Individual / Company Voluntary Arrangement where payments have been received as agreed, and the end of the arrangement period is reached.
4. The Council's Financial Regulations stipulate that as a key control for financial and operational control systems, there should be segregation of duties, authorisation and approval procedures.

The process to identify debts that require write off and the authorisation / approval is segregated in that officers will identify debts that require write off, the requests are then reviewed by a senior manager, before being passed to the relevant authorised approver for consideration.

5. Once debts have been approved for write off, the debts are written off in the relevant financial systems, with the action undertaken by an officer separate to the above process, satisfying the requirement for segregation of duties in accordance with for internal financial controls. Records of the debts written off and the authorised approval are held securely, and available as evidence for the Council's internal and external auditors.
  
6. There are occasions where credit balances can arise, and it has not been possible to repay the monies to the debtor. In these circumstances, the process to obtain approval to write off mirrors that of uncollectable debts.

## Equality impact initial screening

## Appendix 2

**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 (having no complaints does not always mean there is no issue – always advisable to find out):** 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