

Debt Write Offs



Report to:	Cabinet
Date:	19 March 2025
Portfolio Holder:	Councillor James Leppard, Portfolio Holder for Finance
Lead Officer:	Jacqueline Van Mellaerts, Assistant Director - Finance and Section 151 Officer (01279) 446251
Key Decision:	No
Forward Plan:	Forward Plan number I017245
Call In:	This item is subject to call in procedures
Corporate Mission:	Deliver high-performing council services
Wards Affected:	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 Cabinet:

- A** Approves the irrecoverable Non-Domestic Rates write offs as set out within the report.
- B** Notes the intention to revise the debt write off process as part of the work to update the council's constitution as set out within the report.

Reason for decision

- A** Cabinet 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.
2. Debts are only ever written off as a last resort and where recovery is deemed to be impossible, in line with legislation, as set out in Appendix A. The amounts put forward for write-off in this report amount to approximately 1.63% of the total collectable debts.
3. This is the last report in this financial year of debt write offs for Cabinet approval.
4. 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.
5. 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.
6. Debt write offs are a normal day to day activity and it is good practice to write off irrecoverable debts where all other options have been exhausted.

Issues/Proposals

7. Ongoing review processes have identified 23 Non-Domestic Rate balances requiring write off approval in line with Financial Regulations as set out below.

REASON	NO. OF ACCOUNTS	TOTAL
Abscond	1	£29,283.43
Liquidation	1	£343,249.63
Dissolved	18	£394,982.77
Other	3	£56,027.03
TOTAL	23	£823,542.86

8. Some ratepayers may have multiple accounts with the council, in this instance, although there are 23 Non-Domestic Rate accounts in total to write off, they relate to 13 different

ratepayers. The £20,000 debt write off limit is reached by individual suppliers, although the debt/account itself may be less than £20,000.

9. There are three accounts that relate to “other” reason. Two of these accounts are with the same supplier and have been deemed uncollectable from the High Court of Justice of England and Wales. The third account is a specific case and is also deemed irrecoverable.
10. Details of the debt write off process can be found at Appendix A to this report. As part of the ongoing work to update the council’s constitution, the debt write off process will be updated in line with the council’s new executive management structure.

Implications

Equalities and Diversity

A decision tree has been conducted. 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.

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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.

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Appendices

Appendix A – Debt Write Off Process

Background Papers

None.

Glossary of terms/abbreviations used

None.