

# **Cherwell District Council**

## **Executive**

**4 September 2023**

### **Summary of Debt Write Offs**

#### **Report of Assistant Director of Finance**

This report is public. The appendices are exempt from publication by virtue of paragraphs 1, 2 and 3 of Schedule 12A of Local Government Act 1972

#### **Purpose of report**

To provide members with a summary of the accounts proposed for write-offs and to request approval for the write-offs. These are debts where all avenues for collecting the debt have been exhausted and it is good practice to write these debts off. All of the debts proposed for write off will be funded from the Council's Bad debt Provision.

£1.042m Council Tax and £1.002m business rates are proposed for write off. These debts range from 2001/02 to 2023/24. Over this period bills of £1.809bn have been raised for Council Tax and £1.559bn for business rates. As a result 0.06% and 0.06% of the value billed over this time frame is recommended for write off.

#### **1.0 Recommendations**

The meeting is recommended:

- 1.1 To review and approve the proposed bad debt write offs summarised in exempt Appendix A this contains debts recommended for write-off relating to Council Tax debts where the value exceeds £5,000.
- 1.2 To review and approve the proposed bad debt write offs summarised in exempt Appendix B this contains Business Rates debts recommended for write-off where the values exceeds £10,000.
- 1.3 To approve the proposed write off of debts where the value is less than £5,000.00 for Council Tax and less than £10,000. for Business Rates but all recovery methods have been exhausted. These have been reviewed by the S151 Officer and are available to be reviewed on request.
- 1.4 To note that the constitution gives a delegation to the S151 Officer to write off bad debts for Business Rates up to the value of £10,000 and up to the value of £5,000 for non-business rates bad debt. Following this review the S151 Officer will operate under this delegation and periodically update the Executive on the actions taken.

## 2.0 Introduction

- 2.1 The Council's financial procedure rules require that recommended write offs with an outstanding balance of £5,000 and above for Council Tax, Overpayment of Housing Benefit or Sundry Debtors, and £10,000 and above for Business Rates must be approved by the Executive.
- 2.2 There are certain circumstances where it is practically or legally impossible to collect outstanding debts due to the Council. This includes cases where the debtor has gone into liquidation, been declared bankrupt, has died or has left a property without trace and all reasonable efforts to trace the debtor have proven unsuccessful.
- 2.3 The Council has now undertaken fundamental review of Council Tax or Business Rates debts that should be considered for write off. This is a higher amount than would normally be reported.
- 2.4 The Council's power to collect and enforce Business Rates are set out in the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 and every effort will be made to recover debt owing to the Council before it is considered for write off This includes using tracing agents, visiting the property, contacting the occupants as well as cross – referencing other internal databases
- 2.5 The Council's power to collect and enforce Council Tax are set out in the Council Tax (Administration and Enforcement) Regulations 1992 and every effort will be made to recover debt owing to the Council before it is considered for write off This includes using tracing agents, visiting the property, contacting the occupants as well as cross – referencing other internal databases
- 2.6 The recommendation for the majority of write off fall into the following categories
  - Deceased – No Estate – No further recovery options are available in this instance
  - Absconded/Abroad – Several of the cases relate to individuals that have returned to their Country of origin and fall outside of our jurisdiction for any further enforcement action
  - Insolvency/bankruptcy/Individual Voluntary arrangement/Company Voluntary Arrangement – Those cases in the insolvency process cannot have alternative action taken against them, in some cases we are receiving nominal payments but these will all leave substantial balances outstanding and the recovery process has been exhausted, further action cannot be pursued following the insolvency process.
  - Statute barred – Debts over 6 years old and fall within the Statute of Limitations Act
  - Uneconomical to collect / Recovery Activity Exhausted – debts of low value or where all recovery options have been exhausted

- 2.7 The financial regulations make provision for writing off debts that are uneconomical to collect or irrecoverable. The Council maintains a number of bad debt provisions in the anticipation that debts will become uncollectable and these once agreed are charged to the relevant provision or cost centre. The provision within the council for Council Tax bad debt is £2.084m and for Business Rates is £2.261m and by writing off the amount of debt mentioned in this report will not cause the provision to be exceeded. This provision is reviewed on a regular basis to ensure that we have sufficient within it.
- 2.8 These debts range from 2001/02 to 2023/24. Over this period bills of £1.809bn have been raised for Council Tax and £1.559bn for business rates. As a result 0.06% and 0.06% of the value billed over this time frame is recommended for write off.
- 2.9 Debts below £5,000 for Council Tax and debts below £10,000 for Non-Domestic Rates will be reviewed by the Section 151 officer at Cherwell District Council
- 2.10 Debts above these thresholds only are contained within Appendices A and B

### 3.0 Report Details

- 3.1 Exempt appendix A details the Council Tax cases over £5,000.00 requiring approval for write off.
- 3.2 Exempt appendix B details the Business Rates cases over £10,000.00 requiring approval for write off
- 3.3 Some of the personal contents in the report appendices has been anonymised for the purposes of General Data Protection Regulations, such as addresses and full names.
- 3.4 The table below provides the total value of debts contained in the appendices that accompany the report.

#### Appendix A

Reason for write off	Fund	Amount	Fund Impacted
Bankruptcy	Council Tax	£ 42,995.21	Collection Fund
Deceased	Council Tax	£ 32,359.50	Collection Fund
Goneaway/Absconded	Council Tax	£ 51,078.18	Collection Fund
Recovery exhausted	Council Tax	£ 49,008.64	Collection Fund
Statutory barred	Council Tax	£ 23,406.98	Collection Fund
<b>Total amount for Appendix A</b>		<b>£198,848.51</b>	

## **Appendix B**

<b>Reason for write off</b>	<b>Fund</b>	<b>Amount</b>	<b>Fund Impacted</b>
Goneaway/Absconded	Business Rates	£ 62,741.02	Collection Fund
Liquidation	Business Rates	£140,108.60	Collection Fund
Company Voluntary Arrangement	Business Rates	£117,447.46	Collection Fund
Company dissolved	Business Rates	£244,150.92	Collection Fund
<b>Total amount for Appendix B</b>		<b>£750,628.30</b>	

3.5 The table below contains the value of debt for each reason for not being collectable and where the overall value of the bills raised is for less than £5,000.00 for Council Tax and £10,000.00 for Business Rates

These have been reviewed and approved for write off by Section 151 Officer

<b>Reason for write off</b>	<b>Fund</b>	<b>Amount</b>	<b>Fund Impacted</b>
Bankruptcy	Council Tax	£ 74,089.26	Collection Fund
Recovery exhausted	Council Tax	£ 241,910.62	Collection Fund
Deceased	Council Tax	£ 35,028.72	Collection Fund
Gone Away/Absconded	Council Tax	£ 324,229.27	Collection Fund
Liquidation	Council Tax	£ 17,903.71	Collection Fund
Small Balance Write Off	Council Tax	£ 11,723.17	Collection Fund
Statute Barred	Council Tax	£ 138,166.70	Collection Fund
<b>Total to be written off under £5k</b>		<b>£ 843,051.45</b>	

<b>Reason for write off</b>	<b>Fund</b>	<b>Amount</b>	<b>Fund Impacted</b>
Absconded	Business Rates	£ 64,240.22	Collection Fund
Bankrupt	Business Rates	£ 39,055.96	Collection Fund
Company dissolved	Business Rates	£ 52,839.20	Collection Fund
Company voluntary arrangement	Business Rates	£ 38,861.88	Collection Fund
Deceased	Business Rates	£ 84.79	Collection Fund
Liquidation	Business Rates	£ 24,290.09	Collection Fund
No forwarding address known	Business Rates	£ 1,965.88	Collection Fund
Recovery exhausted	Business Rates	£ 10,589.43	Collection Fund
Small Balance	Business Rates	£ 226.88	Collection Fund
Statute Barred	Business Rates	£ 23,494.49	Collection Fund
<b>Total to be written off under £10k</b>		<b>£251,093.78</b>	

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Members are asked to note the contents of the report and approve the debts for write off as detailed in the attached exempt Appendices A and B

## **5.0 Consultation**

None

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

To not write off the debt. This old and irrecoverable debt places additional administration on the team as periodically, it is required to be reviewed and pursued. By writing off the debt, more time will be able to be focussed on reviewing debt that is more likely to be recoverable.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 The implications are set out in the report and detailed in the appendices. The Council reviews the level and age of debt owed to it periodically. Provisions are created and reviewed each year to ensure resource has been put aside for debts that are not able to be collected. Bad debt provision will be released to cover the cost of these debt write offs. The level of bad debt provision required at the end of the year will be considered based on the aged debt profile at that point and adjusted accordingly.

Write offs of business rates debt are shared in the ratio 40% Cherwell District Council, 10% Oxfordshire County Council, 50% the Government.

Comments checked by: Michael Furness

Michael Furness Assistant Director of Finance [Michael.furness@cherwell-dc.gov.uk](mailto:Michael.furness@cherwell-dc.gov.uk)

### **Legal Implications**

- 7.2 The appendices to this report detail each debt. This report seeks to write off debts so far as the Council's internal accounting protocols and procedures are is concerned. It does not preclude the Council from seeking recovery should it become feasible in the future - the debts will still exist and the Council would remain entitled to chase for them, subject to applicable limitation periods under the Limitation Act 1980 that render pursuance statute barred after substantial periods of non-contact (generally 6 years in respect of the recovery of a debt).

Comments checked by: Shiraz Sheikh Assistant Director of Law Governance an [Shiraz.sheikh@cherwell-dc.gov.uk](mailto:Shiraz.sheikh@cherwell-dc.gov.uk)

## **Risk Implications**

- 7.3 There is a corporate debt write-off policy included as appendix, and these write offs are being considered in accordance with the policy and the Council's Financial Regulations. There are no risk management issues arising directly from this report. Any arising risks will be managed through the service operational risk and escalated to the Leadership Risk Register as and when necessary

Comments checked by:

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## **Equalities and Inclusion Implications**

- 7.4 There are no equalities nor inclusion implications arising directly from this report

Comments checked by:

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## **8.0 Decision Information**

### **Key Decision Yes**

**Financial Threshold Met: Yes**

**Community Impact Threshold Met: No**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

Serve the residents and the business

### **Lead Councillor**

Councillor Adam Nell – Portfolio Holder for Finance

## **Document Information**

### **Appendix number and title**

- Exempt Appendix A Council Tax cases recommended for write off
- Exempt Appendix B Non-Domestic Rates cases recommended for write off

### **Background papers**

None

### **Report Author and contact details**

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