

CABINET

3 December 2020

REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

WRITE OFFS - 1ST APRIL 2020 - 30TH SEPTEMBER 2020

EXEMPT INFORMATION

None

PURPOSE

That Members endorse the amount of debt written off for the period 1st April 2020 to 30th September 2020 and to seek approval to write off irrecoverable debt in line with policy regarding Business Rates in excess of £10k.

RECOMMENDATIONS

It is recommended that Members endorse the amount of debt written off for the period of 1st April 2020 to 30th September 2020 – **Appendix A-E** and approve the write off of irrecoverable debt for Business Rates of £53,099.66 – **Appendix F** respectively.

EXECUTIVE SUMMARY

The Assistant Directors and Heads of Service are responsible for the regular review of debts and consider the need for write off and authorise where necessary appropriate write offs in line with the Corporate Credit Policy. The first part of this report shows the position for the second quarter of the financial year. It should be noted that this report now includes Housing moving forward.

Type	01/04/20 – 30/09/20 £ p
Council Tax	£48,807.28
Business Rates	£39,189.69
Sundry Income	£0.00
Housing Benefit Overpayments	£14,265.64
Housing	£51,467.80

In these unprecedented times the pandemic has affected people in a number of ways. Many of our residents/customers continue to be financially impacted by the crisis.

Therefore a decision was made to suspend recovery action for Quarter 1. Action recommenced with a recovery plan implemented during July – starting with reminder letters being issued and negotiations regarding payment undertaken according to individual circumstances on a case by case approach to further support the most vulnerable.

We will continue to engage with our customers and depending on their individual circumstances the following arrangements will continue to be undertaken:

- Deferral of instalments;
- Flexible payment arrangements being made;
- Ensuring that they make an application for any qualifying benefits which includes Local Council Tax Support.

Whilst collection rates are currently behind target and income levels reduced, it is too early to know what effect the pandemic will ultimately have on the economy and residents ability to pay.

Magistrates Courts are now only just starting to consider cases with our first court due for this financial year on 21st December 2020. It is hoped that this will encourage payments together with engagement from and identification of customers who require further support.

It should be noted that at present we would not consider the write off of debts unless we have pursued them to the fullest extent (and as a last resort).

OPTIONS CONSIDERED

A revised approach to the calculation of Business Rates bad debt has been developed which involves a review of all of the outstanding debts to ascertain whether they are likely to be collectable. This has then been used to determine the balance to apply the usual aged debtor percentage.

Business Rates	01/04/20 – 30/09/20
	£ p
Bad Debt provision as per NNDR 3	(£704,760.32)
Amount written off to date	£39,189.69
Amount remaining	(£665,570.63)

The second part of the report is in respect of debts which are in excess of £10k.

Under Financial Regulations, debts for write-off greater than £10k require Cabinet authorisation and this report details such accounts. The amount for Business Rates is attached in **Appendix F**.

RESOURCE IMPLICATIONS

The write offs detailed are subject to approval in line with the Corporate Credit Policy/Financial Regulations, and have been provided for under the bad debt provision calculation.

LEGAL/RISK IMPLICATIONS BACKGROUND

Not applicable

EQUALITIES IMPLICATIONS

Not applicable

SUSTAINABILITY IMPLICATIONS

Not applicable

BACKGROUND INFORMATION

This forms part of the Council's Corporate Credit Policy and effective management of debt. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all of the debt and will need to be considered for write off in accordance with the schemes of delegation prescribed in the Corporate Credit Policy.

The Council views such cases very much as exceptions. Before writing off debt, the Council will satisfy itself that all reasonable steps have been taken to collect it and that no further recovery action is possible or practicable. It will take into account the age, size and types of debt together with any factors that it feels are relevant to the individual case.

Debt Write Off

Authorisations are needed to write off debt:

Authority	Account Value
Executive Director/Assistant Director (or authorised delegated officer)	up to £5,000
Executive Director Finance	£5,001 - £10,000
Cabinet	over £10,000

These limits apply to each transaction.

Bad Debt Provision

The level of the provision must be reviewed jointly by the unit and Accountancy on at least a quarterly basis as part of the management performance review, and the table below gives the mandatory calculation.

Where the debt is less than 6 months old it will be written back to the service unit.

Debt Outstanding Period	Debt Outstanding Provision (net of VAT) %
Between 6 and 12 months old	50%
Between 12 and 24 months old	75%
Over 24 months old	100%

The financial effects of providing for Bad Debts will be reflected in the Council's accounts at Service Unit level.

REPORT AUTHOR

Michael Buckland, Head of Revenues, Tel 709523
e-mail michael-buckland@tamworth.gov.uk

LIST OF BACKGROUND PAPERS

Corporate Credit Policy - effective management of debt

APPENDICES

Appendices A to E give details of write offs completed for Revenues and Benefits Services and Housing for 01 April 2020 to 30 September 2020.

Appendix F gives details of Business Rates write offs for approval.