

## **CABINET**

<b>DATE</b>	9th March 2022
<b>REPORT OF</b>	Councillor Stan Shreeve - Deputy Leader and Portfolio Holder for Finance, Resources and Assets
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot – Executive Director Environment, Economy and Resources
<b>SUBJECT</b>	Write off of uncollectable Council Tax Debts
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	CB 03/22/09

### **CONTRIBUTION TO OUR AIMS**

The recommendations of this report adhere to good accounting practices as outlined in the Financial Regulations and Procedure Rules and the Corporate Debt Management Strategy which underpin the achievement of the Council's aims.

### **EXECUTIVE SUMMARY**

This report requires members to exercise their executive power to write off uncollectable Council Tax debts as write off of individual debts of over £50k require Cabinet approval. The total figure for write off is £51,409.82. The debts will remain in the Council's records and write-off of the debts does not preclude receipt of payments that may be received in the future, although this is unlikely.

### **RECOMMENDATIONS**

To approve the recommendation to write off the uncollectable Council Tax debt outlined within Appendix A, and to instruct the Executive Director Environment, Economy and Resources to formally write off the sum of £51,409.82.

### **REASONS FOR DECISION**

The Council's Financial Procedure Rules require Cabinet approval to write off debts of over £50k. In each of the cases recommended for write off, the company has ceased trading. Where appropriate, claims have been sought via the liquidators.

#### **1. BACKGROUND AND ISSUES**

- 1.1 The full and appropriate range of debt recovery processes have been undertaken in the pursuit of these debts in accordance with the Council's Corporate Debt Management Strategy.
- 1.2 Once written off the debts will remain in the Council's records. In the event that payments are received in the future the level of written off debt will reduce.
- 1.3 Whilst the debts will remain in the Council's records, it is important to note that

obtaining payments against these debts in future is very unlikely and the write off of these accounts is in accordance with good accounting practices.

- 1.4 Appendix A provides details of individual amounts for each account to be written off and reasons for the write off of each individual account, detailing why the debts cannot be recovered.
- 1.5 In all of these cases the companies are no longer trading, and there are no further dividends to be paid to creditors.

## **2. RISKS AND OPPORTUNITIES**

- 2.1 Failure to approve the recommendation will mean that the Council will not have acted in accordance with the Council's Financial Regulations and Procedure Rules and the Council's Corporate Debt Management Strategy.

## **3. OTHER OPTIONS CONSIDERED**

- 3.1. If Cabinet does not agree to approve write off of these debts, they will remain within the Council Tax system with little or no prospect of collection. A review of outstanding debts is necessary for North East Lincolnshire Council to ensure effective management of outstanding debt. The amounts in the report are recommended for write off in accordance with prudent accounting methods and have already been taken into account. The Council's bad debt provision has already been adjusted to reflect these debts

## **4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1. There are potential negative reputational implications for the Council resulting from the decision. This is due to the requirement of the Council to follow good accounting practices outlined in the Financial Regulation and Procedure Rules and the Councils Corporate Debt Management Strategy.

## **5. FINANCIAL CONSIDERATIONS**

- 5.1. The proposal outlined within the report supports the Council's key financial objective to adhere to the Financial Regulation and Procedure Rules. The proposal will be financed through the Council's bad debt provision. The proposal is consistent with the Council's Corporate Debt Management Strategy and will help to contribute to improved value for money within the service.

## **6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS**

- 6.1. There are no direct Children and Young people implications arising from the contents of this report.

## **7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

- 7.1. There are no direct environmental implications arising from the contents of this Report

## **8. CONSULTATION WITH SCRUTINY**

- 8.1. No consultation with scrutiny is necessary regarding the contents of this report.

## **9. FINANCIAL IMPLICATIONS**

- 9.1. A bad debt provision is maintained for Council Tax debt, which considers the level of council tax that may not be collectible when assessing the overall balance required to cover bad debt write offs.

## **10. LEGAL IMPLICATIONS**

- 10.1. The level of debt recommended to be written off exceeds the level that officers have delegated power to approve. The Council has a statutory duty under Local Government Finance Act 1992, to levy and collect Council Tax on all relevant properties in the Borough.
- 10.2. The entries in Appendix A show 65 individual liabilities arising from 1 company. The total debt amounts to £51,409.82, which is recommended for write off. Colt Housing Limited went into administrative receivership on the 8<sup>th</sup> December 2011. The company was officially dissolved on the 18<sup>th</sup> February 2020.

## **11. HUMAN RESOURCES IMPLICATIONS**

12. There are no direct HR implications arising from the contents of this report.

### **WARD IMPLICATIONS**

- 12.1. There are no direct ward implications arising from the contents of this report.

## **13. BACKGROUND PAPERS**

- 13.1. North East Lincolnshire Council's Financial Regulations and Procedure Rules  
<https://intranet.nelincs.gov.uk/wp-content/uploads/2016/11/Financial-Regulations-and-Procedure-Rules.pdf>
- 13.2. North East Lincolnshire Council's Corporate Debt Management Strategy -  
<https://www.nelincs.gov.uk/assets/uploads/2021/05/North-East-Lincolnshire-Council-Debt-Management-Strategy-A11y-v2.pdf>

## **14. CONTACT OFFICER(S)**

- 14.1. Liz Kelly, Strategic Lead Debt Management and Technical Development,  
Local Taxation and Benefits Shared Service, 01724 296150.

Sharon Wroot, Executive Director – Environment, Economy and Resources  
01472 324423

**COUNCILLOR STAN SHREEVE**  
**DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE, RESOURCES**  
**AND ASSETS**

Appendix A

Name and address	Report & Page	Account Number	Individual Liabilities	Total	Reason
Colt Housing Limited 26 Laburnum Drive Grimsby DN34 4LQ	WO BANK Report 2606 Page 2 2009	5505548986	£375.07		Company went into administrative receivership on the 8th December 2011. Company was officially dissolved on the 18th February 2020. No dividend has been realised
		5506196351	£345.18		
	WO BANK Report 2607 Page 2 2011	5506680569	£310.02		
		5507355494	£989.88		
	WO BANK Report 2608 Page 2 2012	5506922419	£887.70		
		5506998482	£737.01		
		5507219597	£175.35		
		5507355494	£1,000.03		
		5507355643	£68.50		
	WO BANK Report 2609 Page 2 -3 2013	5506922419	£1,000.39		
		5506998482	£1,000.39		
		5507001317	£1,000.39		
		5507008669	£1,000.39		
		5507050881	£1,000.64		

Appendix A

WO BANK Report 2610 Page 2 2014	5507082050	£1000.39		
	5507121058	£1,000.39		
	5507219597	£1,000.39		
	5507265142	£622.16		
	5507355494	£1,000.39		
	5507355643	£1,000.39		
	5506922419	£1,018.50		
	5506998482	£1,018.50		
	5507001317	£1,018.50		
	5507008669	£1,018.50		
	5507050881	£1,018.73		
	5507082050	£1,018.50		
	5507121058	£1,018.50		
	5507219597	£253.93		

Appendix A

WO BANK Report 2611 Page 2 - 3 2015	5507265142	£1,018.50		
	5507355494	£1,018.50		
	5507355643	£1,018.50		
	5507393198	£772.95		
	5506922419	£1,037.62		
	5506998482	£1,037.62		
	5507001317	£1,037.62		
	5507008669	£1,037.62		
	5507050881	£1,037.82		
	5507082050	£1,037.62		
	5507121058	£1,037.62		
	5507265142	£1,037.62		
	5507355494	£1,037.62		
	5507355643	£1,037.62		
	5507393198	£1,037.62		

Appendix A

WO BANK Report 2612 Page 2 - 4 2016	5506922419	£1,075.01		
	5506998482	£1,075.01		
	5507001317	£1,075.01		
	5507008669	£1,075.01		
	5507050881	£1,075.32		
	5507082050	£1,075.01		
	5507121058	£1,069.12		
	5507265142	£1,075.01		
	5507355494	£1,075.01		
	5507355643	£1,075.01		
	5507393198	£1,072.06		
	5507910835	£147.26		
WO BANK Report 2613 Page 2 - 4 2017	5506922419	£12.31		
	5506998482	£12.31		
	5507001317	£12.31		

Appendix A

		5507008669	£12.31		
		5507050881	£763.26		
		5507082050	£12.31		
		5507265142	£12.31		
		5507355494	£230.76		
		5507355643	£12.31		
		5507910835	£224.61		
				£51,409.82	
				TOTAL £51,409.82	