

CABINET

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| DATE | 13th March 2024 |
| REPORT OF | Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets |
| RESPONSIBLE OFFICER | Sharon Wroot – Executive Director Place and Resources |
| SUBJECT | Write off of uncollectable Council Tax Debts |
| STATUS | OPEN REPORT Appendix NOT FOR PUBLICATION Exempt information within paragraphs 1 and 2 of Schedule 12A to the Local Government Act 1972 (as amended) |
| FORWARD PLAN REF NO. | CB 03/24/08 |

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 £59,509.07. 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

It is recommended that Cabinet:

1. Approves the write off of the uncollectable Council Tax outlined within Appendix A.
2. Instructs the Executive Director Place and Resources to formally write off the sum of £59,509.07

REASONS FOR DECISION

The Council's Financial Procedure Rules require Cabinet approval to write off debts of over £50k. In the case recommended, the individual has been adjudged bankrupt and there is no reasonable prospect of recovery.

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.

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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 considered. 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 known likely bankruptcies 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 the closed appendix show 49 individual liabilities arising from one person. The liabilities total £59,509.07, which is recommended for write off. The individual was adjudged bankrupt in June 2022 and there is no reasonable prospect of recovery.

11. HUMAN RESOURCES IMPLICATIONS

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

12. WARD IMPLICATIONS

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

13. BACKGROUND PAPERS

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>

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)

Neil Smith, Debt Management Manager, Local Taxation and Benefits Shared Service, 01472 325970.

Sharon Wroot, Executive Director – Place and Resources 01472 324423

Councillor Stephen Harness
Portfolio Holder for Finance, Resources and Assets

