

**NORTH LINCOLNSHIRE COUNCIL
OFFICER DECISION NOTICE AND RECORD
(PUBLISHED)**

1. DECISION TAKEN To write off uncollectable debt for 2019/2020 and retrospective approval for Sundry Debtor written off at year end in 2018/19.		
EXECUTIVE	NON-EXECUTIVE	✓
(Please tick either)		
IS THIS A 'KEY DECISION' ? (see definition overleaf)	Yes	No ✓
DOES THIS DECISION RELATE TO EXEMPT INFORMATION?	Yes	No ✓
EXEMPT PARAGRAPH REFERENCE (NOT TO BE PUBLISHED)		

2. OFFICER DECISION TAKER	NAME Becky McIntyre..... POSITION/POST Director Governance & Partnerships..... <div style="text-align: center; font-family: cursive; font-size: 1.2em;">BMcIntyre</div> SIGNATURE DATE 6 March 2020
3. REASONS FOR THE DECISION (Please ref to any report/minute/background documents attached)	To approve the recommendations of the attached Uncollectable Debt 19/20 report, noting approval of debts requiring write off in Appendix 1. To retrospectively approve the write off of historic Sundry debtors (relating to 2005-2015) written off at year end in 18/19 – in Appendix 2. This is necessary for North Lincolnshire Council to ensure effective management of outstanding debt and is in accordance with prudent accounting methods and bad debt provisions within the annual accounts.
4. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED (BY DECISION TAKER(S))	Not applicable as a periodic review of outstanding debts is necessary to ensure effective management of outstanding debt.

<p><i>TO BE COMPLETED BELOW - ONLY WHEN A DELEGATED OFFICER DECISION REQUIRES PRIOR CONSULTATION WITH A MEMBER (LEADER OF THE COUNCIL, CABINET MEMBER/CHAIRMAN OF A COMMITTEE) IN ACCORDANCE WITH THE 'SCHEME OF DELEGATIONS TO OFFICERS' OR DECISION/MINUTE OF COUNCIL/COMMITTEE OR DECISION/MINUTE OF CABINET/CABINET MEMBER.</i></p>	
<p>5. DECISION REQUIRED TO BE TAKEN IN CONSULTATION WITH RELEVANT MEMBER</p>	<p>COUNCILLOR Neil Poole</p> <p>POSITION Cabinet Member Prosperity</p> <p>Discussed in scheduled meeting 2 March 2020.</p>
<p>6. ANY CONFLICT OF INTEREST DECLARED BY ANY EXECUTIVE (CABINET) MEMBER (S) CONSULTED, WHICH RELATES TO THE DECISION, OR (NON-EXECUTIVE) – ANY MEMBER OF THE COMMITTEE THAT DELEGATED THE DECISION TAKEN</p>	
<p>7. WITH REFERENCE TO 6. ABOVE - HAS ANY DISPENSATION BEEN GRANTED TO THE EXECUTIVE (CABINET) MEMBER? (ONLY APPLIES TO EXECUTIVE)</p>	

PLEASE REMEMBER TO ATTACH ANY ACCOMPANYING REPORT.

WHEN COMPLETE, PLEASE SEND TO HEAD OF DEMOCRATIC SERVICES, CIVIC CENTRE, SCUNTHORPE FOR PUBLISHING.

(The definitions of a key decision are when an executive decision is likely -

(i) to result in the Council incurring expenditure or the making of savings (including the receipt or loss of income) over £350,000 in any one financial year; or

(ii) to be significant in terms of its effect on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority).

NORTH LINCOLNSHIRE COUNCIL

**DIRECTOR OF GOVERNANCE &
PARTNERSHIPS**

ANNUAL REVIEW OF UNCOLLECTABLE DEBT 2019/2020

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This is an annual review of debt due to the council and focuses on those debts which are proving difficult to collect. This includes debts carried over from previous financial years.
- 1.2 It provides assurance that all appropriate measures are taken to recover monies due to the Council.
- 1.3 It contains details of any debts already written off under Directors' delegated powers and seeks approval for further write-off.
- 1.4 The key points in this report are as follows:
 - Debt is only proposed for write-off after all debt recovery options have been explored
 - The debt put forward for write-off will remain in the Council's records and will be available for collection in the future should circumstances change.
 - A provision for uncollected debt is already provided for in the council's budget and financial plan.

2. BACKGROUND INFORMATION

- 2.1 The council has arrangements for the collection of a wide range of debts. The most significant are council tax and business rates (NNDR), but there are other monies due to the council such as housing benefit overpayments; charges for services provided; and the collection of car parking fines.
- 2.2 There are circumstances which can make debt unavailable for collection (a person is deceased, missing, or has filed for bankruptcy; a business has gone into administration) or uneconomical to collect (the cost of collection outweighs the amount of debt). In these circumstances the debt is written-off in the council's accounts but kept on the councils records should circumstances change. This is a prudent approach to ensure that the council does not spend income it cannot reasonably expect to collect.

- 2.3 The council takes positive steps to ensure all debt recovery options are explored prior to recommending write-off and these actions include; use of tracing services, financial searches, social media searches, enforcement agents, earnings attachments, payment arrangements, court actions and summons.
- 2.4 It is important to note that once written off the debts will remain in the Council's records and available for payment in the future should this be appropriate. For example in the past 12 months £15,593 of council tax debt and £7,527 of NNDR previously written off has been recovered due to tracing debtors or account adjustments.
- 2.5 Under Delegations to Officers, September 2019, Directors can 'write off all types of debtor account up to £5,000 for any one debtor following consultation with the Director: Governance & Partnerships'. The Director: Governance and Partnerships can write off all types of debts, but where over £5,000 following consultation with the Cabinet Member: Finance and Governance.

3. OPTIONS FOR CONSIDERATION

- 3.1 For Council Tax, National Non Domestic Rate (NNDR), Housing Benefit Overpayments, Sundry Debtors and Car Parking Penalty Charges following all recovery action the debts for write-off are identified in **Appendix 1** with the reasons for write-off.
- 3.2 That subsequent to the approved write offs contained in the 18/19 Uncollectable Debt report, historic Sundry Debtors were written off in 18/19 at year end. These are detailed in **Appendix 2** and require retrospective approval.
- 3.3 Overpayments are investigated and refunds issued. However, where there has been no response to the council's correspondence, or no forwarding address is known, under delegated powers the Director of Governance & Partnerships has written-off the credit balances. A refund will still be issued where details become known in the future.

4. ANALYSIS OF OPTIONS

- 4.1 A periodic review of outstanding debts is necessary for North Lincolnshire Council to ensure effective management of outstanding debt. The amounts in this report are in accordance with prudent accounting methods and debt impairment provisions within the annual accounts. To date limited use has been made by Directors of the delegated power to write off debts under £5,000.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 The total amounts for write off by category are;

	<u>2019/2020</u>
Council Tax	£321,411.16
National Non Domestic Rate	£342,972.20
Housing Benefit Overpayment	£86,669.19
Sundry Debtors	£192,518.37
Car Parking Penalty Charge Notices	£59,138.15
	<u>£1,002,709.07</u>

	<u>2018/2019</u>
Retrospective approval for	
Sundry Debtors	£81,172.93

The council's financial plans already include provisions for uncollectable debt. The above write-offs are within allowances already made. The level of debt to be written off is less than the previous year.

Appendix 1 categorises whether the debt is under or over £5,000. Of the total debt presented for write-off, 41.22% relates to accounts over £5,000.

5.2 There are no staffing, property or I.T. implications.

6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)

6.1 Not applicable.

7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

7.1 Not applicable.

8. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

8.1 No consultation is required in respect of Council Tax, National Non Domestic Rate (NNDR), Housing Benefit Overpayments, Car Parking Penalty Charge Notices and Creditors.

8.2 Under Delegations to Officers, September 2019, Directors can 'write off all types of debtor account up to £5,000 for any one debtor following consultation with the Director: Governance & Partnerships'. This has not been utilised this year.

8.3 The Director: Governance and Partnerships can write off all types of debts, but where over £5,000 following consultation with the Cabinet Member: Finance and Governance. The relevant cabinet member has been consulted on the report and debt write off proposed.

8.4 There are no known conflicts of interest to declare.

9. RECOMMENDATIONS

9.1 That approval is given to write-off debts identified 'for write-off' listed in Appendix 1.

9.2 That retrospective approval is given to write-offs in Appendix 2.

9.3 That these debts will remain in the Council's records and available for payment in the future should they become available.

ACCOUNTANCY SHARED SERVICES MANAGER

Church Square House
30-40 High Street
Scunthorpe
North Lincolnshire
DN16 6NL

Authors: Brian Nightingale/ Mark Kitching

Date: 23 January 2020

Background Papers used in the preparation of this report:
Write off summaries

ANALYSIS OF DEBT WRITE-OFFS

APPENDIX 1

	Under £5,000 for write-off	Over £5,000 for write-off	Grand Total
	£	£	£
Council Tax			
In Home/ Hospital	560.12	0.00	560.12
Small balances, uneconomic to pursue	328.35	0.00	328.35
Living Abroad	22,375.44	0.00	22,375.44
Deceased, no estate	28,082.39	5,055.12	33,137.51
Gone away, no trace	151,545.17	0.00	151,545.17
Insolvency	76,742.36	23,580.24	100,322.60
Irrecoverable	10,488.87	0.00	10,488.87
In Prison	2,653.10	0.00	2,653.10
Total	292,775.80	28,635.36	321,411.16
NNDR			
Small balances, uneconomic to pursue	13.31	0.00	13.31
Gone away, no trace	2,479.04	0.00	2,479.04
Insolvency	20,336.45	194,506.76	214,843.21
Company Dissolved	6,819.79	107,816.92	114,636.71
Ceased Trading	-4,113.69	0.00	-4,113.69
Living Abroad	4,018.17	5,037.60	9,055.77
Deceased	0.00	6,057.85	6,057.85
Total	29,553.07	313,419.13	342,972.20
Housing Benefit Overpayments			
Small balances, uneconomic to pursue	759.26	0.00	759.26
Deceased, no estate	6,980.55	0.00	6,980.55
Recovery procedure exhausted	33,170.23	5,492.21	38,662.44
Insolvency	20,703.22	6,486.81	27,190.03
In prison	1,693.46	0.00	1,693.46
Abroad	10,179.86	0.00	10,179.86
Irrecoverable	937.83	0.00	937.83
Gone away, no trace	265.76	0.00	265.76
Total	74,690.17	11,979.02	86,669.19
Sundry Debts			
Operations	49,553.00	7,272.60	56,825.60
Business Development	25,919.01	15,000.00	40,919.01
Learning Skills & Culture	2,408.67	0.00	2,408.67
Governance & Partnership	5,769.09	0.00	5,769.09
Adults & Community Wellbeing	45,152.62	37,059.31	82,211.93
Children & Community Resilience	3,538.79	0.00	3,538.79
Schools	862.18	0.00	862.18
Small Sundry Debtor overpayment write offs	-16.90	0.00	-16.90
Total	133,186.46	59,331.91	192,518.37
Car Parking Penalty Charge Notices			
	59,138.15	0.00	59,138.15
	589,343.65	413,365.42	1,002,709.07

ANALYSIS OF DEBT WRITE-OFFS

APPENDIX 2

18/19 Historic Write-Offs

	Under £5,000 for write-off	Over £5,000 for write-off	Grand Total
	£	£	£
Sundry Debts			
Operations	15,418.75	0.00	15,418.75
Business Development	978.59	0.00	978.59
Learning Skills & Culture	1,059.44	0.00	1,059.44
Governance & Partnership	10,537.06	6,738.80	17,275.86
Adults & Community Wellbeing	520.00	17,809.44	18,329.44
Children & Community Resilience	0.00	28,110.85	28,110.85
	<u>28,513.84</u>	<u>52,659.09</u>	<u>81,172.93</u>

ANALYSIS OF DEBT WRITE-OFFS

APPENDIX 3

Percentage Write Off by Category

	Total	Write-off	Write off as % of Total
	£	£	%
Category			
Council Tax	8,175,761	321,411	3.9
NNDR	6,935,778	342,972	4.9
Housing Benefit Overpayments	2,858,411	86,669	3.0
Sundry Debtors	9,493,616	192,518	2.0
Car Parking	108,859	59,138	54.3
	<u>27,572,425</u>	<u>1,002,708</u>	<u>3.6</u>