

 Brent	Cabinet 20 June 2022
	Report from the Strategic Director of Customer and Digital Services
Uncollectable Debt: Write-Off	
Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt: Appendix 2 is exempt as specified in Paragraph 3, Schedule 12A Local Government Act 1972 - Information relating to the financial or business affairs of any particular person (including the authority holding that information).
No. of Appendices:	Two Appendix 1 Summary of Debt Write-offs undertaken during 2021/22 Appendix 2 (exempt) Debt Write-offs undertaken during 2021/22 over £20,000.00, including list of debtors
Background Papers:	None
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1. Purpose of the report

- 1.1 In accordance with financial regulation 8.3.2 to report on write-offs over £20,000 agreed by the Director of Finance to be reported to Cabinet bi-annually. The write-offs in this report cover the whole of the financial year 2021/22.
- 1.2 The reported debts relate to Adult Social Care client contribution, overpaid Housing Benefit and Business Rates. The aggregate total value of these debts is £414,823.82.
- 1.3 All cases requested for write-off follows the Council's Ethical Debt Recovery Policy and Write-Off Procedure.

2. Recommendations

- 2.1 The Cabinet notes the debt-written off as described.

2.2 Cabinet notes a total of write-off of £414,823.82 of debt as set out in Appendix 1 of this report.

3. Detail

3.1 The Council is committed to taking all appropriate recovery action necessary before considering a debt for write off. This includes issue of dunning notices during the infancy of the recovery process, telephone and email engagement, senior management dialogue with counterparts and where necessary legal service, checking internal and external systems including credit agencies, court and enforcement agent action. The write-off of debt only occurs when all avenues to collect have been exhausted.

3.2 Despite our best endeavours it is inevitable that a small percentage of debt will not be collected and the Council will ultimately have to be write off uncollected debt. Writing off debt is standard practice and recommended as part of good budget management.

3.3 The recovery process includes sending a number of reminders and warnings. The cases being reported in this report concern:

3.3.1 Business rates owed by companies that have gone of business, for these there is no alternative other than to write off the debt.

3.3.2 There was one case for adult social care debt where there were no funds in the estate so the Council has no alternative other than to write the debt off.

3.3.3 There are a number of cases of overpaid housing benefit where the debtor has absconded. Where the Council cannot trace a debtor a number of searches with internal systems, externally via DWP and credit agencies are undertaken. The decision to write-off is only taken when all avenues are exhausted and the debtor cannot be traced. However, even though the debt has been written off, if at a future date the whereabouts of the debtor is established, then the pursuit of the debt may be restarted,.

3.4 The write-off procedure as formulated under financial regulation 8.3.1 is adhered to in writing off debt. The write-offs are reported to Cabinet in accordance with financial regulation 8.3.2 whereby write-offs over £20,000 agreed by the director of Finance are reported to Cabinet biannually. This report is overdue as the debt work programme was affected by the pandemic. In future, these reports will be scheduled for cabinet every June and December.

4.0 Financial Implications

4.1 The bad debt provision is reviewed annually amounts identified for write off are contained within the bad debt provision assigned to Revenue & Debt.

4.2 To not write-off debt would result in uncollectable debts continuing to be shown as outstanding with an inaccurate bad debt provision apportioned to these balances. Once a debt is no longer collectable it should be written off in the Council's accounts and the bad debt provision adjusted accordingly.

5.0 Legal Implications

5.1 At present, in respect of the amounts listed there are no further implications, assets associated with the debt and associated/additional debt recovery operations will cease. Where the Council are provided with circumstantial changes or information which provides options for successful recovery, the amount will be written back onto the Council's systems and accounts for collection.

6. Equality Implications

6.1 There are no equality implications arising from this report.

7.0 Consultation with Ward Members and Stakeholders

7.1 None

8.0 Human Resources/Property Implications (if appropriate)

8.1 None

Related documents:

Council's Ethical Debt Recovery Policy and Write-Off Procedure

Report sign off:

Peter Gadsdon

Strategic Director of Customer and Digital Services