



To: Executive Councillor for Finance and Resources:  
Councillor George Owers  
Report by: Alison Cole, Head of Revenues & Benefits  
Relevant scrutiny Strategy & Resources Scrutiny  
committee: Committee  
Wards affected: All Wards

## IRRECOVERABLE DEBTS TO BE WRITTEN-OFF

### Not a Key Decision

**NOT FOR PUBLICATION:** Appendix A relates to an item during which the public is likely to be excluded from the meeting by virtue of paragraphs 1, 2 and 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

### 1. Executive Summary

The purpose of this report is to inform the Executive Councillor and Members of the Scrutiny Committee of the accounts [listed below] where it is deemed that the amount of outstanding debt in relation to **Non-Domestic Rates and Housing Benefit** is irrecoverable and to be written-off.

- § **NDR** – Non-Domestic Rates, or Business Rates, collected by Local Authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. The money, together with revenue from Council Tax payers, the revenue support grant provided by the Government and certain other sums, is used to pay for the services provided by our Local Authority and other Local Authorities in our area.
- § **Housing Benefit** – The Council, as the custodian of public funds is accountable for demonstrating sound financial management practices, which includes a clear strategy for managing overpayments of Housing and Council Tax Benefit. Local authorities have a statutory duty to decide if an overpayment is recoverable in law and are expected to make serious attempts to recover all recoverable payments.

### 2. Recommendations

The Executive Councillor is recommended to agree the debt write-offs deemed irrecoverable as shown in the appendices to this report.

### **3. Background**

#### **NDR**

All debts listed have been subject to normal recovery proceedings, including Court proceedings, Liability Orders, bailiff action and arrangements to pay. The majority of irrecoverable debts relate to companies going into liquidation, administration or have ceased trading at which point we are unable to enforce payment. Although claims will be lodged with insolvency practitioners, in the vast majority of insolvencies non-preferential creditors rarely receive a dividend. Any dividend received in future years will be offset against amounts previously written-off.

#### **Housing Benefit**

The Council's policy objective is to avoid the creation of overpayments by the effective administration of the statutory Housing Benefit and Council Tax Benefit scheme. Where overpayments occur, the objective is to maximise recovery and where necessary to write-off unrecoverable debt in a controlled and cost-effective manner, to achieve targets set.

Debts must be considered for writing off in the following circumstances (see table at appendix B):

- where it is uneconomic to pursue recovery
- where the debtor cannot be traced and there is no prospect of commencing recovery action within one year of the debt being created
- where, in the case of a deceased debtor, there are no funds available from the debtor's estate
- where the debt arose more than six years ago
- where the debt cannot be recovered due to the insolvency or bankruptcy of the debtor
- where recovery would cause undue hardship to the debtor

In the case of an untraced debtor, recovery action should be considered if the debtor's whereabouts become known within six years of the creation of the overpayment(s).

### **4. Implications**

#### **(a) Financial Implications**

##### **Non domestic Rates**

Shown below are the percentages of the NDR amounts written-off against the net collectable amounts for each year within the year.

**2010/11 Net NDR Collectable - £81,524,656.56**

- total amount written-off in earlier reports - £450,393.24
- total amount for write-off within this report - £ 10,045.80
- Total written-off in respect of 2010/11 - £460,439.04

representing 0.56% of the collectable amount.

**2011/12 Net NDR Collectable - £85,925,567.99**

- total amount written-off in earlier reports - £486,491.39
- total amount for write-off within this report - £ 14,006.56
- Total written-off in respect of 2011/12 - £500,497.95

Representing 0.58% of the collectable amount.

**2012/13 Net NDR Collectable - £90,735,710.78**

- total amount written-off in earlier reports -£315,291.30
- total amount for write-off within this report - £ 49,869.57
- Total written-off in respect of 2012/13 - £365,160.87

representing 0.40% of the collectable amount.

**2013/14 Net NDR Collectable - £95,142,289.38**

- total amount written-off in earlier reports - £123,379.48
- total amount for write-off within this report - £ 79,619.79
- Total written-off in respect of 2013/14 - £202,999.27

representing 0.21% of the collectable amount.

**2014/15 Net NDR Collectable - £96,260,995.63**

- total amount written-off in earlier reports - £ 0.00
- total amount for write-off within this report - £ 6,626.60
- Total written-off in respect of 2013/14 - £ 6,626.60

representing <0.01% of the collectable amount.

**Total amount NDR requested for write-off - £160,168.32**

## Housing Benefits

Housing Benefit overpayments, when created, attract a subsidy from Department for Work and Pensions (DWP). This depends on the reason the overpayment was created but is generally 40% of the debt and is paid to the Local Authority as part of their normal subsidy arrangements.

**Total amount Housing Benefit requested for write-off - £16,170.35**

(b) **Staffing Implications** (if not covered in Consultations Section)

N/A

(c) **Equality and Poverty Implications**

N/A

(d) **Environmental Implications**

N/A

(e) **Consultation**

N/A

(f) **Community Safety**

N/A

**5. Background Papers**

None that are to be made publicly available.

**6. Appendices**

Appendix A – Write-off listing for Non-Domestic Rates

Appendix B – Write-off listing for Housing Benefit

**7. Inspection of Papers**

If you have a query on the report please contact:

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