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REPORT OF  
THE STRATEGIC DIRECTOR OF SERVICE REFORM

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TO THE LEAD MEMBER FOR FINANCE AND SUPPORT SERVICES  
ON  
28 March 2023

TITLE: Sundry Debtor Write Off – Quarter 3 2022/23

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RECOMMENDATIONS: That the lead member approves the proposed write-off of sundry debts to the value of £79,961.55

EXECUTIVE SUMMARY: The council raises over £200m of income through the sundry debt system each financial year. Whilst every attempt is made to recover the debt there will inevitably be circumstances whereby a small element of this debt will become irrecoverable. The council has budget provision to cover the cost of debts written off.

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BACKGROUND DOCUMENTS: SAP AR records; detailed list of invoices to be written off (not available to the public)

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KEY DECISION: YES / NO

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DETAILS:

1. It is proposed to write off a number of sundry debtor accounts that are considered to be irrecoverable. The recovery process includes a range of actions which are applied to individual cases as appropriate and can include some or all of the following.
  - Reminder notice 18 days after the due date
  - Final notice 32 days after the due date
  - Suspension of service if appropriate
  - Debt recovery passed on to external debt recovery agency
  - High level debt referred to the litigation team for county court action
  - Use of bailiffs for commercial rent arrears
2. The council is always sensitive to the circumstances of individuals, especially older and vulnerable people. Where appropriate, we try to make arrangements

with the customer to create a payment schedule that is affordable to them, helps ensure that they can pay off their debt to the council and avoids the costs of formal recovery action.

3. The value of the debts proposed for write-off is £79,961.55. The total value of sundry debtor invoices raised during this financial year, as at 31/12/2022, was £216,351,411. This write-off therefore represents 0.033% of the debt.
4. The reasons for the proposed write-off are analysed in the table below.

Reason		£	No.
01	Absconders	0.00	0
02	Bankrupt	0.00	0
03	Deceased	32,283.43	8
04	Liquidation	21,808.92	1
05	In receivership	0.00	0
06	Exceptional circumstances	0.00	0
07	Insufficient evidence	0.00	0
08	Irrecoverable	10,659.47	4
09	Statute-barred	11,582.82	2
10	Uneconomical	363.13	6
11	Irrecoverable after legal action	3,263.78	2
12	No response from department	0.00	0
		<u>79,961.55</u>	<u>23</u>

5. There have been exhaustive attempts to collect these sundry debts and they are now found to be irrecoverable for a variety of reasons including, but not limited to liquidation, absconders, companies that have ceased trading, bankruptcy, customers who are deceased, uneconomical to collect and irrecoverable after court action.
6. The write-off for sundry debts will be charged to the provision for bad debts that currently stands at £8.75m (prior to this write-off).
7. The write-off of debts to the value of £79,961.55 is recommended. A detailed list of all the invoices proposed for write-off is available to the Lead Member for Finance and Support Services.

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KEY COUNCIL POLICIES: Budget strategy, internal sundry debt write-off policy

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EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: Individual circumstances are taken into account in determining an appropriate recovery path and in reviewing debt before bringing forward recommendations for write-off.

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ASSESSMENT OF RISK: Low

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LEGAL IMPLICATIONS: Legal advice has been obtained on each of the individual cases where the assessment has resulted in court action.

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FINANCIAL IMPLICATIONS Supplied by: Tony Thompstone, Strategic Finance Manager

There is adequate cover for the sundry debt write-offs proposed in this report in the council's provision for bad debt. Setting a provision that is prudent, but not excessive, is a component of the council's financial strategy. The provision is reviewed on an annual basis to ensure that it is set at an appropriate level.

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PROCUREMENT IMPLICATIONS Supplied by: Not applicable

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HR IMPLICATIONS Supplied by: Not applicable

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CLIMATE CHANGE IMPLICATIONS Supplied by: Not applicable

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OTHER DIRECTORATES CONSULTED: Directorates are consulted on specific write-offs where appropriate.

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WARDS TO WHICH REPORT RELATES: May relate to any ward.