Report Title	Irrecoverable Debts
Meeting	Executive
Meeting Date	23rd July 2026
Report Author	Recovery Manager, Liberata
Directorate	Resources
Lead Executive Member(s)	Cllr Mohammed Hanif Finance, Health and Leisure Portfolio
Wards Affected	All
Public, Part Exempt, or Fully Exempt	Public
Appendices (if any)	None

1. Executive Summary

1.1 This report recommends the write-off of debts relating to Council Tax (paragraph 3.7), National Non-Domestic Rates (paragraph 3.22) and overpayments of Housing Benefit (paragraph 3.2).

2. Recommendations

For the reasons set out in this report, the Executive is recommended to:

2.1 Approve that the sums of £25,974.11 in respect of Housing Benefit overpayments, £1,163,877.67 in respect of Council Tax liability and £290,245.25 in respect of National Non-Domestic Rate liability be written off as irrecoverable. In addition, give approval to write off £137,309.87 in respect of court costs associated with the Council Tax and National Non-Domestic Rate write-offs.

3. Information: the Rationale & Evidence for the Recommendations

3.1 The prudent and considered writing off of bad debts is an essential requirement for the efficient management of debt recovery functions. The Council’s updated debt write-off policy was considered and approved at the June 2026 meeting of the Executive.

Housing Benefit Overpayments

3.2 The two cases recommended for write-off are summarised below:

Number	Reason	Amount £
2	Deceased	£25,974.11

3.3 In all cases, all avenues available for recovery have been exhausted. There are a variety of effective methods by which benefit overpayments can be recovered, including recovery from ongoing Housing Benefit entitlement, recovery through invoicing, recovery by Direct Earnings Attachment, recovery by deduction from other benefits, recovery from the landlord and recovery through debt collection agents. All these recovery methods are used and each debt is pursued.

3.4 A range of tracing options is available to us to trace debtors who have moved away, including access to details held by the Department for Work and Pensions. This also includes access to Call Credit's 360 database, where we have authorisation to obtain otherwise restricted information for any person who has applied for a loan, mortgage or any form of credit. This has proved to be a very useful tracing tool, and all debtors are put through the system prior to the recommendation for write-off. Again, if any new information is received regarding these debts, then the debts will be restored.

3.5 At the end of Q4 2025/26, ending 31st March 2026, overpayments totalling over £109k had been generated in the financial year. For the same period, over £57k had been recovered (this includes amounts recovered for debts created in previous years), using a variety of methods including recovery from underpayments or ongoing benefit entitlement, invoicing, Direct Earnings Attachments and the utilisation of debt collection agents. The debt outstanding includes overpayments raised that are in the process of being recovered or are in the recovery process.

3.6 In all cases, where the claimant makes any further application for Housing Benefit, the debt will be reinstated and recovery will commence from any ongoing Housing Benefit entitlement.

Council Tax

3.7 The 1,727 cases recommended for write-off are summarised as follows:

Number	Reason	Total £
168	Deceased	129,514.41
427	Insolvent	409,200.44

492	Recovery Exhausted	412,808.44
6	Extenuating Circumstances	4,108.37
634	Absconded/No Trace	208,246.01
1,727	**Total**	**1,163,877.67**

3.8 The above table includes 6 debts that are over £10k.

3.9 In all of the above cases, all avenues available for recovery have been exhausted. All accounts raised are actively pursued for recovery. Reminders and final notices are issued, payments by instalment are negotiated and, where necessary, further action is taken through the Magistrates' Courts. Recovery is made through attachment of earnings, directly from benefits and through the application of charging orders. We also use Enforcement Agents and apply Insolvency and Committal powers where appropriate.

3.10 Various tracing methods are used for those debtors who have moved away. This includes checks through social media and public domains and access to Call Credit's 360 database. These have proved to be useful tracing tools. Social media checks will occasionally allow us to identify an absconded debtor's employment details so we can issue attachment of earnings notices. All debtors are put through the system prior to the recommendation for write-off.

3.11 Claims, where appropriate, have been submitted in the 427 cases marked as insolvent and may be subject to a dividend at a later date.

3.12 It has been confirmed that there are no funds available in the estates of the 168 deceased debtors.

3.13 Following court action, reports are run to identify potential recovery remedies by matching existing Liability Orders to the latest order, thereby ensuring that cases referred to Enforcement Agents are done so only as a last resort.

3.14 Prompt recovery action is taken on cases where arrangements are in default or where payments are not made in respect of attachment of earnings and benefit orders. These cases are identified on a regular basis for officers to review.

3.15 Due to the significant expense of taking recalcitrant debtors through the committal process (£245.00 per application), returned Enforcement Agent cases from Liberata's two suppliers are, where possible, recycled to the alternative supplier.

3.16 Once all available and/or appropriate avenues are exhausted, debts are recommended for write-off. However, as and when any new information is received regarding these debts, the debts will be restored.

3.17 It must be noted that this is the first time since October 2021 that the Council has been recommended to write off any Council Tax or National Non-Domestic Rate debts. This was due to the impact of Covid, turnover of key staff and the focus being on other matters. Doing this now is good preparation for Local Government Reorganisation (LGR).

3.18 In 2025/26, the total collectable debt for Council Tax was circa £66m. At year end, the collection rate was 95.31%, equating to the collection of approximately £63m for that year's debt alone. Given that most of the debts are amounts for multiple years, the debts being written off represent c.0.3% of the collectable debt.

3.19 The recommended level of write-off is very low as a percentage of total debt.

3.20 The Council is the collection agent for Council Tax and, as such, has a statutory duty to operate a Collection Fund, which is a separate account to the General Fund. The Collection Fund holds a bad debt provision; therefore, the above debts will be written off to this provision. The write-off levels are within the provision. The writing-off of these debts will not have a direct cost implication for the Council's General Fund.

3.21 There are circumstances where we identify debtors whose debt has previously been written off. In those instances, the debt is reinstated (written on) and pursued for repayment. Write-ons to the value of £36k have been actioned.

National Non-Domestic Rates

3.22 The 139 cases recommended for write-off are summarised as follows:

Number	Reason	Total £
5	Deceased	2,573.40
65	Insolvent	212,819.27
48	Recovery Exhausted	160,748.33
2	Extenuating Circumstances	55,289.63
19	Absconded/No Trace	74,814.15
139	**Total**	**290,245.25**

3.23 The above table includes 13 debts that are over £10k.

3.24 As with Council Tax, the same approach has been taken with regard to the recovery of unpaid debts, the tracing of absconded debtors and dealing with insolvency cases, including administrations, liquidations, dissolutions and Company Voluntary Arrangements, as highlighted in points 3.10, 3.11 and 3.13 above. However, it should be noted that recovery through attachment of earnings and benefit orders is not an option available to us for the recovery of Non-Domestic Rates.

3.25 The two cases identified as 'Extenuating Circumstances' relate to one property/party across two accounts. The billed charge payer, Mr A, disputed the application for Liability Orders due to repossession action, which resulted in a contested hearing. The decision of the District Judge was to refuse to grant Liability Orders, as he was not satisfied that Mr A was the liable party for the NNDR on the premises. This was discussed with the Section 151 Officer and the Council's Litigation Solicitor at the time, and it was decided that litigation against Mr A and/or the bank was not practical. Therefore, any liability is irrecoverable.

3.26 For 2025/26, the total collectable debt for Non-Domestic Rates was circa £22m. The collection rate for the year was 96.87%, equating to the collection of over £21.2m for that year alone.

3.27 The level of recommended write-off is low as a percentage of total debt raised.

3.28 Similar to Council Tax, the Council is a collecting agent for National Non-Domestic Rates. An annual provision is made for bad debts within the Collection Fund. The write-off levels are within the provision. The writing-off of these debts will not have a direct cost implication for the Council's General Fund.

Costs

3.29 In addition to the above write-offs, it is also necessary to write off the associated court costs.

3.30 Costs are charged to the Council's General Fund; however, the Council has a bad debt provision to cover such items.

3.31 The total value of court costs associated with the above debts that are recommended for write-off is £137,309.87.

Conclusion

3.32 The writing off of debt that is uncollectable is recognised as good practice by the National Audit Office (NAO), Chartered Institute of Public Finance and Accountancy (CIPFA), MHCLG and the Department for Work and Pensions (DWP). Debts are only considered for write-off after taking all possible steps to collect. Processes and procedures are continually reviewed to ensure maximum effectiveness in debt collection and recovery. Recovery targets are set throughout the service areas' functions.

4. Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)

4.1 The writing off of uncollectable debt is undertaken within the framework of the Council Plan and the various priorities set out within it.

5. Implications

5.1 Financial Implications

As part of the Council's annual closure of accounts process, an assessment is made of the provision required to meet bad and doubtful debts. The provision is calculated in accordance with recommended practice and is generally based on the age of the debt and the status of recovery. The closure of accounts process is inspected by our external auditors, Grant Thornton.

Subject to the outcome of this assessment, the provision is increased or reduced each year, with any change in the provision impacting on the Collection Fund (if the debt is Council Tax or Business Rates) or the General Fund (in the case of other debts to the Council).

Once amounts are approved for write-off, they are charged against the respective provision rather than being charged against the relevant fund/budget. The table below provides details of the provision for bad and doubtful debts for each category of debt, the amount of write-off and the remaining balance of the provision. As the table indicates, there is sufficient provision to meet the amounts recommended for write-off in this report.

Debt Type	Opening Balance as at 01/04/2026 £000	Proposed Write-offs June 2026 £000	Estimated Closing Balance 31/03/2026 £000
Council Tax (Collection Fund)	8,556	(1,164)	7,392
National Non-Domestic Rates (Collection Fund)	1,192	(290)	902
Housing Benefit Overpayments (General Fund)	1,973	(25)	1,948
Court Costs (General Fund)	932	(137)	795
Sundry Debtors (General Fund)	460	Nil	460

For information, in addition to the above debts and within delegated authority, during 2025/26 the Council's Director of Resources (as the S151 Officer) agreed to the write-off of Housing Benefit overpayments totalling £5k and sundry debts totalling £34k.

5.2 Legal and Governance Implications

The debt write-offs set out in the report are in accordance with the documented and agreed Council policy.

5.3 **Climate and Biodiversity Implications**

N/A

5.4 **Human Resources Implications**

N/A

5.5 **Equality and Diversity Implications**

N/A

6. Consultation

6.1 N/A

7. Alternative Options Considered

- None

8. Statutory Officer Sign-off (please put an X in the relevant box below)

Section 151 Officer	X
Monitoring Officer	**X**

9. Background Documents

None

Contact Officers

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