

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**CORPORATE LEADERSHIP TEAM'S  
REPORT TO CABINET**

**17<sup>th</sup> March 2026**

**Report Title:** Irrecoverable Items 2025/26

**Submitted by:** Service Director for Finance (Section 151 Officer)

**Portfolios:** Finance, Town Centres and Growth

**Ward(s) affected:** All

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
To consider items deemed irrecoverable.			
<b><u>Recommendation</u></b>			
That Cabinet:			
1. Approves the write-off of items detailed at Appendix 1 which are considered to be irrecoverable.			
<b><u>Reasons</u></b>			
For a variety of reasons, it is considered that certain items are unable to be recovered from debtors. When this occurs, it is necessary to write off these balances from the appropriate Council account records.			

1. **Background**

- 1.1 For a variety of reasons, following the issue of accounts for amounts due to the Council, it is considered the debt is no longer able to be collected. Normally, these reasons follow from the debtor having been subjected to insolvency proceedings or other legal processes in respect of their debts or even the death of a debtor. There is then no further redress to recover the outstanding amounts and it is necessary to write off the outstanding balances from the Council's records.
- 1.2 The direct financial implications of debtors' accounts proposed for write off amount to £102,222, formed of shares of debt as listed below.

- 1.3 The amount of National Non Domestic Rates accounts proposed for write off amounts to £102,426. It should be noted that the Council's share of these amounts to £40,971 as detailed in paragraph 8.2.
- 1.4 The amount of Council Tax accounts proposed for write off amounts to £85,378. It should be noted that the Council's share of these amounts to £8,563, as detailed in paragraph 8.3.
- 1.3 Financial Regulations require that any irrecoverable items in excess of £10,000 require Cabinet approval, balances below this amount are approved by the Section 151 Officer (below £5,000) and the Portfolio Holder in conjunction with the Section 151 Officer (£5,000 to £10,000).

## 2. **Issues**

- 2.1 Collection procedures in respect of business rates and council tax are operated in accordance with legislative guidelines. Other debts are collected by a variety of schemes, suitable to the type of account involved. Items are only ever considered for write-off when all avenues of recovery have been exhausted as per the debt recovery policy.
- 2.2 Irrecoverable amounts are considered to be of a confidential nature and in order to comply with data protection regulations the details of the irrecoverable items that are the subject of this report are set out in the confidential appendix. It would also obviously be inappropriate to disclose information for instance about deceased debtors, with the potential for causing further distress to bereaved family members.
- 2.3 Where debts are in respect of commercial organisations, there is the potential in cases such as administration that disclosure could jeopardise the potential recovery of the business in the long term.

## 3. **Proposal**

- 3.1 That the items listed at appendix 1 be considered irrecoverable for the reasons stated and that these balances be approved by Cabinet for written off.

## 4. **Reason for Preferred Solution**

- 4.1 The debts itemised in the confidential appendix are no longer considered recoverable. Accounting regulations require that such items be periodically reviewed and written off.

## 5. **Options Considered**

- 5.1 None.

## 6. **Legal and Statutory Implications**

- 6.1 Ultimately, sums of money owed to the Council can only be recovered through court proceedings. That requires bringing an action to prove the debt, so as to secure a judgement that the sum is owed. There are costs (court and legal fees and officer

time) associated with that process which usually increase in tiers depending on the amount claimed.

- 6.2 Once judgement is secured, further court proceedings (incurring further associated costs) will be required if the sum secured in the judgement is not paid by the debtor. There are various enforcement methodologies that may be ordered in successful enforcement proceedings, all of which will incur additional costs to execute. However, none of those methods will bear fruit unless the debtor can be traced and owns assets that can be easily liquidated for a sum in excess of the amount of the judgement debt and the associated costs.
- 6.3 Thus a primary consideration is one of proportionality in terms of an evaluation of the level of debt against the likely cost of recovery, and the likelihood of identifying a traceable debtor who owns assets of the requisite value and liquidity. That analysis has been undertaken in respect of the debts proposed to be written off here.
- 6.4 It is essential that the council has in place systems that enable it to spot and log any trends in the way in which bad debts are arising, and which identify repeat bad debtors, so that it can take any prudent steps that may be available to it to avoid further bad debts arising.

## 7. **Equality Impact Assessment**

- 7.1 Not applicable.

## 8. **Financial and Resource Implications**

- 8.1 The financial implications of debtors accounts proposed for write off fall on the Council only. The debtors with a balance in excess of £10,000 proposed for write off during the financial year 2025/26 total £102,222. The budgeted contribution to the bad debts provision (£30,000) can be used for this, the remainder would need to be funded from reserves.
- 8.2 The impact of National Non Domestic Rates accounts proposed for write off is shared between the Council (40%), Central Government (50%), Staffordshire County Council (9%) and Staffordshire Fire and Rescue Authority (1%). Those accounts with a balance in excess of £10,000 proposed for write off during the financial year 2025/26 total £102,426, the Council's share amounts to £40,971. This amount is within the estimated balance declared to preceptors regarding the National Non Domestic Rates Collection Fund for 2025/26.
- 8.3 The impact of Council Tax accounts proposed for write off is shared between the Council (10.02%), Staffordshire County Council (72.92%), Police and Crime Commissioner (12.93%) for Staffordshire and Staffordshire Fire and Rescue Authority (4.13%). Those accounts with a balance in excess of £10,000 proposed for write off during the financial year 2025/26 total £85,378, the Council's share amounts to £8,563.

## 9. **Major Risks**

- 9.1 Failure to write off irrecoverable debts in a timely manner could potentially lead to the Council overstating its income, leading to qualification of its annual accounts and associated reputational damage.

## 10. **UN Sustainable Development Goals (UNSDG)**

- 10.1 In shaping detailed budget proposals consideration will be given to the need for investment in order to deliver the Council's Sustainable Environment Action Plan.



## 11. **One Council**

One Commercial Council:

*We will make investment to diversify our income and think entrepreneurially.*

One Sustainable Council:

*We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle*

One Digital Council:

*We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction.*

## 12. **Key Decision Information**

This is not a key decision.

## 13. **Earlier Cabinet / Committee Resolutions**

13.1 Not applicable.

## 14. **List of Appendices**

14.1 Appendix 1 – Irrecoverable Items 2025/26.

## 15. **Background Papers**

15.1 None.