
CORPORATE DEBTS – WRITE OFFS IN 2020/21 MID YEAR UPDATE

**Report by Executive Director, Finance & Regulatory
EXECUTIVE COMMITTEE**

1 December 2020

1 PURPOSE AND SUMMARY

- 1.1 **As requested at the Executive Committee meeting of 15 September 2020, this report details the aggregate amounts of debt written off in the first 6 months of 2020/21 under delegated authority.**
- 1.2 The report covers the areas of Council Tax, Non-Domestic Rates, Sundry Debtors, Housing Benefit Overpayments and aged debt from the balance sheet.
- 1.3 The total value of write-offs between 1 April 2020 and 30 September 2020 is £371.1k

2 RECOMMENDATIONS

- 2.1 **It is recommended that the Executive Committee note the debtor balances written off under delegated authority for the period 1 April 2020 to 30 September 2020.**

3 BACKGROUND

- 3.1 Financial Regulations give the Executive Director, Finance & Regulatory authority to write-off individual irrecoverable debts up to £100,000. Any debt in excess of £100,000 may only be written off as irrecoverable following approval by the Executive Committee. No write-offs have fallen into this category in 2020/21.
- 3.2 Financial Regulations also require that the Executive Director, Finance & Regulatory shall report to the Executive Committee annually on the aggregate amounts written off under delegated authority and this report adds to that remit for financial year 2020/21.

4 LEVEL OF WRITE OFFS

- 4.1 The total net amounts which were written off during the period 1 April 2020 to 30 September 2020 are shown in table 1 below. Full year figures for 2019/20 are shown for comparison.

Table 1

Category	Net amount written off (£'000) 01/04/20-30/09/20	Net amount written off (£'000) 2019/20 (full year)
Council Tax	142.1	597.0
Non Domestic Rates	141.1	928.1
Sundry Debts	32.1	298.1
Housing Benefits Overpayments	55.8	49.1
Aged debt from balance sheet	0	0
Total	371.1	1,872.3

- 4.2 The 'write-offs' are net of any amount 'written back on'. This occurs where a debt has been written off and subsequent information is received, such as a new forwarding address, which would enable the Council to again pursue a debt previously considered irrecoverable. In these circumstances, the write-off will be reversed by a write-on and the debtor will then be pursued for the debt.
- 4.3 In all cases, a debt will only be written off when at least one of the following occurs: -
- Legislation prevents its recovery;
 - It is uneconomic to pursue;
 - The Debtor becomes insolvent;
 - All options of recovery have been exhausted, which includes the use of the Council's Legal team and the appointed Sheriff Officers, Walker Love;
 - After a professional assessment of the debt concludes that recovery is unlikely. For example, if Sheriff Officers advise that there are no assets,

or the debtor has left the area and cannot be traced.

- 4.4 The categories of Council Tax write offs processed in the first 6 months of 2020/21 are detailed below. Much of the resource dealing with these have been highly involved in Business Grants and other Covid-19 related work which remains ongoing and therefore we would not expect write off levels to exceed those reached in 2019/20.

Table 2

Reason for write off: Council Tax	Net amount written off (£'000) 01/04/20- 30/09/20
Small Balance under £10	-0.1
Deceased	45.7
Gone Away	61.1
Sequestered	19.7
Miscellaneous	0.6
Surcharge	15.1
Total	142.1

- 4.5 The categories of Non-Domestic Rates write offs processed in the first 6 months of 2020/21 are detailed below. Much of the resource dealing with these have been highly involved in Business Grants and other Covid-19 related work which remains ongoing and therefore we would not expect write off levels to exceed those reached in 2019/20.

Table 3

Reason for write off: Non Domestic Rates	Net amount written off (£'000) 01/04/20- 30/09/20
Sequestered	130.5
Surcharge	10.6
Total	141.1

- 4.6 Levels of write-offs for Sundry Debt are relatively low at this point in time as more write-offs are recorded in the second half of the year when recovery processes have been exhausted. At this stage it is not known how the Covid 19 situation will affect write-off levels.

Table 4

Reason for Write-off: Sundry Debt	Net amount written off (£'000)
	01/04/20- 30/09/20
Deceased	7.6
Gone Away	4.8
Bankruptcy	9.1
Uneconomic to Pursue	4.2
Sheriff Officer Unable to Collect	6.4
Total	32.1

5 IMPLICATIONS

5.1 Financial

An annual budget provision for sundry bad debts of £125k and £635k for Council Tax is maintained, which is regularly reviewed and if necessary will be revised in future.

5.2 Risk and Mitigations

It is expected that the level of debts written off in 2020/21 will be lower than 2019/20 due to continued heightened risk factors, particularly Covid 19. Performance in this area continues to be closely monitored and management action, including the approved policy on debt recovery and supporting procedures, are in place to minimise risk.

The Council maintains an appropriate bad debt provision to help manage these risks.

5.3 Integrated Impact Assessment

There is no impact or relevance to Equality Duty or the Fairer Scotland Duty for this report. This is a routine financial monitoring report which is required to comply with the Financial Regulations. Nevertheless, a light touch assessment has been conducted and this will be published on SBC's Equality and Diversity Pages of the website as in doing so, signifies that equality, diversity and socio-economic factors have duly been considered when preparing this report.

5.4 Acting Sustainably

There are no environmental implications directly associated with this report.

5.5 Carbon Management

There is no impact on the Council's carbon emissions.

5.6 Rural Proofing

There are no changes in policy or strategy in relation to rural areas.

5.7 Changes to Scheme of Administration or Scheme of Delegation

There are no changes to the Scheme of Administration or the Scheme of Delegation.

6 CONSULTATION

- 6.1 The Executive Director (Finance & Regulatory), the Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and their comments have been incorporated into this report.

Approved by

David Robertson

Executive Director, Finance & Regulatory

Signature.....

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Background Papers:

Previous Minute Reference: Executive Committee 15 September 2020

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