

---

**CORPORATE DEBTS – WRITE OFFS IN 2021/22  
MID YEAR UPDATE**

**Report by Director – Finance & Corporate Governance  
EXECUTIVE COMMITTEE**

---

**18 January 2022**

---

**1 PURPOSE AND SUMMARY**

- 1.1 **As required by the Financial Regulations, this report details the aggregate amounts of debt written off during the first 6 months of 2021/22 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 2021 and 30 September 2021 is £212.1k

**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 2021 to 30 September 2021.**

### 3 BACKGROUND

- 3.1 Financial Regulations give the Director – Finance & Corporate Governance 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 2021/22.
- 3.2 Financial Regulations also require that the Director – Finance & Corporate Governance 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 2021/22.

### 4 LEVEL OF WRITE OFFS

- 4.1 The total net amounts which were written off during the period 1 April 2021 to 30 September 2021 are shown in table 1 below. Figures for the same period in 2020 are shown for comparison

Table 1

<b>Category</b>	<b>Net amount written off (£'000)</b>	<b>Net amount written off (£'000)</b>
	<b>01/04/21-30/09/21</b>	<b>01/04/20-30/09/20</b>
Council Tax	137.6	142.1
Non Domestic Rates	0	141.1
Sundry Debts	58.3	32.1
Housing Benefits Overpayments	16.2	55.8
Aged debt from balance sheet	0	0
<b>Total</b>	<b>212.1</b>	<b>371.1</b>

- 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 amount of Housing Benefit written off has decreased significantly. This is due to staff resource for this work being redirected to support other areas of work and due to a separate initiative on historical debt being suspended.

Although the annual level for 21/22 is expected to remain lower than 20/21 that reduction is expected to reverse during 22/23 should business operating conditions return to "normality".

Housing Benefit Overpayments attract 100% subsidy from the Department of Work and Pensions which, combined with established recovery procedures, minimises the financial loss to the Council.

4.5 The categories of Council Tax write offs processed in the first 6 months of 2021/22 are detailed below.

The level of write offs is similar for the period however there is a variation in the amounts written off within the categories. Gone Away's have dramatically reduced and Sequestrations have increased.

Gone Away's appear low for the period as much of the resource dealing with this work stream have been highly involved in Business Grants and other Covid-19 related work which remains ongoing.

The Sequestration write offs have increased due to a targeted resource dealing with a backlog of these cases.

Table 2

<b>Reason for write off: Council Tax</b>	<b>Net amount written off (£'000)</b>	<b>Net amount written off (£'000)</b>
	<b>01/04/21- 30/09/21</b>	<b>01/04/20- 30/09/20</b>
Small Balance under £10	2.5	-0.1
Deceased	44	45.7
Gone Away	14.2	61.1
Sequestered	57.2	19.7
Miscellaneous	5.8	0.6
Surcharge	13.9	15.1
<b>Total</b>	<b>137.6</b>	<b>142.1</b>

4.6 There have been no categories of Non-Domestic Rates write offs processed in the first 6 months of 2021/22.

Much of the resource which would normally deal with this work has been highly involved in Business Grants and other Covid-19 related work which remains ongoing. That together with temporary new reliefs introduced over the past year means we would not expect write off levels to exceed those reached in 2020/21.

Table 3

<b>Reason for write off: Non Domestic Rates</b>	<b>Net amount written off (£'000)</b>	<b>Net amount written off (£'000)</b>
	<b>01/04/21- 30/09/21</b>	<b>01/04/21- 30/09/21</b>
Sequestered	0	130.5
Surcharge	0	10.6
<b>Total</b>	<b>0</b>	<b>141.1</b>

- 4.7 Levels of write-offs for Sundry Debt are higher at this point in time compared with the same period of time last year. This is mainly due to a higher amount of debt now being time barred (debt unrecoverable if no formal contact from customer has been established with five years) due to restrictions imposed on commencing legal proceedings during the Covid 19 pandemic.

Table 4

<b>Reason for Write-off: Sundry Debt</b>	<b>Net amount written off (£'000)</b>	<b>Net amount written off (£'000)</b>
	<b>01/04/21- 30/09/21</b>	<b>01/04/20- 30/09/20</b>
Deceased	1.5	7.6
Gone Away	0.1	4.8
Bankruptcy	1.1	9.1
Uneconomic to Pursue	1.2	4.2
Sheriff Officer Unable to Collect	1.2	6.4
Time Barred	53.2	0
<b>Total</b>	<b>58.3</b>	<b>32.1</b>

## 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 2021/22 in some areas will vary as they are still being affected by 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 **Sustainable Development Goals**

There are no environmental implications directly associated with this report.

### 5.5 **Climate Change**

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 **Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

### 5.8 **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 Director – Finance & Corporate Governance, 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**

**Director - Finance & Corporate Governance**

**Signature.....**

### **Author(s)**

Name	Designation and Contact Number
Allison Exley	Income & Reconciliation Manager – Tel: 01835 824000 Extn 5909
Les Grant	Customer Advice and Support Manager – Tel: 01835 824000 Extn 5547
Gary Murdie	Benefits Lead Officer – Tel: 01835 824000 Extn 2722

### **Background Papers:**

**Previous Minute Reference:** Executive Committee 01 December 2020

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. We can also give information on other language translations as well as providing additional copies.

Contact us at Suzy Douglas, Council Headquarters, Newtown St Boswells, Melrose TD6 0SA.

Tel 01835 824000 Extn 5881,

email: [sdouglas@scotborders.gov.uk](mailto:sdouglas@scotborders.gov.uk)

*Executive Committee – 18 January 2022*