
CORPORATE DEBTS – WRITE OFFS IN 2023/24 MID YEAR UPDATE

**Report by Director of Finance & Procurement
EXECUTIVE COMMITTEE**

14 November 2023

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 2023/24 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 2023 and 30 September 2023 is £198.1k.

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 2023 to 30 September 2023.**

3 BACKGROUND

- 3.1 Financial Regulations give the Director of Finance and Procurement 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 2023/24.
- 3.2 Financial Regulations also require that the Director of Finance and Procurement 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 2023/24.

4 LEVEL OF WRITE OFFS

- 4.1 The total net amounts which were written off during the period 1 April 2023 to 30 September 2023 are shown in table 1 below. Figures for the same period for the last two years are shown for comparison.

Table 1

Category	Net amount written off (£'000) 01/04/21-30/09/21	Net amount written off (£'000) 01/04/22-30/09/22	Net amount written off (£'000) 01/04/23-30/09/23
Council Tax	137.6	66.9	106.2
Non Domestic Rates	0	-19.1	-2.9
Sundry Debts	58.3	57.2	59.3
Housing Benefits Overpayments	16.2	26.5	35.5
Aged debt from balance sheet	0	0	0
Total	212.1	131.5	198.1

- 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 is as expected, higher than the same period last year. This is due to recovery work being undertaken as part of business as usual. Although not yet back to pre-pandemic levels, we would expect this to remain consistent over the next half of the year. 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 2023/24 are detailed below.

The resource issues have been resolved and all works to consider write offs are being undertaken as business as usual. This has resulted in an increase across the board other than sequestrations.

Previously we had suspended sequestration write offs while we awaited new working practices for online portals. This has recommenced and we in an up to date position with these cases but are awaiting authorisation for higher level debts.

Table 2

Reason for write off: Council Tax	Net amount written off (£'000) 01/04/21-30/09/21	Net amount written off (£'000) 01/04/22-30/09/22	Net amount written off (£'000) 01/04/23-30/09/23
Small Balance under £10	2.5	-0.1	0
Deceased	44.0	31.6	52.3
Gone Away	14.2	1.7	24.9
Sequestered	57.2	30.2	21.7
Miscellaneous	5.8	-6.0	-5.6
No effects		1.0	0
Surcharge	13.9	8.5	12.9
Total	142.1	66.9	106.2

- 4.6 Nominal amounts of Non-Domestic Rates balances were written off in the first 6 months of 2023/24 and the net position reflects that more monies were written on than written off during this period. Previously we had suspended sequestration write offs while we awaited new working practices for online portals. This has recommenced and we are currently working on these cases and expect this to reflect an increase in the 3rd quarter.

Table 3

Reason for write off: Non Domestic Rates	Net amount written off (£'000)	Net amount written off (£'000)	Net amount written off (£'000)
	01/04/21- 30/09/21	01/04/22- 30/09/22	01/04/23- 30/09/23
Sequestered	0	-15.2	0
Gone Away	0	-0.4	0
Miscellaneous	0	-2.0	-7.8
Surcharge	0	-1.5	0
Small Balance	0	0	1.2
No Effects	0	0	3.7
Total	0	-19.1	-2.9

- 4.7 More detailed information on the 2nd quarter position will be issued separately to members in due course.
- 4.8 Levels of write-offs for Sundry Debt remain the same at this point compared with the same period of time last year. The type of debt being written off has not changed significantly with write-offs for accounts of deceased customers being the largest majority whereby we have been unable to claim against the deceased's estate due to timing and lack of funds. We have made significant progress to reduce the write offs due to debt becoming time barred and still monitor this closely to ensure that all avenues are explored in a timely manner to ensure the best recovery outcome. As previously reported in the year end 2022/23 report, due to the current cost of living crisis we are anticipating that this will cause a higher number of sundry debt accounts being sent to Sheriff Officers and decree applications being made.

Table 4

Reason for Write-off: Sundry Debt	Net amount written off (£'000)	Net amount written off (£'000)	Net amount written off (£'000)
	01/04/21- 30/09/21	01/04/22- 30/09/22	01/04/23- 30/09/23
Deceased	1.5	31.4	49.4
Gone Away	0.1	0.5	1.3
Bankruptcy	1.1	0.3	4.2
Uneconomic to Pursue	1.2	1	0.8
Sheriff Officer Unable to Collect	1.2	12	2.3
Time Barred	53.2	12	1.6
Debtor in Prison			1
Credit Amounts			-1.3
Total	58.3	57.2	59.3

5 IMPLICATIONS

5.1 Financial

An annual budget provision for sundry bad debts of £125k and £839k 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 2023/24 in some areas will vary as we see the effects of the cost-of-living crisis impact households. 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 Date 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 The Director of Finance and Procurement, the Director of Corporate Governance (and Monitoring Officer), the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

Suzy Douglas
Director of Finance and Procurement

Signature.....

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Background Papers:

Previous Minute Reference: Executive Committee 15 November 2022

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.

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