



**OPEN REPORT  
GOVERNANCE AND RESOURCES COMMITTEE**

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**Governance and Resources Committee – 21 March 2024**

**ARREARS FOR WRITE OFF 2023/24**

**Report of the Director of Resources**

**Report Author and Contact Details**

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**Wards Affected**

District-wide

**Report Summary**

This report provides information about debtor write offs authorised by the Director of Resources under delegated authority in accordance with the Council's Financial Regulations and seeks approval for the write off of individual debts of £10,000 or more in accordance with the Council's Financial Regulations.

**Recommendation**

That the individual amounts of £10,000 or more listed in Appendix 1 totalling £12,171.81 be written off.

**List of Appendices**

Appendix 1 Schedule of write offs over £10,000.

**Background Papers**

None

**Consideration of report by Council or other committee**

No

**Council Approval Required**

No

**Exempt from Press or Public**

No

## Arrears for write off 2023/24

### 1 Background

- 1.1 Under regulation 5.2.12 of the Council's Financial Regulations, authority is delegated to the Director of Resources to write-off individual debts up to £10,000. Under the scheme of delegation to officers the Director of Resources also has authority to write off any arrears that have been caused by an officer error. This report details those debts of £10,000 or more for which authorisation to write-off is required from this Committee under regulation 5.2.12 of the Financial Regulations.
- 1.2 This report for 2023/24 covers arrears relating to council tax, non-domestic rates, housing benefit overpayments and sundry debts.
- 1.3 The debts detailed in this report have been pursued through all appropriate methods of recovery open to the Council. The [Revenues Debt Recovery Policy](#) was last approved in 2016 but is currently under review. It shows the approach taken to recovery for each type of debt. It is considered that any further action attempted at recovering the debts proposed for write off would be likely to incur additional expenses to the Council without the prospect of payment. As such, where these individual debts are for £10,000 or more they are referred to this Committee for approval to write them off.
- 1.4 It should be noted that any debt will be reinstated where further information subsequently comes to light that allows further recovery action to be pursued.
- 1.5 Accounts submitted for write-off generally fall into one of the following categories:
  - Amounts remitted by the Magistrates Court (or where the Court has refused to grant a Liability Order)
  - Amounts where the debtor is bankrupt, insolvent, has entered into an Individual Voluntary Arrangement (IVA), has a Debt Relief Order (DRO) or is a company In Administration where there is no prospect of payment;
  - Amounts where the debtor has died and there are insufficient funds in their estate
  - Amounts where the debtor has absconded or gone abroad and cannot be traced
  - Amounts where it has become uneconomic to pursue the debt
  - Amounts for which the debtor has served a prison sentence;
  - (Very rarely) Amounts where there has been an officer error.
- 1.6 The Chartered Institute of Public Finance & Accountancy (CIPFA) recommends that it is good practice to identify debts that are unlikely to be paid and to account for them in the accounts as soon as possible.

## 2. Key Issues

- 2.1 The position as at 26 February 2024 is summarised in the table below. There is one proposed write off for £10,000 or more that requires the committee's approval on this occasion.

Table 1: Write offs summary 2023/24 as at 26 February 2024

	Council Tax Arrears	NNDR Arrears	Housing Benefit Overpay- ment Arrears	Sundry Debtors Arrears	Total
	£	£	£	£	£
Amounts below £10,000 written-off under delegated authority 1 April 2022 to 24 February 2024	62,087.75	109,634.00	15,966.22	1553.95	189,241.92
Amounts of £10,000 or more authorised for write off by Governance & Resources Committee on 2 November 2023	0.00	80,136.38	0.00	0.00	80,136.38
Amounts over £10,000 to be considered by Governance & Resources Committee on 21 March 2024	0.00	0.00	12,171.81	0.00	12,171.81
Amounts of £10,000 or more relating to officer error and written-off under delegated authority	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>62,087.75</b>	<b>189,770.38</b>	<b>28,138.03</b>	<b>1,553.95</b>	<b>281,550.11</b>
Provision for Doubtful Debts 01/04/23	479,317.28	72,577.00	58,383.84	41,841.69	652,119.81
Total written-off in 2018/19	67,368.90	70,867.00	28,506.67	79,227.41	245,969.98
Total written-off in 2019/20	67,881.04	158,714.00	44,363.24	10,799.92	281,758.20
Total written-off in 2020/21	106,558.55	21,576.00	4,512.15	1,900.12	134,546.82
Total written-off in 2021/22	148,867.31	60,968.00	46,601.76	1,743.61	258,180.68
Total written-off in 2022/23	36,050.16	19,789.29	19,930.78	13,779.04	89,549.27

## 2.2 Officer comment

Most write offs in 2023/24 relate to cases involving bankruptcy, insolvency, debt relief orders, where payers are deceased or have left with no trace or where debts are uneconomic to pursue.

### Council Tax

- 2.3 No write offs are proposed in this report for council tax debts of £10,000 or more. The 2023/24 Council Tax net collectable debit is currently in the order of £65m. The amount of £62,087.75 shown in table 1 above for write offs represents 0.1% of this amount and is well within the impairment provision in the Council's accounts, which stood at £479,317 on 31 March 2023. The write offs in this report cover several financial years.
- 2.4 Irrecoverable council tax is shared between the district council and major preceptors. For 2023/24 Derbyshire Dales District Council meets 14% of the amounts written off.
- 2.5 Council tax collections for 2020/21 to 2023/24 are slightly below target as payments have been impacted by the coronavirus pandemic and the 'cost of living' crisis. The Council took the decision to take a "light touch approach" to debt recovery during the pandemic, wishing to support residents and businesses through this difficult time. The collection rates for these years are continuing to improve but might not reach the usual targets by 31 March 2024. However, the arrears will continue to be actively collected beyond that date (as with all arrears).

Table 2: % of council tax and non-domestic rates debt collected to 29 February 2024

Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24 To 29 February 2024*
Council Tax Target	99.3%	99.3%	99.3%	99.3%	99.3%	97.4%
Council Tax Actual	99.77	99.5%	99.1%	99.0%	98.7%	97.2%
Non-Domestic Rates Target	98.2%	98.2%	98.2%	98.2%	98.2%	94.2%
Non-Domestic Rates Actual	98.9%	99.0%	98.9%	99.0%	98.7%	94.9%

\*Targets for 2023/24 have been adjusted to reflect an 11-month collection period to 29 February 2024 (based on average in-year collections to the end of February over the previous 5 financial years).

### Non-domestic rates

- 2.6 No write offs are proposed in this report for non-domestic rates debts of £10,000 or more. The 2023/24 Non-Domestic Rates net collectable debit is currently in the order of £16.5m. The amount of £189,770.38 shown in table 1 for write offs

represents 1.15% of this amount. The write offs in this report cover several financial years. The proposed write offs exceed the provision of £72,577. The additional cost will be charged to the business rates collection fund and will be part of the overall surplus / deficit at 31 March 2024.

- 2.7 Non-domestic rates collections for previous years and the current year to date exceed targets (see table 2 above). Performance against targets is monitored monthly.
- 2.8 Irrecoverable Non-Domestic Rates are shared between central government and local government under the Business Rates Retention Scheme. For 2023/24, Derbyshire Dales District Council meets 40% of the amounts written off.

#### Housing benefit overpayments

- 2.9 There is one write off proposed in this report for a housing benefit overpayment debt of £10,000 or more. Details are provided in Appendix 1.
- 2.10 At the time of writing this report there have been 28 cases for write off authorised under delegated authority in this financial year, totalling £15,966.22, plus the write off proposed in this report of £12,171.81. This gives a grand total of £28,138.03 (29 cases), which is well within the provision of £58,384.
- 2.11 The reasons for housing benefit overpayment write offs in this financial year are given in table 3 below. The most common reason for write off in 2023/24 is “Debtor deceased (with no / insufficient estate)”, with 9 cases and write offs totalling £13,922.90 (subject to the approval of the write off proposed in this report). The average amount of write off in this “Debtor Deceased” category is £1,546.99; excluding the write off proposed in this report, the average is £218.89.

Table 3: Reasons for the housing benefit overpayments write offs approved 1 April 2023 to 26 February 2024, plus the proposed write off in this report:

	<u>No</u>	<u>£</u>
Absconded	5	£2,526.85
Recovery exhausted	3	£2,533.00
Debtor deceased ( with no / insufficient estate)	9	£13,922.90
Uneconomical to recover	6	£8.73
Debt Relief Order	1	£4,533.60
IVA	2	£4,456.95
Discretionary Housing Payments	3	£156.00
	<b>29</b>	<b>Total £28,138.03</b>

- 2.12 The arrears outstanding at 1 April 2023 was £568,978. At 31<sup>st</sup> January 2024 the arrears outstanding had reduced to £529,484 (before the write off proposed in this report has been actioned). The fact that the balance of arrears continues to reduce demonstrates that recovery action by the Benefits Overpayments Officer continues to be effective. Arrears outstanding at 31 March 2017 (when

the appointment was approved) amounted to £1,132,755.

- 2.13 Members should note that recovering housing benefit overpayments from people on low incomes is very difficult, especially at the time of a cost-of-living crisis. Payment arrangements need to be reasonable and affordable for debtors and it can take several years to fully recover a debt in some cases.

#### Sundry debts

- 2.14 No write offs are proposed in this report for sundry debts of £10,000 or more. The 2023/24 write offs to 26 February 2024 total £1,553.95, which represents 0.04% of expected net collectable debt of £3.8m raised so far for this financial year. The value of write offs for 2023/24 is well within the amount in the provision £41,842.

### **3. Options Considered and Recommended Proposal**

- 3.1 The Committee could choose not to write off the arrears in some or all of the cases shown in Appendix 1. Given that officers have exhausted debt recovery in these cases, not writing them off would be contrary to CIPFA advice (see above).

### **4. Consultation**

- 4.1 No consultation is required.

### **5. Timetable for Implementation**

- 5.1 Subject to approval of the report recommendations, the write offs will be actioned as soon as possible following the publication of the minutes of the meeting.

### **6. Policy Implications**

- 6.1 The debts detailed in this report have been pursued through all appropriate methods of recovery open to the Council. The [Revenues Debt Recovery Policy](#) shows the approach taken to recovery for each type of debt. This policy is currently under review; a revised Debt Recovery will be presented to this committee for approval in due course.

### **7. Financial and Resource Implications**

- 7.1 The Council has established provisions for doubtful debts, as set out in table 1 in paragraph 2.1. The amounts written off or proposed in 2023/24 total £281,550.11 and are within the overall budgetary provision of £652,120. The financial risk is assessed as “medium”.

### **8. Legal Advice and Implications**

- 8.1 This report provides information about debtor write offs authorised by the Director of Resources under delegated authority in accordance with the Council's Financial Regulations and seeks approval for the write off of individual debts of £10,000 or more in accordance with the Council's Financial Regulations.
- 8.2 The Director of Resources is acting in accordance with powers delegated to her under Section 151 of the Local Government Act 1972.
- 8.3 The Council has a duty to pursue all monies owed to it and the write offs are to enable the District Council to finalise its accounts for the year. It will use the appropriate legal powers available to it to recover the sums due.
- 8.4 The Legal risk connected to the decision making contained in this report has been assessed as low.

## **9. Equalities Implications**

- 9.1 There are no equalities implications for this report. It is clear that effort is made to ensure people on low incomes are given reasonable and affordable ways to repay debts.

## **10. Climate Change Implications**

- 10.1 There are no climate change implications arising from the recommendations of this report.

## **11. Risk Management**

- 11.1 Financial and legal risks have been assessed above.
- 11.2 The Council is expected to have a sound policy and financial regulations in place to cover the collection of debts and arrangements for write offs. Failure to comply with these would amount to a reputational risk.

## **Report Authorisation**

Approvals obtained from:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Paul Wilson	11/03/2024
Director of Resources/ S.151 Officer	Karen Henriksen	13/03/2024
Monitoring Officer	Helen Mitchell	12/03/2024

## Appendix 1: Schedule of Write Offs over £10,000

### Housing Benefit Overpayment Write Off (over £10,000)

Reference	Reason for Write off	Amount	Invoice date
40184805 & 40184795	Debtor deceased and insufficient funds in estate to clear debt	£12,171.81	07.09.2023
	Total: Housing Benefits Overpayments	£12,171.81	
	Total write offs over £10,000	£12,171.81	