



OPEN REPORT
GOVERNANCE AND RESOURCES COMMITTEE

Governance and Resources Committee – 10th October 2024

ARREARS FOR WRITE OFF 2024/25 – MID-YEAR REPORT

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 individual debts of £10,000 or more in accordance with the Council's Financial Regulations.

Recommendation

That the individual debts of £10,000 or more listed in Appendix 1 totalling £37,560.29 be approved for write off.

List of Appendices

Appendix 1: Schedule of proposed write offs

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 2024/25 – Mid-Year Report

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 mid-year report for 2024/25 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; it 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 30 September 2024 is summarised in the table below. There are two proposed write offs for individual debts of £10,000 or more that require the committee's approval on this occasion; both these relate to non-domestic rates.

Table 1: Write offs summary 2024/25 as at 30 September 2024

	Council Tax Arrears	Non- Domestic Rates Arrears	Housing Benefit Overpay- ment Arrears	Sundry Debtors Arrears	Total
	£	£	£	£	£
Amounts of £10,000 or more approved by Governance & Resources Committee on 21 March 2024 but not effected until 2024/25	0.00	0.00	12,171.81	0.00	12,171.81
Amounts of less than £10,000 written-off under delegated authority from 1 April 2024 to 17 September 2024	34,666.78	7,941.03	12,353.20	3,174.90	58,135.91
Amounts of £10,000 or more to be considered by Governance & Resources Committee on 10 October 2024 (see Appendix 1)	0.00	37,560.29	0.00	0.00	37,560.29
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
Total	34,666.78	45,501.32	24,525.01	3,174.90	107,868.01
Provision for Doubtful Debts 01/04/24	614,157.65	50,920.00	60,372.51	71,129.85	796,580.01
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
Total written-off in 2023/24	57,527.60	216,044.63	6,265.50	1,553.95	281,391.68

2.2 Officer comment

Most write offs in 2024/25 relate to cases involving bankruptcy, insolvency or 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 individual council tax debts of £10,000 or more. The 2024/25 council tax net collectable debit is currently in the order of £68m. The amount of £34,666.78 shown in table 1 above for write offs represents 0.05% of this amount and is well within the impairment provision in the Council's accounts, which stood at £614,157.65 on 1st April 2024. 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 2024/25 Derbyshire Dales District Council meets 14% of the amounts written off.
- 2.5 Council tax collections for 2020/21 to 2023/24 are 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. Debt recovery action was suspended in 2020/21 and the early months of 2021/22. From the July 2021 the revenues team were able to send reminders to non-payers. The first available Magistrates Court Hearings were in September 2021. Subsequently, there were problems with securing Magistrates Court Hearings in 2023/24. The collection rates for 2020/21 to 2023/24 are slowly improving but there is a risk that collection rates for these financial years might not reach the usual targets by 31 March 2025. However, the arrears will continue to be actively collected.

Table 2: % of council tax and non-domestic rates debt collected to 31 August 2024

Year	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25 To 31 August
Council Tax Target	99.3%	99.3%	99.3%	99.3%	99.3%	51.4%
Council Tax Actual	99.5%	99.2%	99.0%	98.8%	98.3%	51.8%
Non-Domestic Rates Target	98.2%	98.2%	98.2%	98.2%	98.2%	47.5%
Non-Domestic Rates Actual	99.1%	99.1%	99.1%	98.8%	98.2%	45.4%

Non-domestic rates

- 2.6 Two individual debts of £10,000 or more relating to non-domestic rates are proposed for write off in this report. These proposed write offs are shown in Appendix 1 and total £37,560.29; both relate to businesses that have gone into

liquidation. The 2024/25 Non-Domestic Rates net collectable debit is currently in the order of £18m. The amount of £45,501.32 shown in table 1 for write offs represents 0.25% of this amount. The write offs in this report cover several financial years.

- 2.7 Except for current year collections, where collections are just below the target, non-domestic rates collections for previous years are now above target following the decision to take a “light touch approach” to debt recovery during the pandemic.
- 2.8 Non-domestic rates collections for 2024/25 are below target at 31 August 2024. At 31st August the County Council had not made some large payments that have usually been received by the end of August (and reflected in the target); the payments were made in September and it is expected that the collection rate will be back on track at 30th September. A verbal update will be provided at the meeting.
- 2.9 Irrecoverable Non-Domestic Rates are shared between central government and local government under the Business Rates Retention Scheme. For 2024/25, Derbyshire Dales District Council meets 40% of the amounts written off.

Housing benefit overpayments

- 2.10 No write offs are proposed in this report for housing benefit overpayments over £10,000. A write off for £12,171.81 was approved by the Governance & Resources Committee on 21 March 2024. This was not actioned until the 2024/25 financial year, so is included in the figures shown for 2024/25 in Table 1 of this report.
- 2.11 At the time of writing this report there have been 15 cases for write off authorised under delegated authority in this financial year, totalling £12,353.20. When this is added to the write offs totalling £12,171.81 (see above), the total is £24,525.01, which is well within the provision of £60,373.
- 2.12 The reasons for housing benefit overpayment write offs approved so far this financial year are given in table 3 below. The most common reason for write off so far in 2024/25 is “Debtor deceased (with no estate)”, with 11 cases and write offs totalling £7,637.83. The (mean) average amount of write off in this category is £694.35; the highest amount is £3,348.06 and the lowest is £78.73.

Table 3: Reasons for the housing benefit overpayments write offs approved 1 April 2024 to 8 August 2024:

	<u>No</u>	<u>£</u>
Customer insolvent	1	£4,229.09
Recovery exhausted	1	£397.25
Debtor deceased (no estate)	11	£7,637.83
Uneconomical to recover	1	£66.17
Discretionary Housing Payments	1	£22.86
	15	Total £12,353.20

- 2.13 The arrears outstanding at 1 April 2024 was £520,501. At 31 August 2024 the

arrears outstanding had reduced to £498,152. Reductions in the level of arrears 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.

- 2.14 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

- 2.15 No write offs are proposed in this report for individual sundry debtor debts of £10,000 or more. The 2024/25 write offs to 30 September 2024 total £3,174.90, which represents 0.2% of expected net collectable debt of £1.6m raised for this financial year to 31 August 2024 (or 0.07% of the £4.7m net collectable debt raised in 2023/24). The value of write offs for 2024/25 is well within the amount in the provision £71,129, which will be reviewed at the year-end.

3. Options Considered and Recommended Proposal

- 3.1 The Committee could choose not to write off the arrears in some or all 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 of this report. The amounts written off or proposed in 2024/25 total £107,868.01 and are within the overall budgetary provision of £796,580. 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 two 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 There is one decision recommended to be taken as set out at the beginning of this report. If a decision is taken in line with the recommendation, the legal risk of that decision being challenged has been assessed as low.

2. Equalities Implications

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

3. Climate Change Implications

- 3.1 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:-

	Named Officer	Date
Chief Executive	Paul Wilson	30/09/2024
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	01/10/2024
Deputy Monitoring Officer	Kerry France	01/10/2024

Appendix 1: Schedule of Proposed Write Offs (individual debts of £10,000 or more)

Non-Domestic Rates Write Offs

Reference	Business Type	Reason for Write off	Amount	Period of charge
70177640	Restaurant	In liquidation	£13,516.07	2021 - 2023
70205286	Manufacturing	In liquidation	£24,044.22	2020 - 2024

Total: Non-Domestic Rates £37,560.29

Total for individual write offs of £10,000 or more £37,560.29