



REPORT TO:	Cabinet
DATE:	Tuesday, 16 July 2024
SUBJECT:	Debt Write Off
PURPOSE:	To seek approval for the write off of uncollectable debt
KEY DECISION:	<i>N</i>
PORTFOLIO HOLDER:	Portfolio Holder for Finance
REPORT OF:	Deputy Chief Executive - Corporate Development (S151)
REPORT AUTHOR:	Sharon Hammond
WARD(S) AFFECTED:	(All Wards);
EXEMPT REPORT?	<i>Y</i>

The Appendices to this report are exempt by virtue of Paragraphs 1 (Information relating to any individual), 2 (Information which is likely to reveal the identity of any individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))

SUMMARY

This report provides an update on the collection, recovery and enforcement of debt, and seeks approval for the write off of amounts identified as uncollectable.

RECOMMENDATIONS

That the debts identified in this report are approved for write off.

REASONS FOR RECOMMENDATIONS

All recovery methods have been considered and where appropriate pursued, before making the decision to write off. Debts will be written off against provisions in the Councils accounts. Officer time can be maximised on greatest returns, at the same time as ensuring robust procedures for debt management are in place across all revenue streams.

OTHER OPTIONS CONSIDERED

Do not approve the amounts for write off, however this would leave uncollectable debt showing on the council records.

1. BACKGROUND

- 1.1. Efficient and well administered debt management is crucial to the Council. The Debt Management Policy was re-approved by Cabinet in July 2022, and the approach to write offs is in line with the Debt Write Off Operational Policy, previously approved by Cabinet.
- 1.2. This is the first report to Cabinet in this financial year and includes debts identified at this time as uncollectable.

2. COLLECTION, RECOVERY AND ENFORCEMENT UPDATE

- 2.1 The impact of the pandemic and the cost of living crises continues to be felt in the collection, recovery and enforcement of debt.
- 2.2 Council Tax and Business Rates collection rates have not returned to pre-covid levels despite the statutory recovery programme in place, although it should be recognised that in-year collection rates are a point in time measure and not an indication of the final collection for any financial year. Recovery and enforcement of previous years arrears continues after the end of the financial year.
- 2.3 Latest published government data indicates that nationally there was a 23% increase in individual insolvencies in February 2024, and a 17% in company insolvencies, compared to the same point last year.
- 2.4 The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into effect in May 2021. These regulations offer breathing space up to 60 days for debtors to get advice and set up debt solutions. These regulations make further provisions for people in mental health crisis, where protection can last longer. Access is by a qualified debt advisor, and by an Approved Mental Health Professional in the situation of mental health crisis.

Following the introduction of the regulations in May 2021, there have been 170 debtors enter into this process, totalling £386,087. Of these, 12 are currently in breathing space.

3. WRITE OFFS FOR CABINET APPROVAL

- 3.1. The need to write off debt can arise for a number of reasons, including debtors being untraceable, insolvent, ceased trading with no assets, or deceased with insufficient funds in the estate. All methods of recovery are considered and pursued in line with legislative

provision, before making the decision to write off. This can include internal recovery action, use of debt enforcement agents, external tracing agents and procedures through the Courts.

- 3.2. Case management has concluded that recovery and enforcement options in respect of the debts presented in this report have been considered, and exhausted, and there is no prospect of recovery. Cabinet approval for write off is now requested.
- 3.3. A summary of these debts is shown in the table below, totalling £87,639.20 (of which the indicative loss to South Holland District Council is £28,341).

Reason	Council Tax	Business Rates	Housing Benefit Overpayment	Total
Absconder	£9,184.65			£9,184.65
Deceased	£1,375.29		£9,368.23	£10,743.52
Insolvency	£17,409.54	£18,751.21	£6,914.14	£43,074.89
Uncollectable	£9,082.97	£9,832.51	£5,720.66	£24,636.14
Total	£37,052.45	£28,583.72	£22,003.03	£87,639.20
	10%	40%	60%	-
Indicative loss to SHDC	£3,705.25	£11,433.49	£13,201.82	£28,340.55

- 3.4. Debts due to insolvency account for 49% of the total write off value included in this report.
- 3.5. Details of individual debts are shown in confidential Appendices A to C. The reason provided for write-off is consistent with the policy approved by Cabinet. Where applicable, multiple debts for a debtor are shown together.
- 3.6. In line with the policy, prior to this report being presented, consultation has taken place with the Section 151 Officer and the Portfolio Holder for Finance. Cabinet Members can therefore be assured that the debts listed are irrecoverable, and that write off is the correct course of action.
- 3.7. In all cases collection options have been exhausted and there is no realistic prospect of recovery. All debt approved for write off will be set against existing bad debt provisions and can be resurrected in full or in part at any time should new information come to light suggesting that they might be recoverable after all.

3.8. Delegated Write Offs

No write offs under £1,050 have been approved this year to date under delegated authority.

4. CONCLUSION

- 4.1 That options to enforce the debts identified and presented in this report have been exhausted and write off is now the appropriate course of action. Once a debt is no longer

collectable it should be written off in the Council's accounts and the debt provision adjusted accordingly.

5. EXPECTED BENEFITS TO THE PARTNERSHIP

5.1 *Not applicable.*

6. IMPLICATIONS

6.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

6.1.1 *None*

6.2 CORPORATE PRIORITIES

6.2.1 *None*

6.3 STAFFING

6.3.1 *None*

6.4 WORKFORCE CAPACITY IMPLICATIONS

6.4.1 *None*

6.5 CONSTITUTIONAL AND LEGAL IMPLICATIONS

6.5.1 *None*

6.6 DATA PROTECTION

6.6.1 *None*

6.7 FINANCIAL

6.7.1 Clear processes for writing off irrecoverable debt represents sound financial management practice.

These debts will be offset against the bad debt provision. There is no budgetary impact.

6.8 RISK MANAGEMENT

6.8.1 By the nature, volume, and value of annual revenue to the council there will always be uncollectable amounts which will be recommended for write off once avenues to recover are exhausted. Provision for bad debt is made and reviewed regularly.

6.9 STAKEHOLDER / CONSULTATION / TIMESCALES

6.9.1 *None*

6.10 REPUTATION

6.10.1 *None*

6.11 CONTRACTS

6.11.1 *None*

6.12 CRIME AND DISORDER

6.12.1 None

6.13 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

6.13.1 This report does not in itself give rise to any equality, diversity, or human right implications. SHDC's Debt Management Policy ensures transparency and equality in its approach to debt management and recognises the responsibility for ensuring the protection of vulnerable and the socially excluded.

6.14 HEALTH AND WELL BEING

6.14.1 None

6.15 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

6.15.1 None

6.16 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

None

7. ACRONYMS

7.1 None

APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A

Council Tax Debts

APPENDIX B

Business Rates Debts

APPENDIX C

Housing Benefit Overpayment Debts

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body

REPORT APPROVAL

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Signed off by:

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Approved for publication:	Portfolio Holder for Finance (if required)
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