



**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	Quarter 4 2023/24 and Quarter 1 2024/25 Reporting of Write Offs	To be marked with an 'X' by Democratic Services after report has been presented
<b>Meeting of:</b>	Audit Committee 25 September 2024	



<p><b>Is this an Executive Decision:</b></p>	<p>NO</p>	<p><b>Is this a Key Decision:</b></p>	<p>NO</p>
<p><b>Is this in the Forward Plan:</b></p>	<p>NOT APPLICABLE</p>	<p><b>Does this report contain Confidential or Exempt Information:</b></p> <p><b>If the report Contains Confidential Information, please provide reason.</b></p> <p><b>If the report contains Exempt Information, please state relevant paragraph from Schedule 12A LGA 1972:</b></p>	<p>NO</p>

**Essential Signatories:**

**ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE**



Monitoring Officer: **John Teasdale**

Date ..... Signature .....

Chief Finance Officer: **Lloyd Haynes**

Date ..... Signature .....

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**Report to Audit Committee**

**Date: 25 September 2024**

**REPORT TITLE: Quarter 4 2023/24 and Quarter 1 2024/25 Reporting of Write Offs**

**PORTFOLIO: Finance & Treasury Management**

**CHIEF OFFICER: Lloyd Haynes**

**CONTACT OFFICER: Lloyd Haynes Ext. No. x1399**

**WARD(S) AFFECTED: All**

**1. Purpose of the Report**

- 1.1. Part 4H of the Council's constitution sets out the authorisation requirements for Write Offs. Whilst Write Offs can be approved by the Chief Finance Officer and relevant Cabinet Member, the constitution also requires that items written off are reported to Audit Committee on a quarterly basis. This report provides an overview of those items approved for write off during quarter 4 of 2023/24 and quarter 1 of 2024/25.

**2. Background**

- 2.1. A number of Write Offs were approved during quarter 4 of the 2023/24 financial year and quarter 1 of the 2024/25 financial year. As required by the constitution this report provides Audit Committee with an overview of those Write Offs.

**3. Contribution to Corporate Priorities**

- 3.1. Regular reporting of Write Offs supports the priority of Improving Local Democracy.

**4. Overview of Write Offs**

- 4.1. An overview of Write Offs approved during quarter 4 of the 2023/24 financial year, and quarter 1 of the 2024/25 financial year, is set out below for committees information.

<b>Overview of Write Offs – Quarter 4 2023/24</b>				
<b>EDR Number</b>	<b>Write Off Area</b>	<b>Summary of Reason for Write Off / Other Supporting Information</b>	<b>No. Debtors</b>	<b>Write Off Value for the Council</b>
183/24	Council Tax	<p>Write off of debt which falls into the Limitations Act 1980 as being over 6 years old with previous recovery actions being exhausted, or the debt being designated for write off in its own right. This debt is now non-recoverable under this act and is financially unviable to continue pursuit. The debts are all 6 years or more old with no recent activity on the account, and any previous recovery actions have been exhausted. This is presently providing a false figure of the outstanding recoverable debt owed to East Staffordshire and if action were to commence may risk a challenge in court (due to being statute barred under the Act).</p> <p>The required recovery of 98% of the council tax raised in each of these years has already been achieved and the available bad debt provision exceeds the totals being written off.</p> <p>The write off amount is made up of 4,678 accounts; 4,255 below £1,000, and 513 over £1,000.</p> <p>The minimum value being written off is £0.01, the maximum value is £11,354.90 and the median value is £188.85.</p> <p>Total write off value is £1,940,676.21 however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	4,678	£224,924

184/24	Housing Benefit Overpayment	<p>Write off of debt which falls into the Limitations Act 1980 as being over 6 years old with previous recovery actions being exhausted, or the debt being designated for write off in its own right. This debt is now non-recoverable under this act and is financially unviable to continue pursuit. The debts are all 6 years or more old with no recent activity on the account, and any previous recovery actions have been exhausted. This is presently providing a false figure of the outstanding recoverable debt owed to East Staffordshire and if action were to commence may risk a challenge in court (due to being statute barred under the Act).</p> <p>The authority will have been compensated for these overpayments, at an average of 40%, from Housing Benefit within the year they were raised.</p> <p>All avenues for recovery have been attempted or the value has been considered for write off previously according to East Staffordshire recovery policy.</p> <p>This debt covers 279 accounts; 263 accounts with debts less than £1,000, and 16 accounts with debts over £1,000.</p> <p>The minimum value being written off is £0.67, the maximum value is £3,149.90 and the median value is £96.56.</p>	279	£78,736
137/24	Council Tax	<p>Council Tax accounts where recovery action has identified no trace or the taxpayer has absconded. No alternative options other than write off as all attempts to trace debtors have been unsuccessful.</p> <p>Total write off value is £39,488.12 however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	77	£10,254

003/23	Council Tax	<p>Council Tax Write Offs which are uneconomical to collect - The debt is not cost-effective to pursue due to the low value compared to the likelihood of payment balanced against the cost of proceedings.</p> <p>Total write off value is £543.04 however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	29	£65.16
054/23	Council Tax	<p>Council Tax Write Offs/Ons which are uneconomical to collect. All attempts to trace debtors have been unsuccessful. The debt is not cost-effective to pursue due to the likelihood of payment balanced against the cost of proceedings.</p> <p>Total write off value of write offs is £39.25, and of write ons is (£46.16) – net position of (£6.91), however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	40	(£0.83)
055/23	Council Tax	<p>Council Tax Write Offs/Ons where the Taxpayer has Absconded or there is No Trace. No alternative options as all attempts to trace debtors have been unsuccessful.</p> <p>Total write off value of write offs is £68,230.34, and of write ons is (£1,572.54) – net position of £66,657.80, however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	46	£7,998.94
056/23	Council Tax	<p>Council Tax Write Offs/Ons where the taxpayer is Deceased and had no assets. No alternative options as debtors passed away without leaving an estate to cover Council Tax.</p>	17	£777.03



		Total write off value of write offs is £7,937.63, and of write ons is (£1,462.36) – net position of £6,475.27, however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire & Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.		
057/23	Council Tax	Council Tax Write Offs where a Debt Relief Order (DRO) is now in place. No other alternative options as the law prevents creditors from taking action against the debtor or their properties once DRO is approved.  Total write off value is £2,587.71 however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire & Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.	3	£310.53
059/23	Council Tax	Council Tax Write Offs where the company is in Liquidation. The only option available is for the Council to register its claim on a dividend as the law prevents us from recovering debt from a liquidated company, however given the value it is not economical to do so.  Total write off value is £245.00 however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire & Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.	1	£29.40
064/23	Council Tax	Council Tax Write Offs/Ons where an Individual Voluntary Arrangement (IVA) is now in place. No other alternative options as the law prevents creditors from taking action against the debtor or their properties once the IVA has commenced.  Total write off value of write offs is £9,848.19, and of write ons is (£814.70) – net position of £9,033.49, however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire & Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.	15	£1,084.02

065/23	Council Tax	<p>Council Tax Write Offs where recovery action has been exhausted. No alternative options are available as all attempts to recover the debt using the powers available to the Council have been unsuccessful, and given the value it is uneconomical to proceed further.</p> <p>Total write off value is £408.53 however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	9	£49.02
081/23	Council Tax	<p>Council Tax Write Offs/Ons where the taxpayer is Deceased and had no assets. No alternative options as debtors passed away without leaving an estate to cover Council Tax.</p> <p>Total write off value of write offs is £444.03, and of write ons is (£633.94) – net position of (£189.91), however as the Council collects Council Tax on behalf of others as well (e.g. the County Council, the Police, Fire &amp; Crime Commissioner and Parishes) the Write Off value for the Council within that is only circa 12% of the total.</p>	7	(£22.79)

<b>Overview of Write Offs – Quarter 1 2024/25</b>				
<b>EDR Number</b>	<b>Write Off Area</b>	<b>Summary of Reason for Write Off / Other Supporting Information</b>	<b>No. Debtors</b>	<b>Write Off Value for the Council</b>
		None to be reported		

- 4.2. The larger values set out above clearly relate to historic debt which has passed the statutory deadline for recovery, where all recovery actions have been exhausted, and therefore best practice requires this to be written off so that the Council's balance sheet shows a true position on debt. Clearly this should be a review that is undertaken on an annual basis as debts hit that deadline, rather than waiting for a number of years of debt to build up before it is reviewed. As such the council will ensure that debt that meets this deadline going forward is reviewed on at least an annual basis.
- 4.3. Additionally to further support the active recovery of debt before it gets to the point of needing to be written off, further actions have recently been put in place to strengthen the recovery processes of the Council, with all existing recovery policies reviewed and updated where necessary to provide additional guidance and clarity.
- 4.4. Furthermore a new contract has been put in place with the Council's recovery agents which both continues to ensure that we have this option available to us where required, but which also provides a greater range of support, for example the new contract includes enhanced tracing functionality that our recovery agents can now make available to the Council.

## **5. Financial Considerations**

This section has been approved by the following member of the Financial Management Unit: Lloyd Haynes

- 5.1. In terms of the Council Tax write offs the impact of this is dealt with through the Collection Fund. The Council is required to calculate and set aside a provision for bad debt relating to outstanding Council Tax and the provision available is more than sufficient to cover the value of these write offs.
- 5.2. In terms of the Housing Benefit Overpayment write offs, again the Council is required to calculate and set aside a provision for bad debt relating to outstanding Housing Benefit Overpayments and the provision available is more than sufficient to cover the value of these write offs.
- 5.3. As such there is no additional financial impact to the Council, above that already provided for, noting that as part of good financial management, debt that is deemed to be irrecoverable should be written off the balance sheet periodically. This practice accords with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

## **6. Risk Assessment and Management**

- 6.1. The main risks to this Report and the Council achieving its objectives are as follows:
- 6.2. **Positive** (Opportunities/Benefits):

6.2.1. The write off action ensures that the debt held and reported by the Council is accurate.

6.2.2. The write off reduces the risk of the Council incurring further costs to seek to recover debt that is no longer recoverable.

6.3. **Negative** (Threats):

6.3.1. The write off formally recognises a reduction in the debt outstanding to the Council, albeit this is debt that the Council would not be able to collect and has already provided for.

6.4. Any financial implications to mitigate against these risks are considered above.

7. **Legal Considerations**

This section has been approved by the following member of the Legal Team:  
John Teasdale

7.1. Part 4H of the Council's Constitution details the authorisation requirements for Write Offs alongside relevant thresholds. It is specified also that all items written off will be reported on a quarterly basis to the Audit Committee, which is the intention of this report.

7.2. Generally speaking and as part of good financial management, debt that is deemed to be irrecoverable should be written off the Council's balance sheet periodically. This practice accords with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

7.3. There are no direct legal implications arising from this report.

8. **Equalities and Health**

8.1. **Equality impacts:** The subject of this Report is not a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is not required.

8.2. **Health impacts:** The outcome of the health screening question does not require a full Health Impact Assessment to be completed. An equality and health impact assessment is not required.

9. **Data Protection Implications – Data Protection Impact Assessment (DPIA)**

10.1. A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;

- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

10.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

## 10. **Human Rights**

10.1. There are no Human Rights issues arising from this Report.

## 11. **Environmental Impacts**

Consider impacts related to the Climate Change & Nature Strategy aims:

- Reducing greenhouse gas emissions (climate change mitigation)
- Preparing for future climate change (adaptation)
- Protecting and enhancing nature
- Using resources wisely and minimising waste and pollution

11.1. Does the proposal have any positive or negative environmental impacts? No

## 12. **Recommendation(s)**

12.1. That, in line with the Write Off reporting requirements set out in the constitution, Audit Committee notes the Write Offs approved during quarter 4 of the 2023/24 financial year, and quarter 1 of the 2024/25 financial year, and reasons for these, and notes that updates on any further Write Offs will be presented to committee on a quarterly basis.

## 13. **Background Papers**

13.1. Audit Committee Work Plan 2024/25