

**WEST DEVON BOROUGH COUNCIL**

<b>NAME OF COMMITTEE</b>	<b>Resources Committee</b>
<b>DATE</b>	<b>23 July 2013</b>
<b>REPORT TITLE</b>	<b>Write Off Report</b>
<b>Joint Report of</b>	<b>Acting Head of Finance &amp; Audit Head of ICT &amp; Customer Services</b>
<b>WARDS AFFECTED</b>	<b>All</b>

**Summary of report:**

The Council is responsible for the collection of: Sundry Debts including Housing Benefit Overpayments and Council Tax. It also collects National Non - Domestic (Business) Rates on behalf of the Government.

The report informs Members of the debt written off for these revenue streams. Debts up to the value of £5,000 are written off by the Head of Finance and Audit under delegated authority. These debts are listed in this report for information. Permission needs to be sought from the Committee to write off individual debts with a value of more than £5,000.

This report covers the period: 1<sup>st</sup> January 2013 to 31<sup>st</sup> March 2013.

**Financial implications:**

West Devon Borough Council Debts totalling £41,795.37 to be written-off together with £8,031.40 of Non Domestic Rate debt which is collected on behalf of the Government.

**RECOMMENDATIONS:**

- 1) The Committee notes that, in accordance with Financial Regulations, the Acting Head of Finance and Audit has authorised the write-off of individual West Devon Borough Council debts totalling £41,795.37 together with £477.57 of Non Domestic (Business) Rate Debt which is collected on behalf of the Government as detailed in Tables 1 and 2.
- 2) The Resources Committee is requested to write off individual debts in excess of £5,000 as detailed in Table 3, totalling £7,553.83 for Non Domestic (Business) Rates.

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## **1. BACKGROUND**

- 1.1 The Council's sound financial management arrangements underpin delivery of all the Council's priorities, including the commitment to providing value for money services.
- 1.2 This report forms part of the formal debt write-off procedures included in these financial arrangements.
- 1.3 West Devon Borough Council's collection rate for Council Tax for 2011/12 was 97.5% and for Non Domestic (Business) Rates was 97.4%.

## **2. ISSUES FOR CONSIDERATION**

- 2.1 In accordance with good financial management principles the Council has, for the revenue streams detailed in this report, made a total bad debt provision of £485,000. This provision recognises that a proportion of the Authority's debts will prove irrecoverable and ensures that the value of debtors within the Authority's accounts is a fair reflection of the amount that will eventually be recovered. The total collectable debt for Council Tax is £30.2 million and for Business Rates is £10.7 million.
- 2.2 All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. Sometimes, however, special arrangements are needed to effect recovery, and this may mean extending the period of time to collect the debt or ultimately instigating enforcement proceedings and then using Civil Enforcement Agents to secure payment.
- 2.3 In some cases further pursuit of the debt is not possible for a variety of reasons, such as bankruptcy or liquidation and such cases with arrears under £5,000 are written off by the Head of Finance and Audit under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by Committee prior to the debt being written off.
- 2.4 A record is kept of debts written off, together with the reason for doing so, so that if there is a realistic chance of recovery in the future a debt may be resurrected and pursued again.
- 2.5 The Service has access to Experian's Citizenvue database which is currently the most reliable means of tracing absconded debtors. Each case is checked against this system before a decision is taken to write off the debt. A periodic review of write offs against this system may also be carried out to resurrect debts where appropriate.

## **3. LEGAL IMPLICATIONS**

- 3.1 The relevant powers for this report are contained within the following legislation;

Section 151 Local Government Act 1972

Section 44 Local Government Finance Act 1988 (Non Domestic Rate)

Section 14 Local Government Finance Act 1992 (Council Tax)

#### 4. FINANCIAL IMPLICATIONS

- 4.1 West Devon Borough Council debts totalling £41,795.37 to be written-off together with £8,031.40 Non Domestic (Business) Rate debt which is collected on behalf of the Government.

#### 5. OTHER INFORMATION

<b>Corporate priorities engaged:</b>	Economy; Homes; Community Life
<b>Statutory powers:</b>	Section 151 Local Government Act 1972 Section 44 Local Government Finance Act 1988 (Non Domestic Rate) Section 14 Local Government Finance Act 1992 (Council Tax)
<b>Considerations of equality and human rights:</b>	All enforcement action that is taken prior to this point is undertaken in accordance with legislation and accepted procedures to ensure no discrimination takes place
<b>Biodiversity considerations:</b>	None
<b>Sustainability considerations:</b>	A bad debt provision is built into the financial management of the Authority
<b>Crime and disorder implications:</b>	None
<b>Background papers:</b>	None
<b>Appendices attached:</b>	Tables 1, 2 & 3

**RISK MANAGEMENT**

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Reputation	Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.	3	2	6	↓	This risk is also mitigated by taking a balanced view and ensuring that resources are not expended on debts which are not cost effective to pursue	H of CS & IT
2	Write Off	The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in issues for consideration.	2	1	2	↔	Any individual debt exceeding £5,000 is referred to Members for consideration prior to write-off which accords with Financial regulations.	H of F & A

**Direction of travel symbols** ↓ ↑ ↔

**TABLE 1 - SUMMARY OF WEST DEVON BOROUGH COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY THE HEAD OF FINANCE**

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous two quarters			
				Q3 2012/13		Q2 2012/13	
				No.	Amount	No.	Amount
<b>HOUSING BENEFIT</b>	16	Overpaid Entitlement	12,832.63	14	4,390.20	22	5,453.58
	-	Bankruptcy	-	-	-	-	-
	-	Deceased	-	1	552.20	6	1,414.36
	-	Other	-	4	569.11	2	632.94
	-	Absconded	-	1	71.34	8	2,040.08
	-	Not Cost Effective to Pursue	-	-	-	10	337.78
	6	Uncollectable Old Debt	763.49	-	-	-	-
Total	22		13,596.12	20	5,582.85	48	9,878.74
<b>COUNCIL TAX</b>	35	Absconded	13,481.30	102	68,635.10	56	27,249.89
	4	Bankruptcy	6,503.23	6	5,941.58	9	8,752.25
	7	Deceased	861.87	2	1,654.22	3	1,038.15
	18	Other	1,535.54	19	17,865.49	9	5,814.56
	79	Small Balance	2,322.32	11	316.95	27	1,507.60
	-	Uncollectable Old Debt	-	-	-	-	-
	-	Administration	-	6	1,918.64	-	-
Total	143		24,704.26	146	96,331.98	104	44,362.45
<b>Sundry Debts</b>	7	Small Balance	95.24	-	-	-	-
	3	Bankrupt	940.00	-	-	-	-
	7	Not Cost Effective to Pursue	562.75	-	-	2	360.00
	3	Uncollectable Old Debt	1,375.00	-	-	5	525.00
	2	Absconded	270.00	-	-	1	70.00
	1	Other	252.00	-	-	-	-
Total	23		3,494.99	-	-	8	955.00
<b>Grand Total</b>	<b>188</b>		<b>41,795.37</b>	<b>166</b>	<b>101,914.83</b>	<b>160</b>	<b>55,196.19</b>

**Breakdown of Absconded Council Tax Debt  
(Some cases have debts over more than one year)**

Year	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	Total
<b>Value</b>	£0.00	£3221.68	£3694.02	£3990.55	£1263.76	£528.97	£0.00	£212.04	£527.58	£42.70	£13481.30
<b>Number</b>	0	15	15	9	3	1	0	2	1	1	47

**TABLE 2 - SUMMARY OF NON-DOMESTIC RATE DEBT COLLECTED ON BEHALF OF GOVERNMENT UNDER £5,000 WRITTEN OFF BY THE HEAD OF FINANCE**

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous two quarters			
				Q3 2012/13		Q2 2012/13	
				No.	Amount	No.	Amount
NON-DOMESTIC RATE	1	Bankruptcy	172.57	5	636.48	-	-
	-	Absconded	-	15	9,620.37	-	-
	-	Deceased	-	1	128.58	-	-
	-	Liquidation	-	2	2,498.79	2	1,648.36
	1	Other	305.00	-	-	1	310.19
	-	Small Balance	-	11	425.49	-	-
	-	Uncollectable Old Debt	-	-	-	-	-
	-	Administrative Receivership	-	-	-	-	-
<b>Grand Total-</b>	<b>2</b>		<b>477.57</b>	<b>34</b>	<b>13,309.71</b>	<b>3</b>	<b>1,994.55</b>

**TABLE 3 - SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED**

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous two quarters			
				Q3 2012/13		Q2 2012/13	
				No.	Amount	No.	Amount
NON-DOMESTIC RATE	-	Liquidation	-	-	-	-	-
	-	Administrative Receivership	-	-	-	-	-
	-	Absconded	-	-	-	-	-
	1	Bankruptcy	7,553.83	1	6,770.00	1	5,134.62
Total	1		7,553.83	1	6,770.00	1	5,134.62
COUNCIL TAX	-	Bankruptcy	-	1	6,285.83	1	6,285.83
	-	Absconded	-	1	6,781.09	-	-
Total	-		-	2	13,066.92	1	6,285.83
<b>Grand Total</b>	<b>1</b>		<b>7,553.83</b>	<b>3</b>	<b>19,836.92</b>	<b>2</b>	<b>11,420.45</b>