

NAME OF COMMITTEE	Resources
DATE	7th October 2014
REPORT TITLE	Write Off Report
JOINT REPORT OF	Head of Finance & Audit Customer Service Manager
WARDS AFFECTED	All

Summary of report:

The Council is responsible for the collection of: Sundry Debts including Housing Benefit Overpayments, Council Tax and National Non-Domestic Rates.

The report informs members of the debt written off for these revenue streams. Debts up to the value of £5,000 being written off by the Head of Finance & Audit, under delegated authority. 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 1st April 2014 to 30th June 2014.

Financial implications:

West Devon Borough Council debts totalling £113,637.28 to be written-off.

RECOMMENDATIONS:

The Committee notes that, in accordance with Financial Regulations, the Head of Finance & Audit has authorised the write-off of individual West Devon Borough Council debts totalling £43,045.56 as detailed in Tables 1 and 2.

The Committee considers the write off of individual debts in excess of £5,000 as detailed in Table 3.

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1. BACKGROUND

- 1.1 The Council's sound financial management arrangements underpin delivery of all the Councils 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 rates for 2013/14 were; Council Tax 97.7% & Business Rates 99.2%

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 £1,116,512. 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 £32.7 million and for Business Rates is £10.9 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 & Audit under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by the 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 £113,637.28 to be written-off.

5. OTHER CONSIDERATIONS

Corporate priorities engaged:	Economy; Homes; Community Life
Statutory powers:	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)
Considerations of equality and human rights:	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
Biodiversity considerations:	None
Sustainability considerations:	A bad debt provision is built into the financial management of the Authority
Crime and disorder implications:	None
Background papers:	None
Appendices attached:	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	Customer Service Manager
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	Financial Year 2014/15			Totals for Comparison purposes			
			Quarter 1	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	12	Overpaid Entitlement	8,241.99	12	8,241.99	14	3,892.27	79	38,752.41
	2	Bankruptcy/DRO/IVA etc.	3,067.36	2	3,067.36	1	1,292.34	4	3,048.66
	-	Deceased	-	-	-	1	195.00	7	4,657.69
	-	Other	-	-	-	-	-	-	-
	2	Absconded	1,766.56	2	1,766.56	-	-	3	1,190.58
	1	Not Cost Effective to Pursue	1.00	1	1.00	-	-	2	14.72
	6	Uncollectable Old Debt	915.54	6	015.54	-	-	3	651.90
Total	23		13,992.45	23	13,992.45	16		98	48,315.96
COUNCIL TAX	28	Absconded	2,649.52	28	2,649.52	11	3,230.58	69	12,957.87
	17	Bankruptcy/DRO/IVA etc.	15,686.17	17	15,686.17	4	5,943.64	12	13,044.53
	2	Deceased	92.76	2	92.76	3	715.18	9	2,279.01
	5	Other	1,688.08	5	1,688.08	2	1,582.17	9	3,748.14
	51	Small Balance	1,218.10	51	1,218.10	18	234.69	56	1,356.41
	-	Uncollectable Old Debt	-	-	-	-	-	-	-
	1	Receivership	1,108.21	1	1,108.21	-	-	-	-
Total	104		22,442.84	104	22,442.84	38	11,706.26	155	33,385.96
SUNDRY DEBTS	-	Small Balance	-	-	-	-	-	1	0.30
	-	Bankrupt	-	-	-	-	-	-	-
	-	Not Cost Effective to Pursue	-	-	-	-	-	1	72.07
	-	Uncollectable Old Debt	-	-	-	-	-	-	-
	-	Absconded	-	-	-	-	-	4	436.72
	-	Other	-	-	-	-	-	1	309.00
Total	-		-	-	-	-	-	7	818.09
Grand Total	127		36,435.29	127	36,435.29	54	17,085.87	260	82,520.01

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

Year	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05	2003/04	Total
Value	481.35	579.70	631.44	124.88	-	550.66	59.85	221.64	-	-	-	2,649.52
Number	10	10	6	4	-	2	1	2	-	-	-	35

TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY THE HEAD OF FINANCE

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes				
			Quarter 1		Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount	
NON-DOMESTIC RATE	1	Bankruptcy/DRO/IVA/CVA etc	282.83	1	282.83	-	-	4	942.56	
	1	Absconded	464.29	1	464.29	-	-	8	7,580.30	
	1	Deceased	3,003.89	1	3,003.89	-	-	2	2,728.83	
	3	Liquidation	1,189.26	3	1,189.26	-	-	14	15,382.97	
	1	Other	502.00	1	502.00	-	-	4	1,171.37	
	-	Small Balance	-	-	-	-	-	1	5.43	
	-	Uncollectable Old Debt	-	-	-	1	1,031.14	1	1,031.14	
	2	Administrative Receivership	1,168.00	2	1,168.00	1	3,564.59	2	6,252.88	
Total	9		6,610.27	9	6,610.27	2	4,595.73	36	35,095.48	

TABLE 3 SUMMARY OF ITEMS OVER £5000 WHERE PERMISSION TO WRITE OFF IS REQUESTED

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes				
			Quarter 1		Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount	
NON-DOMESTIC RATE	1	Liquidation	18,128.27	1	18,128.27	-	-	2	20,312.20	
	-	Administrative Receivership	-	-	-	-	-	1	18,570.21	
	-	Absconded	-	-	-	-	-	-	-	
	3	Bankruptcy/DRO/IVA/CVA etc.	31,346.48	3	31,346.48	-	-	-	-	
	1	Deceased	15,851.37	1	15,851.37	-	-	-	-	
Total	5		65,326.12	5	65,326.12	-	-	3	38,882.41	

HOUSING BENEFIT	-		-	-	-	-	-	-	-
	-		-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	-
COUNCIL TAX	1	Bankruptcy/DRO/IVA etc.	5,265.60	1	5,265.60	-	-	1	15,940.10
	-	Absconded	-	-	-	-	-	-	-
Total	1		5,265.60	1	5,265.60	-	-	1	15,940.10
Grand Total	6		70,591.72	6	70,591.72	-	-	4	54,822.51