

Report to: **Executive**

Date: **1 December 2016**

Title: **Write Off Report**

Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

Urgent Decision: **N** Approval and clearance obtained: **Y / N**

Author: **Lisa Buckle** Role: **Section 151 Officer**

Contact: **Ext. 1413 lisa.buckle@swdevon.gov.uk**

Recommendations:

The Executive notes that, in accordance with Financial Regulations, the s151 Officer has authorised the write-off of individual South Hams District Council debts totalling £36,637.45 as detailed in Tables 1 and 2.

The Executive approves the write off of individual debts in excess of £5,000 totalling £37,477.09, as detailed in Table 3.

1. Executive summary

The Council is responsible for the collection of: Housing Rents, 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 s151 Officer, under delegated authority. Permission needs to be sought from the Executive to write off individual debts with a value of more than £5,000.

This report covers the period 1st July 2016 to 30th September 2016.

2. Background

The Council's sound financial management arrangements underpin delivery of all the Council's priorities, including the commitment to providing value for money services.

This report forms part of the formal debt write-off procedures included in these financial arrangements.

South Hams District Council's collection rates for 2015/16 were; Council Tax 98.17% & Business Rates 98.18%.

In the second quarter of 2016/17 the Council has collected £17.17 million in Council Tax and £8.49 million in Business Rates. The total collectable debt for 2016/17 (as at 30th September) for Council Tax is £63.02 million and for Business Rates is £33.56 million.

Debts are recovered in accordance with the Council's Recovery Policy which is published on our website.

3. Outcomes/outputs

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 £1,914,077. 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.

All debts, taxes and rates within the Service's control are actively pursued, and in most instances are collected with little difficulty. In cases where payment is not received on time, a reminder will be issued promptly to the debtor. If this fails to secure payment, a final reminder and/or a summons will also be issued and if necessary the debt passed to an appropriate collection agent such as the Civil Enforcement Agents or the Council's Legal Department in order to secure payment.

Sometimes, however, if the debtor is having difficulty making the payment, special arrangements are used to effect recovery, and this may mean extending the period of time to collect the debt.

In some cases pursuit of an outstanding 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 Section 151 Officer under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by the Executive prior to the debt being written off.

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.

| Comprehensive Impact Assessment Implications | | |
|--|--|--|
| Equality and Diversity | | 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. |
| Safeguarding | | None |
| Community Safety, Crime and Disorder | | None |
| Health, Safety and Wellbeing | | None |
| Other implications | | A bad debt provision is built into the financial management of the Authority |

Supporting Information

Appendices:

Table 1 – Council debt under £5,000 written off by the Section 151 Officer

Table 2 – Non-Domestic Rate debt under £5,000 written off by the Section 151 Officer

Table 3 – Summary of items over £5,000 where permission to write off is requested

Table 4 – National & Local Collection Statistics re 2015 / 16 Collection Rates

Table 5 – Quarterly income in 2015 / 16 relating to all years

Table 6 – Previous Year Write Off Totals

Background Papers:

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)

Recovery Policy

Approval and clearance of report

| Process checklist | Completed |
|--|-----------------------|
| Portfolio Holder briefed | Yes |
| SLT Rep briefed | Yes |
| Relevant Exec Director sign off (draft) | Yes |
| Data protection issues considered | Yes |
| If exempt information, public (part 1) report also drafted. (Committee/Scrutiny) | Not Applicable |

TABLE 1 SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

| TYPE OF DEBT | NUMBER OF CASES | | No of people / business | REASON FOR W/OFF | Financial Year 2016/17 | | | Totals for Comparison purposes | | | |
|------------------------|-----------------|----------|-------------------------|------------------------------|------------------------|------------------|------------------|--------------------------------|------------------|---------------------|-------------------|
| | <£1000 | >£1000 | | | Quarter 2 | Cumulative Total | | Equivalent Quarter 2015/16 | | Grand Total 2015/16 | |
| | | | | | Amount (£) | Cases | Amount | Cases | Amount | Cases | Amount |
| HOUSING BENEFIT | - | - | | Overpaid Entitlement | - | 15 | 8,634.93 | 18 | 5,845.64 | 60 | 25,479.90 |
| | - | - | | Bankruptcy | - | 1 | 593.05 | 4 | 2,428.51 | 13 | 13,378.16 |
| | - | - | | Absconded | - | - | - | - | - | 8 | 9,427.10 |
| | - | - | | Deceased | - | 4 | 299.43 | 1 | 93.24 | 1 | 93.24 |
| | - | - | | Not cost effective to pursue | - | 33 | 1,459.63 | 4 | 14.08 | 19 | 1,679.53 |
| | - | - | | Uncollectable old debt | - | - | - | - | - | 20 | 6,980.14 |
| Total | - | - | | | - | 53 | 10,987.04 | 27 | 8,381.47 | 121 | 57,038.07 |
| COUNCIL TAX | 10 | - | | Absconded | 2,911.50 | 10 | 2,911.50 | 9 | 2,634.83 | 22 | 8,838.11 |
| | - | - | | Administrative Receivership | - | - | - | 1 | 2,094.70 | 1 | 2,094.70 |
| | 5 | 1 | | Bankruptcy | 2,609.09 | 8 | 3,962.25 | 20 | 10,980.41 | 42 | 27,737.68 |
| | 4 | - | | Deceased | 615.45 | 4 | 615.45 | 1 | 8.72 | 4 | 353.56 |
| | 2 | - | | Small balance | 27.50 | 3 | 32.62 | 5 | 31.51 | 9 | 88.52 |
| | 9 | 3 | | Other | 9,434.27 | 25 | 12,613.82 | 4 | 7,141.44 | 10 | 11,269.67 |
| | - | - | | Uncollectable old debt | - | - | - | 5 | 4,449.43 | 5 | 4,449.43 |
| | - | - | | Voluntary Bankruptcy | - | - | - | - | - | - | - |
| Total | 30 | 4 | | | 15,597.81 | 50 | 20,135.64 | 45 | 27,341.04 | 93 | 54,831.67 |
| SUNDRY DEBTS | - | - | | Absconded | - | - | - | - | - | - | - |
| | - | - | | Bankruptcy/DRO/IVA/CVA | - | - | - | - | - | - | - |
| | - | - | | Not cost effective to pursue | - | - | - | - | - | - | - |
| | - | - | | Other | - | - | - | - | - | - | - |
| | - | - | | Administrative Receivership | - | - | - | - | - | - | - |
| | - | - | | Small balance | - | - | - | - | - | 1 | 9.03 |
| Total | - | - | | | - | - | - | - | - | 1 | 9.03 |
| HOUSING RENTS | - | - | | Bankrupt | - | - | - | - | - | - | - |
| | - | - | | Not cost effective to pursue | - | - | - | - | - | 3 | 137.32 |
| | - | - | | Absconded | - | - | - | - | - | - | - |
| | - | - | | Uncollectable old debt | - | - | - | - | - | - | - |
| | 1 | - | | Other | 270.00 | 1 | 270.00 | - | - | - | - |
| - | - | | Deceased | - | - | - | - | - | - | - | |
| Total | 1 | - | | | 270.00 | 1 | 270.00 | - | - | 3 | 137.32 |
| Grand Total | 31 | 4 | | | 15,867.81 | 104 | 31,392.68 | 72 | 35,722.51 | 218 | 112,016.09 |

TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY S151 OFFICER

| TYPE OF DEBT | NUMBER OF CASES | | No of people / business | REASON FOR W/OFF | Financial Year 2016/17 | | | Totals for Comparison purposes | | | | |
|-------------------|-----------------|----------|-------------------------|-----------------------------|------------------------|------------------|------------------|--------------------------------|------------------|---------------------|------------------|---|
| | <£1000 | >£1000 | | | Quarter 2 | Cumulative Total | | Equivalent Quarter 2015/16 | | Grand Total 2015/16 | | |
| | | | | | Amount (£) | Cases | Amount | Cases | Amount | Cases | Amount | |
| NON-DOMESTIC RATE | - | - | - | Absconded | - | - | - | 2 | 567.27 | 3 | 1,019.77 | |
| | - | - | - | Administrative Receivership | - | - | - | - | - | 1 | 1,042.00 | |
| | 7 | 6 | 12 | Liquidation | 16,930.85 | 13 | 16,930.85 | 8 | 16,278.33 | 13 | 24,521.04 | |
| | - | - | - | Voluntary Bankruptcy | - | - | - | 1 | 3,435.69 | 1 | 3,435.69 | |
| | - | 1 | 1 | Other | 2,231.08 | 1 | 2,231.08 | 1 | 3.28 | 2 | 40.53 | |
| | - | - | - | Uncollectable old Debt | - | - | - | - | - | - | - | - |
| | - | 1 | 1 | Bankruptcy | 1,607.71 | 1 | 1,607.71 | - | - | 3 | 7,015.09 | |
| - | - | - | Deceased | - | - | - | - | - | - | - | - | |
| Total | 7 | 8 | 14 | | 20,769.64 | 15 | 20,769.64 | 12 | 20,284.57 | 23 | 37,074.12 | |

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 | Financial Year 2016/17 | | | Totals for Comparison purposes | | | |
|--------------------|-----------------|-------------------------------|------------------------|------------------|------------------|--------------------------------|-------------------|---------------------|-------------------|
| | | | Quarter 2 | Cumulative Total | | Equivalent Quarter 2015/16 | | Grand Total 2015/16 | |
| | | | Amount (£) | Case | Amount | Cases | Amount | Cases | Amount |
| NON-DOMESTIC RATE | - | Administrative Receivership | - | - | - | 1 | 9,367.21 | 1 | 9,367.21 |
| | 3 | Liquidation | 26,662.91 | 3 | 26,662.91 | 6 | 105,530.41 | 10 | 242,717.12 |
| | - | Absconded | - | - | - | - | - | - | - |
| | - | Bankruptcy | - | - | - | - | - | - | - |
| | - | Uncollectable old Debt | - | - | - | - | - | - | - |
| | 1 | Company Voluntary Arrangement | 10,814.18 | 1 | 10,814.18 | - | - | - | - |
| | - | Other | - | - | - | - | - | - | - |
| Total | 4 | | 37,477.09 | 4 | 37,477.09 | 7 | 114,897.62 | 11 | 252,084.33 |
| HOUSING BENEFIT | - | Deceased | - | - | - | - | - | - | - |
| | - | Overpaid Entitlement | - | 1 | 5,394.07 | - | - | - | - |
| | - | Bankruptcy | - | - | - | 1 | 7,177.42 | 1 | 7,177.42 |
| Total | - | | - | 1 | 5,394.07 | 1 | 7,177.42 | 1 | 7,177.42 |
| COUNCIL TAX | - | Absconded | - | - | - | - | - | - | - |
| | - | Bankruptcy | - | - | - | - | - | - | - |
| | - | Voluntary Arrangement | - | - | - | - | - | - | - |
| Total | - | | - | - | - | - | - | - | |
| Grand Total | 4 | | 37,477.09 | 5 | 42,871.16 | 8 | 122,075.04 | 12 | 259,261.75 |

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2015-16 COLLECTION RATES

Total amount collected in 2015-16 relating to 2015-16 financial year only (net of refunds relating to 2015-16)

| | Council Tax | | | Non Domestic Rates | | |
|-------------------|---|---|---|---|---|---|
| | Collectable Debit i.r.o. 15/16 - £000s | Net Cash Collected* i.r.o. 15/16 - £000s | Amount Collected i.r.o. 15/16 - %age | Collectable Debit i.r.o. 15/16 - £000s | Net Cash Collected* i.r.o. 15/16 - £000s | Amount Collected i.r.o. 15/16 - %age |
| All England | 25,521,990 | 24,781,788 | 97.1 | 24,056,816 | 23,621,127 | 98.2 |
| Shire Districts | 11,687,667 | 11,455,297 | 98.0 | 7,797,294 | 7,677,010 | 98.5 |
| East Devon | 88,917 | 87,973 | 98.9 | 33,134 | 32,414 | 97.8 |
| Exeter | 55,246 | 53,310 | 96.5 | 79,238 | 78,123 | 98.6 |
| Mid Devon | 44,888 | 44,020 | 98.1 | 15,579 | 15,436 | 99.1 |
| North Devon | 52,351 | 50,837 | 97.1 | 32,936 | 32,194 | 97.7 |
| Plymouth | 108,365 | 104,837 | 96.7 | 91,540 | 91,053 | 99.5 |
| South Hams | 60,131 | 59,032 | 98.2 | 31,887 | 31,308 | 98.2 |
| Teignbridge | 75,440 | 74,256 | 98.4 | 32,516 | 32,065 | 98.6 |
| Torbay | 67,254 | 64,344 | 95.7 | 37,666 | 36,040 | 95.7 |
| Torrige | 36,621 | 36,028 | 98.4 | 11,132 | 10,956 | 98.4 |
| West Devon | 34,009 | 33,113 | 97.4 | 10,847 | 10,713 | 98.8 |

* Net Cash Collected is total 2015-16 receipts net of refunds paid, in respect of 2015-16 only

TABLE 5 QUARTERLY INCOME IN 2015-16 RELATING TO ALL YEARS

Total amount collected in 2015-16 relating to any financial year (net of all refunds in 2014-15)

| | Council Tax Net Cash Collected* £000s | Non Domestic Rates Net Cash Collected* £000s |
|--|---|--|
| Quarter 1 - Receipts collected between 1 st April – 30 th June | 18,091 | 9,666 |
| Quarter 2 - Receipts collected between 1 st July – 31 st September | 16,349 | 8,601 |
| Quarter 3 - Receipts collected between 1 st October – 31 st December | 16,121 | 8,675 |
| Quarter 4 - Receipts collected between 1 st January – 31 st March | 7,762 | 4,172 |

* Net Cash Collected is total receipts in 2015-16 net of refunds paid, irrespective of the financial year (previous, current or future years) to which they relate

TABLE 6 PREVIOUS YEAR WRITE OFF TOTALS

| | | 2015 - 16 | 2014 - 15 | 2013- 14 | 2012 - 13 | 2011 - 12 |
|--------------------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| HOUSING BENEFIT | Under £5,000 cases | 57,038.07 | 102,138.53 | 75,357.30 | 87,095.83 | 74,868.17 |
| HOUSING BENEFIT | £5,000 or over cases | 7,177.42 | 0.00 | 14,903.19 | 61,925.43 | 0.00 |
| Total | | 64,215.49 | 102,138.53 | 90,260.49 | 149,021.26 | 74,868.17 |
| COUNCIL TAX | Under £5,000 cases | 54,831.67 | 97,927.30 | 117,528.97 | 96,025.52 | 112,674.76 |
| COUNCIL TAX | £5,000 or over cases | 0.00 | 0.00 | 23,090.93 | 6,782.09 | 12,160.58 |
| Total | | 54,831.67 | 97,927.30 | 140,619.90 | 102,807.61 | 124,835.34 |
| SUNDRY DEBTS | Under £5,000 cases | 9.03 | 6,584.63 | 2,723.23 | 12,811.29 | 28,170.96 |
| SUNDRY DEBTS | £5,000 or over cases | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | | 9.03 | 6,584.63 | 2,723.23 | 12,811.29 | 28,170.96 |
| HOUSING RENTS | Under £5,000 cases | 0.00 | 3,113.38 | 1,037.83 | 3,143.83 | 3,048.57 |
| HOUSING RENTS | £5,000 or over cases | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | | 0.00 | 3,113.38 | 1,037.83 | 3,143.83 | 3,048.57 |
| NON DOMESTIC RATES | Under £5,000 cases | 37,074.12 | 75,016.54 | 70,809.92 | 39,115.54 | 54,011.11 |
| NON DOMESTIC RATES | £5,000 or over cases | 252,084.33* | 166,412.60* | 44,546.85 | 76,663.15 | 84,187.61 |
| Total | | 289,158.45 | 241,429.14 | 115,356.77 | 115,778.69 | 138,198.72 |
| GRAND TOTAL | | 408,214.64 | 451,192.98 | 349,998.22 | 383,562.68 | 369,121.76 |

* of the £252,084.33, just three companies becoming insolvent accounted for £49,200.47, £83,674.59 and £56,813.18 of the total