

Report to: **Executive**

Date: **20 July 2017**

Title: **Write Off Report**

Portfolio Area: **Support Services**

Wards Affected: **All**

Relevant Scrutiny Committee:

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

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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 £109,557.03 as detailed in Tables 1 and 2.

The Executive approves the write off of an individual debt in excess of £5,000 totalling £9,650.91, 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 January 2017 to 31st March 2017.

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 fourth quarter of 2016/17 the Council has collected £8.45 million in Council Tax and £4.52 million in Business Rates. The total collectable debt for 2016/17 (as at 31st March) for Council Tax is £63.03 million and for Business Rates is £32.85 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.

The Service has access to Experian's Citizenview 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.

4. Options available and consideration of risk

5. Proposed Way Forward

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

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The relevant powers for this report are contained within the following legislation;</p> <p>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)</p>
Financial		South Hams District Council debts totalling £119,207.94 to be written-off
Risk	Reputati on Write Off	<p>Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.</p> <p>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</p> <p>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.</p> <p>Any individual debt exceeding £5,000 is referred to members for consideration prior to write-off which accords with Financial regulations.</p>

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 4	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	50	4		Overpaid Entitlement	24,836.70	69	33,471.63	1	332.61	60	25,479.90
	1	-		Bankruptcy	203.55	2	796.60	-	-	13	13,378.16
	2	-		Absconded	1,100.70	2	1,100.70	-	-	8	9,427.10
	10	1		Deceased	3,367.69	15	3667.12	-	-	1	93.24
	13	-		Not cost effective to pursue	316.07	46	1,775.70	-	-	19	1,679.53
	60	5		Uncollectable old debt	27,545.59	65	27545.59	-	-	20	6,980.14
Total	136	10			57,370.30	199	68,357.34	1	332.61	121	57,038.07
COUNCIL TAX	30	5		Absconded	18,245.97	70	40,237.06	2	1,187.41	22	8,838.11
	-	1		Administrative Receivership	1,224.21	1	1,224.21	-	-	1	2,094.70
	15	4		Bankruptcy	15,006.43	33	26,773.69	-	-	42	27,737.68
	2	-		Deceased	631.57	9	1,433.79	-	-	4	353.56
	2	-		Small balance	11.08	9	108.41	-	-	9	88.52
	10	1		Other	5,366.89	47	23,709.53	-	-	10	11,269.67
	-	-		Uncollectable old debt	-	-	-	-	-	5	4,449.43
	-	-		Voluntary Bankruptcy	-	-	-	-	-	-	-
Total	59	11			40,486.15	169	93,486.69	2	1,187.41	93	54,831.67
SUNDRY DEBTS	-	-		Absconded	-	-	-	-	-	-	-
	-	-		Bankruptcy/DRO/IVA/CVA	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	-	-
	-	1		Other	1,321.50	1	1,321.50	-	-	-	-
	-	-		Administrative Receivership	-	-	-	-	-	-	-
	-	-		Small balance	-	-	-	-	-	-	-
Total	-	1			1,321.50	1	1,321.50	1	9.03	1	9.03
HOUSING RENTS	-	-		Bankrupt	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	3	137.32
	-	-		Absconded	-	-	-	-	-	-	-
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	1	270.00	-	-	-	-
	-	-		Deceased	-	-	-	-	-	-	-
Total	-	-			-	1	270.00	-	-	3	137.32
Grand Total	195	22			99,177.95	370	163,435.53	4	1,520.02	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 4	Cumulative Total		Equivalent Quarter 2015/16		Grand Total 2015/16	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	1	1	Absconded	1,165.70	1	1,165.70	-	-	3	1,019.77
	-	-	-	Administrative Receivership	-	-	-	-	-	1	1,042.00
	3	2	4	Liquidation	7,420.54	18	24,351.39	-	-	13	24,521.04
	-	-	-	Voluntary Bankruptcy	-	-	-	-	-	1	3,435.69
	1	1	2	Other	1,253.50	6	5,148.64	-	-	2	40.53
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-
	1	-	1	Bankruptcy	539.34	2	2,147.05	-	-	3	7,015.09
-	-	-	Deceased	-	-	-	-	-	-	-	
Total	5	4	8		10,379.08	27	32,812.78	-	-	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 4	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
	-	Liquidation	-	3	26,662.91	-	-	10	242,717.12
	-	Absconded	-	-	-	-	-	-	-
	1	Bankruptcy	9,650.91	1	9,650.91	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Voluntary Bankruptcy	-	-	-	-	-	-	-
	-	Other	-	1	10,814.18	-	-	-	-
Total	1		9,650.91	5	47,128.00	-	-	11	252,084.33
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	1	5,394.07	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	1	7,177.42
Total	-		-	1	5,394.07	-	-	1	7,177.42
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	-	-
	-	Voluntary Arrangement	-	-	-	-	-	-	-
Total	-		-	-	-	-	-	-	
Grand Total	1		9,650.91	6	52,522.07	-	-	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
Torridge	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 2015-16)

	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