

**SOUTH HAMS DISTRICT COUNCIL**

<b>NAME OF COMMITTEE</b>	<b>Executive</b>
<b>DATE</b>	<b>23 October 2014</b>
<b>REPORT TITLE</b>	<b>Write Off Report</b>
<b>REPORT OF</b>	<b>S151 Officer Customer Service Manager</b>
<b>WARDS AFFECTED</b>	<b>All</b>

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**Summary of report:**

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 1<sup>st</sup> April 2014 to 30<sup>th</sup> September 2014

**Financial implications:**

South Hams District Council debts totalling £240,220.78 to be written-off.

**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 £136,213.17 as detailed in Tables 1, 1a, 2 and 2a.**

**Executive considers the write off of individual debts in excess of £5,000 as detailed in Tables 3 and 3a.**

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## **1. BACKGROUND**

The Council's sound financial management arrangements underpin delivery of all the Councils 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.

Members have requested that this information be presented in a composite report rather than for each individual revenue stream.

Collection rates for 2013/14 were; Council Tax 98.8% & Business Rates 98.6%

## **2. ISSUES FOR CONSIDERATION**

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 £ 1,407,442. 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 £58.2 million and for Business Rates is £30.2 million.

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.

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 S151 Officer under delegated authority. Cases where the debt exceeds £5,000 must, however, be approved by Executive prior to the debt being written off.

Members are reminded that 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.

Members are advised that 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**

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

South Hams District Council Debts totalling £240,220.78 to be written-off.

#### 5. OTHER CONSIDERATIONS

<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	CS 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.	S151 Officer

**Direction of travel symbols** ↓ ↑ ↔

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

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>HOUSING BENEFIT</b>	22	6		Overpaid Entitlement	15,527.41	28	15,527.41	23	9,955.81	140	42,460.86
	2	1		Bankruptcy	4,009.08	3	4,009.08	2	3,931.80	9	8,382.57
	3	-		Absconded	571.66	3	571.66	9	4,059.58	13	7,132.56
	3	-		Deceased	1,289.29	3	1,289.29	-	-	3	139.45
	2	-		Not cost effective to pursue	5.20	2	5.20	6	22.12	16	174.08
	10	2		Uncollectable old debt	9,043.34	12	9,043.34	13	3,259.75	44	17,067.78
Total	42	9			30,445.98	51	30,445.98	53	21,265.06	225	75,357.30
<b>COUNCIL TAX</b>	8	-		Absconded	2,397.75	8	2,397.75	103	70,605.72	139	81,974.01
	-	-		Administrative Receivership	-	-	-	-	-	-	-
	10	6		Bankruptcy	14,576.46	16	14,576.46	1	563.63	36	24,927.46
	1	-		Deceased	242.34	1	242.34	2	240.15	6	1,816.58
	7	-		Small balance	78.62	7	78.62	11	223.03	18	411.20
	6	-		Other	2,426.98	6	2,426.98	1	149.97	9	8,194.75
	2	-		Uncollectable old debt	524.74	2	524.74	1	8.36	2	204.97
7	1		Voluntary Bankruptcy	4,804.75	8	4,804.75	-	-	-	-	
Total	41	7			25,051.64	48	25,051.64	119	71,790.86	210	117,528.97
<b>SUNDRY DEBTS</b>	6	-	3	Absconded	647.41	6	647.41	-	-	-	-
	9	-	2	Bankruptcy/DRO/IVA/CVA etc	549.62	9	549.62	2	146.06	2	146.06
	4	-	4	Not cost effective to pursue	566.50	4	566.50	4	123.10	4	123.10
	5	-	2	Other	399.22	5	399.22	6	1,484.80	14	2,360.38
	8	-	2	Liquidation	105.49	8	105.49	-	-	-	-
	17	-	10	Small balance	17.21	17	17.21	30	35.37	67	93.69
Total	49	-	23		2,285.45	49	2,285.45	42	1,789.33	87	2,723.23
<b>HOUSING RENTS</b>	-	-		Bankrupt	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	22	627.09
	-	-		Absconded	-	-	-	-	-	1	31.94
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	9	378.80
-	-		Deceased	-	-	-	-	-	-	-	
Total	-	-			-	-	-	-	-	32	1,037.83
<b>Grand Total</b>	<b>132</b>	<b>16</b>			<b>57,783.07</b>	<b>148</b>	<b>57,783.07</b>	<b>214</b>	<b>94,845.25</b>	<b>554</b>	<b>196,647.33</b>

**TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER – QUARTER 1**

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATE</b>	-	-	-	Absconded	-	-	-	14	21,242.05	18	25,414.01
	-	-	-	Administrative Receivership	-	-	-	1	520.99	3	2,137.62
	2	2	3	Liquidation	3,611.80	4	3,611.80	6	6,797.56	15	21,181.35
	-	3	1	Voluntary Bankruptcy	5,499.40	3	5,499.40	-	-	4	9,015.08
	1	-	1	Other	296.41	1	296.41	-	-	3	1,828.64
	2	-	2	Uncollectable old Debt	863.60	2	863.60	-	-	-	-
	-	-	-	Bankruptcy	-	-	-	1	187.45	5	11,233.22
	-	-	-	Deceased	-	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>5</b>	<b>7</b>		<b>10,271.21</b>	<b>10</b>	<b>10,271.21</b>	<b>22</b>	<b>28,748.05</b>	<b>48</b>	<b>70,809.92</b>

**TABLE 3 SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED – QUARTER 1**

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
<b>NON-DOMESTIC RATE</b>	-	Administrative Receivership	-	-	-	-	-	1	14,943.32
	2	Liquidation	35,201.65	2	35,201.65	1	11,407.53	2	22,642.65
	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Voluntary Bankruptcy	-	-	-	-	-	1	6,960.88
<b>Total</b>	<b>2</b>		<b>35,201.65</b>	<b>2</b>	<b>35,201.65</b>	<b>1</b>	<b>11,407.53</b>	<b>4</b>	<b>44,546.85</b>
<b>HOUSING BENEFIT</b>	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	1	9,386.50	1	9,386.50
	-	Bankruptcy	-	-	-	-	-	1	5,516.69
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>9,386.50</b>	<b>2</b>	<b>14,903.19</b>
<b>COUNCIL TAX</b>	-	Absconded	-	-	-	1	6,240.06	1	6,240.06
	-	Bankruptcy	-	-	-	1	9,160.90	1	9,160.90
	-	Voluntary Arrangement	-	-	-	-	-	1	7,689.97
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>15,400.96</b>	<b>3</b>	<b>23,090.93</b>
<b>HOUSING RENTS</b>	-		-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>2</b>		<b>35,201.65</b>	<b>2</b>	<b>35,201.65</b>	<b>4</b>	<b>36,194.99</b>	<b>9</b>	<b>82,540.97</b>

**TABLE 1a SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER QUARTER 2**

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>HOUSING BENEFIT</b>	12	1		Overpaid Entitlement	4,173.67	41	19,701.08	25	10,136.57	140	42,460.86
	2	-		Bankruptcy	716.26	5	4,725.34	4	2,097.76	9	8,382.57
	4	-		Absconded	914.61	7	1,486.27	-	-	13	7,132.56
	1	-		Deceased	24.61	4	1,313.90	2	134.18	3	139.45
	6	-		Not cost effective to pursue	25.93	8	31.13	4	132.15	16	174.08
	23	-		Uncollectable old debt	4,596.65	35	13,639.99	14	6,165.98	44	17,067.78
Total	48	1			10,451.73	100	40,897.71	49	18,666.64	225	75,357.30
<b>COUNCIL TAX</b>	37	3		Absconded	13,725.50	48	16,123.25	15	3,305.18	139	81,974.01
	-	-		Administrative Receivership	-	-	-	-	-	-	-
	16	-		Bankruptcy	3,971.23	32	18,547.69	17	11,618.56	36	24,927.46
	-	-		Deceased	-	1	242.34	2	1,435.33	6	1,816.58
	45	-		Small balance	1,039.93	52	1,118.55	6	155.02	18	411.20
	3	1		Other	2,996.73	10	5,423.71	4	5,652.78	9	8,194.75
	3	-		Uncollectable old debt	2,024.48	5	2,549.22	-	-	2	204.97
-	-		Voluntary Arrangement	-	8	4,804.75	-	-	-	-	
Total	104	4			23,757.87	156	48,809.51	44	22,166.87	210	117,528.97
<b>SUNDRY DEBTS</b>	9	-	4	Absconded	768.48	15	1,415.89	-	-	-	-
	2	-	2	Bankruptcy/DRO/IVA/CVA etc	750.00	11	1,299.62	-	-	2	146.06
	1	-	1	Not cost effective to pursue	72.60	5	639.10	-	-	4	123.10
	29	-	5	Other	2,583.17	34	2,982.39	3	12.46	14	2,360.38
	-	-	-	Liquidation	-	8	105.49	-	-	-	-
	18	-	17	Small balance	20.93	35	38.14	11	26.78	67	93.69
Total	59	-	29		4,195.18	108	6,480.63	14	39.24	87	2,723.23
<b>HOUSING RENTS</b>	-	-		Bankrupt	-	-	-	-	-	-	-
	16	-		Not cost effective to pursue	911.31	16	911.31	-	-	22	627.09
	-	-		Absconded	-	-	-	1	31.94	1	31.94
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	1	-		Other	76.00	1	76.00	9	378.80	9	378.80
-	-		Deceased	-	-	-	-	-	-	-	
Total	17	-			987.31	17	987.31	10	410.74	32	1,037.83
<b>Grand Total</b>	<b>228</b>	<b>5</b>			<b>39,392.09</b>	<b>381</b>	<b>97,175.16</b>	<b>117</b>	<b>41,283.49</b>	<b>554</b>	<b>196,647.33</b>

**TABLE 2a SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER – QUARTER 2**

TYPE OF DEBT	NUMBER OF CASES		No of people / business	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATE</b>	1	2	3	Absconded	3,300.09	3	3,300.09	2	1,931.56	18	25,414.01
	-	1	1	Administrative Receivership	2,373.41	1	2,373.41	2	1,616.63	3	2,137.62
	2	6	8	Liquidation	20,070.86	12	23,682.66	4	4,535.77	15	21,181.35
	-	-	-	Voluntary Arrangement	-	3	5,499.40	2	4,460.89	4	9,015.08
	2	-	2	Other	183.93	3	480.34	2	1,003.31	3	1,828.64
	-	-	-	Uncollectable old Debt	-	2	863.60	-	-	-	-
	-	1	1	Bankruptcy	2,838.51	1	2,838.51	4	11,045.77	5	11,233.22
-	-	-	Deceased	-	-	-	-	-	-	-	
<b>Total</b>	<b>5</b>	<b>10</b>	<b>15</b>		<b>28,766.80</b>	<b>25</b>	<b>39,038.01</b>	<b>16</b>	<b>24,593.93</b>	<b>48</b>	<b>70,809.92</b>

**TABLE 3a SUMMARY OF ITEMS OVER £5,000 WHERE PERMISSION TO WRITE OFF IS REQUESTED – QUARTER 2**

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	Financial Year 2014/15			Totals for Comparison purposes			
			Quarter 2	Cumulative Total		Equivalent Quarter 2013/14		Grand Total 2013/14	
			Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATE</b>	-	Administrative Receivership				-	-	1	14,943.32
	5	Liquidation	62,891.29	7	98,092.94	-	-	2	22,642.65
	-	Absconded				-	-	-	-
	-	Bankruptcy				-	-	-	-
	1	Uncollectable old Debt	5,914.67	1	5,914.67	-	-	-	-
-	Voluntary Arrangement				1	6,960.88	1	6,960.88	
<b>Total</b>	<b>6</b>		<b>68,805.96</b>	<b>8</b>	<b>104,007.61</b>	<b>1</b>	<b>6,960.88</b>	<b>4</b>	<b>44,546.85</b>
<b>HOUSING BENEFIT</b>	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	-	-	1	9,386.50
	-	Bankruptcy	-	-	-	-	-	1	5,516.69
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>14,903.19</b>
<b>COUNCIL TAX</b>	-	Absconded	-	-	-	-	-	1	6,240.06
	-	Bankruptcy	-	-	-	-	-	1	9,160.90
	-	Voluntary Arrangement	-	-	-	1	7,689.97	1	7,689.97
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>7,689.97</b>	<b>3</b>	<b>23,090.93</b>
<b>HOUSING RENTS</b>	-		-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>6</b>		<b>68,805.96</b>	<b>8</b>	<b>104,007.61</b>	<b>2</b>	<b>14,650.85</b>	<b>9</b>	<b>82,540.97</b>



