

Report to: **Executive**

Date: **14th October 2021**

Title: **Write Off Report**

Portfolio Area: **Support Services – Cllr Bastone**

Wards Affected: **All**

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

Date next steps can be taken: Upon the expiry of the O+S Call-in period (5.00pm on Monday, 25 October)

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RECOMMENDATIONS

That the Executive:

- 1. notes that, in accordance with Financial Regulations, the Section 151 Officer has authorised the write-off of individual South Hams District Council debts totalling £65,298.71 as detailed in Tables 1 and 2; and**
- 2. approves the write off of individual debts in excess of £5,000 totalling £41,165.18, 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 can be 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 April 2021 to 30th September 2021.

The total of South Hams District Council debts to be written off is £106,463.89.

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.

The Council's collection rate for 2020/21 for Council Tax was 97.8% which is 2.1% higher than the National Average of 95.7%.

The Council's collection rate for Business Rates was 91.7% which is slightly below the National Average of 93%. Debts outstanding for 2020/21 will continue to be pursued. This compares to the collection rates for 2019/20 which were 98.3% for Council Tax and 98.7% for Business Rates.

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 makes appropriate bad debt provisions for all revenue streams detailed in this report. 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 can be 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

The Executive can either approve the debt being written off or not. Should the write off of an individual debt not be approved, it will remain on the appropriate system as an outstanding balance. In cases of insolvency, there is no option available to the Council but to stop any action to collect the debt. With any case where the debt remains on the appropriate Council system, it may result in additional time and cost spent to pursue the debts when there is no realistic prospect of recovery.

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		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 Rates) Section 14 Local Government Finance Act 1992 (Council Tax)
Financial implications to include reference to value for money		The Executive notes that, in accordance with Financial Regulations, the Section 151 Officer has authorised the write-off of individual South Hams District Council debts totalling £65,298.71 as detailed in Tables 1 and 2. It is recommended that the Executive approves the write off of individual debts in excess of £5,000 totalling £41,165.18, as detailed in Table 3. The total debts to be written off are £106,463.89.
Risk		Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible. 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.

		The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in Part 3.
Supporting Corporate Strategy		Delivering efficient and effective services
Climate Change - Carbon / Biodiversity Impact		No direct carbon/biodiversity impact arising from the recommendations
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 2020/21 Collection Rates

Table 5 – Quarterly income in 2020/21 relating to all years

Table 6 – Previous Year Write Off Totals

Background Papers:

None

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 2021/22		Totals for Comparison purposes			
	<£1000	>£1000			Quarters 1 & 2 Total		Equivalent Quarters 2020/21		Grand Total 2020/21	
					Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	10	-		Overpaid Entitlement	10	1,310.61	26	7,236.33	41	10,461.25
	2	2		Insolvency / Bankruptcy	4	£6,513.22	7	5,682.12	11	10,334.69
	-	-		Absconded	-	-	-	-	-	-
	2	-		Deceased	2	236.75	3	1,143.39	7	5,099.18
	4	-		Not cost effective to pursue	4	11.21	9	56.79	18	183.19
	3	1		Uncollectable old debt	4	2,199.62	16	2,922.94	26	9,444.46
Total	21	3			24	10,271.41	61	17,041.57	103	35,522.77
COUNCIL TAX	8	1		Absconded	9	3,157.23	26	15,839.66	44	20,967.29
	12	5		Insolvency / Bankruptcy	17	18,751.86	43	42,432.01	82	82,141.83
	6	4		Deceased	10	12,820.01	-	-	12	5,370.66
	12	-		Small balance	12	20.06	6	3.53	113	101.78
	1	-		Other (inc. CTR overpayment)	1	315.65	3	2,805.45	8	4,072.42
	2	1		Uncollectable old debt	3	2,183.01	7	1,526.91	13	3,552.30
Total	41	11			52	37,247.82	85	62,607.56	272	116,206.28
SUNDRY DEBTS	52	-	19	Absconded	52	6,191.57	2	283.17	4	1,013.32
	6	1	4	Insolvency / Bankruptcy	7	3,011.07	2	1,013.00	5	1,857.70
	9	-	3	Not able to recover	9	682.85	13	3,568.73	16	4,851.53
	-	-	-	Other	-	-	1	1,200.00	7	2,423.67
	82	-	53	Not economical to collect	82	2,275.59	67	2,402.83	255	14,818.47
	5	-	3	Deceased	5	499.06	-	-	-	-
Total	154	1			155	12,660.14	85	8,467.73	287	24,964.69
Grand Total	216	15			231	60,179.37	231	88,116.86	662	176,693.74

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 2021/22		Totals for Comparison purposes			
	<£1000	>£1000			Quarters 1 & 2 Total		Equivalent Quarters 2020/21		Grand Total 2020/21	
					Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	-	-	Absconded	-	-	-	-	-	-
	-	2	2	Insolvency / Bankruptcy	2	5,119.34	1	2,200.00	5	10,777.71
	-	-	-	Other (inc. small balances)	-	-	1	0.01	4	0.94
	-	-	-	Uncollectable old Debt	-	-	-	-	1	143.81
	-	-	-	Deceased	-	-	-	-	1	135.23
Total	-	2	2		2	5,119.34	2	2,200.01	11	11,057.69

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 2021/22		Totals for Comparison purposes			
			Quarters 1 & 2 Total		Equivalent Quarter 2020/21		Grand Total 2020/21	
			Case	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	4	Insolvency / Bankruptcy	4	35,036.84	1	175,952.32	4	209,556.44
	-	Absconded	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-
	-	Other	-	-	-	-	-	-
Total	4		4	35,036.84	1	175,952.32	4	209,556.44
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-
	1	Overpaid Entitlement	1	6,128.34	-	-	-	-
	-	Uncollectable	-	-	-	-	-	-
	-	Insolvency / Bankruptcy	-	-	-	-	-	-
Total	1		1	6,128.34	-	-	-	-
COUNCIL TAX	-	Absconded	-	-	-	-	-	-
	-	Insolvency / Bankruptcy	-	-	1	6,657.17	1	6,657.17
	-	Other (inc. CTR overpayment)	-	-	-	-	-	-
Total	-		-	-	1	6,657.17	1	6,657.17
SUNDRY DEBTORS	-	Insolvency / Bankruptcy	-	-	2	17,323.60	2	17,323.60
	-	Uncollectable old debt	-	-	-	-	-	-
	-	Absconded	-	-	1	7,869.74	1	7,869.74
	-	Deceased	-	-	-	-	-	-
Total	-		-	-	3	25,193.34	3	25,193.34
Grand Total			5	41,165.18	5	201,802.83	8	241,406.95

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2020-21 COLLECTION RATES

Total amount collected in 2020-21 relating to 2020-21 financial year only (net of refunds relating to 2020-21)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 20/21 - £000s	Net Cash Collected* i.r.o. 20/21 - £000s	Amount Collected i.r.o. 20/21 - %age	Collectable Debit i.r.o. 20/21 - £000s	Net Cash Collected* i.r.o. 20/21 - £000s	Amount Collected i.r.o. 20/21 - %age
All England (National Average)	33,101,727	31,678,072	95.7	16,001,106	14,883,986	93.0
Shire Districts	14,384,849	13,937,177	96.9	4,658,929	4,426,210	95.0
East Devon	118,232	116,694	98.7	18,816	17,500	93.0
Exeter	71,545	68,738	96.1	38,486	36,884	95.8
Mid Devon	59,258	57,456	97.0	8,766	8,486	96.8
North Devon	69,326	66,556	96.0	12,443	11,849	95.2
Plymouth	134,488	132,125	98.2	45,584	44,912	98.5
South Hams	77,296	75,601	97.8	17,657	16,198	91.7
Teignbridge	97,908	96,075	98.1	14,570	14,099	96.8
Torbay	87,550	83,248	95.1	11,929	10,498	88.0
Torrige	48,254	46,966	97.3	5,503	5,278	95.9
West Devon	42,737	41,596	97.3	5,172	4,734	91.5

* Net Cash Collected is total 2020-21 receipts net of refunds paid, in respect of 2020-21 only

TABLE 5 QUARTERLY INCOME IN 2020-21 RELATING TO ALL YEARS

Total amount collected in 2020-21 relating to any financial year (net of all refunds in 2020-21)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1 st April – 30 th June	22,365	4,629
Quarter 2 - Receipts collected between 1 st July – 31 st September	20,626	3,722
Quarter 3 - Receipts collected between 1 st October – 31 st December	21,525	2,855
Quarter 4 - Receipts collected between 1 st January – 31 st March	11,160	2,698

* Net Cash Collected is total receipts in 2020-21 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

		2020-21	2019-20	2018-19	2017-18	2016 - 17	2015 - 16
HOUSING BENEFIT	Under £5,000 cases	35,522.77	100,182.18	71,150.67	151,891.76	68,357.34	57,038.07
HOUSING BENEFIT	£5,000 or over cases	0.00	7,615.46	30,773.79	63,513.87	5,394.07	7,177.42
Total		35,522.77	107,797.64	101,924.46	215,405.63	73,751.41	64,215.49
COUNCIL TAX	Under £5,000 cases	116,206.28	111,054.11	94,052.07	95,979.12	93,486.69	54,831.67
COUNCIL TAX	£5,000 or over cases	6,657.17	14,327.98	17,985.43	0.00	0.00	0.00
Total		122,863.45	125,382.09	112,037.50	95,979.12	93,486.69	54,831.67
SUNDRY DEBTS	Under £5,000 cases	24,964.69	22,296.30	38,131.86	102,792.98	1,321.50	9.03
SUNDRY DEBTS	£5,000 or over cases	25,193.34	9,814.41	41,940.58	73,929.08	0.00	0.00
Total		50,158.03	32,110.71	80,072.44	176,722.06	1,321.50	9.03
HOUSING RENTS	Under £5,000 cases	*	*	0.00*	128.29	270.00	0.00
HOUSING RENTS	£5,000 or over cases	*	*	0.00*	0.00	0.00	0.00
Total		*	*	0.00*	128.29	270.00	0.00
NON DOMESTIC RATES	Under £5,000 cases	11,057.69	31,067.77	13,655.99	20,832.66	32,812.78	37,074.12
NON DOMESTIC RATES	£5,000 or over cases	209,556.44	244,190.88	82,356.99	20,030.54	47,128.00	252,084.33
Total		220,614.13	275,258.65	96,012.98	40,863.20	79,940.78	289,158.45
GRAND TOTAL		429,158.38	540,549.09	390,047.38	529,098.30	248,770.38	408,214.64

*Housing Rents write offs now included within Sundry Debts figures