

Report to: **Executive**

Date: **18 July 2019**

Title: **Write Off Report**

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

Wards Affected: **All**

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

Date next steps can be taken: **N / A**

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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 £63,798.63 as detailed in Tables 1 and 2.

The Executive approves the write off of an individual debts in excess of £5,000 totalling £67,493.14, 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 January 2019 to 31st March 2019.

2. 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.

South Hams District Council's collection rates for 2017/18 were; Council Tax 98.15% & Business Rates 97.68%.

In the fourth quarter of 2018/19 the Council has collected £9.7 million in Council Tax and £5.3 million in Business Rates. The total collectable debt for 2018/19 (as at 31st March) for Council Tax is £70.5 million and for Business Rates is £31.2 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 £2,940,746.58. 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 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.

4. Options available and consideration of risk

Executive can either approve to 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 Rate) Section 14 Local Government Finance Act 1992 (Council Tax)
Financial implications to include reference to value for money		South Hams District Council debts totalling £131,291.77 to be written-off
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		Council - Delivering efficient and effective services
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 2017 / 18 Collection Rates

Table 5 – Quarterly income in 2017 / 18 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 Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes

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 2018/19			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2017/18		Grand Total 2017/18	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
HOUSING BENEFIT	24	1		Overpaid Entitlement	7,912.93	65	20,405.06	96	32,246.95	191	75,345.85
	-	2		Insolvency / Bankruptcy	2,742.19	2	2,742.19	-	-	7	7,131.54
	-	-		Absconded	-	-	-	-	-	-	-
	1	-		Deceased	113.70	5	3,258.73	-	-	14	3,228.68
	4	-		Not cost effective to pursue	52.84	31	550.52	10	155.68	19	244.07
	6	1		Uncollectable old debt	2,710.77	85	44,194.17	-	-	293	65,941.62
Total	35	4			13,532.43	188	71,150.67	106	32,402.63	524	151,891.76
COUNCIL TAX	-	-		Absconded	-	-	-	4	3,355.00	20	15,089.66
	14	8		Insolvency / Bankruptcy	25,174.89	65	84,033.83	22	22,751.53	43	49,137.29
	-	-		Deceased	-	8	5,458.81	1	31.69	6	964.86
	4	-		Small balance	32.94	8	106.89	1	25.66	9	98.26
	1	-		Other (inc. CTR overpayment)	19.70	11	4,452.54	33	25,819.94	44	30,551.03
	-	-		Uncollectable old debt	-	-	-	1	138.02	1	138.02
Total	19	8			25,227.53	92	94,052.07	62	52,121.84	123	95,979.12
SUNDRY DEBTS	45	3	48	Absconded	14,220.94	49	15,492.94	-	-	-	-
	5	-	5	Insolvency / Bankruptcy	2,196.16	6	2,301.59	-	-	2	6,374.98
	13	-	13	Not able to pursue	3,022.25	16	4,102.25	-	-	-	-
	1	1	2	Other*	5,029.46	2	5,029.46	1	117.81	3	1,210.18
	18	-	18	Not economical to collect	129.19	65	11,205.62	466	95,205.69	466	95,205.69
	-	-	-	Small balance	-	-	-	-	-	6	2.13
Total	82	4	86		24,598.00	138	38,131.86	467	95,323.50	477	102,792.98
HOUSING RENTS	-	-		Insolvency / Bankruptcy	-	-	-	-	-	-	-
	-	-		Not cost effective to pursue	-	-	-	-	-	1	90.10
	-	-		Absconded	-	-	-	-	-	1	38.19
	-	-		Uncollectable old debt	-	-	-	-	-	-	-
	-	-		Other	-	-	-	-	-	-	-
	-	-		Deceased	-	-	-	-	-	-	-
Total	-	-			-	-	-	-	-	2	128.29
Grand Total	136	16			63,357.96	418	203,334.60	635	179,847.97	1,126	350,792.15

*Sundry debtor cases 'Other' both relate to debtors who have now passed away

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 2018/19			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 4	Cumulative Total		Equivalent Quarter 2017/18		Grand Total 2017/18	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	-	-	-	Absconded	-	-	-	-	-	4	6,157.55
	1	-	1	Insolvency / Bankruptcy	440.67	13	13,655.99	-	-	8	14,662.58
	-	-	-	Other	-	-	-	-	-	1	12.53
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	-	-	Deceased	-	-	-	-	-	-	-
Total	1	-	1		440.67	13	13,655.99	1	2,192.49	13	20,832.66

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 2018/19			Totals for Comparison purposes			
			Quarter 4	Cumulative Total		Equivalent Quarter 2017/18		Grand Total 2017/18	
			Amount (£)	Case	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	2	Insolvency / Bankruptcy	18,318.50	8	82,356.99	1	12,633.07	2	20,030.54
	-	Absconded	-	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Other	-	-	-	-	-	-	-
Total	2		18,318.50	8	82,356.99	1	12,633.07	2	20,030.54
HOUSING BENEFIT	-	Deceased	-	-	-	1	7,102.70	2	14,286.24
	-	Overpaid Entitlement	-	-	-	-	-	2	13,168.64
	-	Uncollectable	-	1	18,294.69	2	11,948.42	3	17,507.09
	-	Insolvency / Bankruptcy	-	1	12,479.10	-	-	2	18,551.90
Total	-		-	2	30,773.79	3	19,051.12	9	63,513.87
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	1	Insolvency / Bankruptcy	7,234.06	3	17,985.43	-	-	-	-
	-	Other (inc. CTR overpayment)	-	-	-	-	-	-	-
Total	1		7,234.06	3	17,985.43	-	-	-	-
SUNDRY DEBTORS	2	Insolvency / Bankruptcy	22,604.30	2	22,604.30	1	35,090.72	2	47,367.88
	-	Uncollectable old debt	-	-	-	3	26,561.20	3	26,561.20
	2	Customer deceased	19,336.28	2	19,336.28	-	-	-	-
Total	4		41,940.58	4	41,940.58	4	61,651.92	5	73,929.08
Grand Total	7		67,493.14	17	173,056.79	8	93,336.11	16	157,473.49

TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2017-18 COLLECTION RATES

Total amount collected in 2017-18 relating to 2017-18 financial year only (net of refunds relating to 2017-18)

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 17/18 - £000s	Net Cash Collected* i.r.o. 17/18 - £000s	Amount Collected i.r.o. 17/18 - %age	Collectable Debit i.r.o. 17/18 - £000s	Net Cash Collected* i.r.o. 17/18 - £000s	Amount Collected i.r.o. 17/18 - %age
All England	28,319,489	27,501,263	97.1	25,287,466	24,873,246	98.4
Shire Districts	12,943,776	12,683,211	98.0	7,946,252	7,824,084	98.5
East Devon	100,360	99,336	99.0	33,789	33,517	99.2
Exeter	62,885	60,142	95.6	80,695	79,137	98.1
Mid Devon	50,115	49,092	98.0	15,924	15,793	99.2
North Devon	58,567	56,830	97.0	32,078	31,423	98.0
Plymouth	118,686	115,110	97.0	91,798	90,519	98.6
South Hams	66,496	65,264	98.2	30,935	30,216	97.7
Teignbridge	84,735	83,541	98.6	30,644	30,464	99.4
Torbay	75,843	72,525	95.6	35,501	34,210	96.4
Torridge	40,914	40,108	98.0	11,297	11,126	98.5
West Devon	37,196	36,025	97.6	10,499	10,289	98.0

* Net Cash Collected is total 2017-18 receipts net of refunds paid, in respect of 2017-18 only

TABLE 5 QUARTERLY INCOME IN 2017-18 RELATING TO ALL YEARS

Total amount collected in 2017-18 relating to any financial year (net of all refunds in 2017-18)

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1 st April – 30 th June	19,915	10,299
Quarter 2 - Receipts collected between 1 st July – 31 st September	17,922	7,695
Quarter 3 - Receipts collected between 1 st October – 31 st December	18,872	7,698
Quarter 4 - Receipts collected between 1 st January – 31 st March	9,137	5,084

* Net Cash Collected is total receipts in 2017-18 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

		2017-18	2016 - 17	2015 - 16	2014 - 15	2013- 14	2012 - 13
HOUSING BENEFIT	Under £5,000 cases	151,891.76	68,357.34	57,038.07	102,138.53	75,357.30	87,095.83
HOUSING BENEFIT	£5,000 or over cases	63,513.87	5,394.07	7,177.42	0.00	14,903.19	61,925.43
Total		215,405.63	73,751.41	64,215.49	102,138.53	90,260.49	149,021.26
COUNCIL TAX	Under £5,000 cases	95,979.12	93,486.69	54,831.67	97,927.30	117,528.97	96,025.52
COUNCIL TAX	£5,000 or over cases	0.00	0.00	0.00	0.00	23,090.93	6,782.09
Total		95,979.12	93,486.69	54,831.67	97,927.30	140,619.90	102,807.61
SUNDRY DEBTS	Under £5,000 cases	102,792.98	1,321.50	9.03	6,584.63	2,723.23	12,811.29
SUNDRY DEBTS	£5,000 or over cases	73,929.08	0.00	0.00	0.00	0.00	0.00
Total		176,722.06	1,321.50	9.03	6,584.63	2,723.23	12,811.29
HOUSING RENTS	Under £5,000 cases	128.29	270.00	0.00	3,113.38	1,037.83	3,143.83
HOUSING RENTS	£5,000 or over cases	0.00	0.00	0.00	0.00	0.00	0.00
Total		128.29	270.00	0.00	3,113.38	1,037.83	3,143.83
NON DOMESTIC RATES	Under £5,000 cases	20,832.66	32,812.78	37,074.12	75,016.54	70,809.92	39,115.54
NON DOMESTIC RATES	£5,000 or over cases	20,030.54	47,128.00	252,084.33	166,412.60	44,546.85	76,663.15
Total		40,863.20	79,940.78	289,158.45	241,429.14	115,356.77	115,778.69
GRAND TOTAL		529,098.30	248,770.38	408,214.64	451,192.98	349,998.22	383,562.68