

Report to: **Executive**

Date: **19 September 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 £49,186.33 as detailed in Tables 1 and 2.

The Executive approves the write off of an individual debts in excess of £5,000 totalling £19,428.21, 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 1<sup>st</sup> April 2019 to 30<sup>th</sup> June 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 2018/19 were; Council Tax 98.24% & Business Rates 98.40%.

In the first quarter of 2019/20 the Council has collected £21.99 million in Council Tax and £9.27 million in Business Rates. The total collectable debt for 2019/20 (as at 30th June) for Council Tax is £74.45 million and for Business Rates is £30.96 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 £3,323,053.53. 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 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 £68,614.54 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		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 2018/19 Collection Rates

Table 5 – Quarterly income in 2018/19 relating to all years

Table 6 – Previous Year Write Off Totals

Table 7 – Bad debt provision breakdown

#### **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**

<b>Process checklist</b>	<b>Completed</b>
Portfolio Holder briefed	<b>Yes</b>
SLT Rep briefed	<b>Yes</b>
Relevant Heads of Practice sign off (draft)	<b>Yes</b>
Data protection issues considered	<b>Yes</b>
Accessibility checked	<b>Yes</b>

**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 2019/20			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2018/19		Grand Total 2018/19	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>HOUSING BENEFIT</b>	16	1		Overpaid Entitlement	9,157.90	17	9,157.90	13	2,562.73	65	20,405.06
	3	3		Insolvency / Bankruptcy	7,888.14	6	7,888.14	-	-	2	2,742.19
	-	-		Absconded	-	-	-	-	-	-	-
	1	-		Deceased	75.00	1	75.00	3	3,052.85	5	3,258.73
	4	-		Not cost effective to pursue	9.31	4	9.31	7	19.92	31	550.52
	2	1		Uncollectable old debt	1,873.65	3	1,873.65	12	6,195.17	85	44,194.17
Total	26	5			19,004.00	31	19,004.00	35	11,830.67	188	71,150.67
<b>COUNCIL TAX</b>	1	-		Absconded	187.70	1	187.70	-	-	-	-
	8	2		Insolvency / Bankruptcy	5,582.86	10	5,582.86	16	17,895.94	65	84,033.83
	1	-		Deceased	203.17	1	203.17	2	362.81	8	5,458.81
	51	-		Small balance	12,716.87	51	12,716.87	3	62.88	8	106.89
	1	-		Other (inc. CTR overpayment)	673.52	1	673.52	3	2,103.13	11	4,452.54
	2	-		Uncollectable old debt	498.94	2	498.94	-	-	-	-
Total	64	2			19,863.06	66	19,863.06	24	20,424.76	92	94,052.07
<b>SUNDRY DEBTS</b>	6	-		Absconded	1,179.05	6	1,179.05	1	1,272.00	49	15,492.94
	3	-		Insolvency / Bankruptcy	1,134.95	3	1,134.95	1	105.43	6	2,301.59
	-	-		Not able to pursue	-	-	-	-	-	16	4,102.25
	-	-		Other	-	-	-	-	-	2	5,029.46
	-	-		Not economical to collect	-	-	-	-	-	65	11,205.62
	-	-		Small balance	-	-	-	-	-	-	-
Total	9	-			2,314.00	9	2,314.00	2	1,377.43	138	38,131.86
<b>Grand Total</b>	<b>99</b>	<b>7</b>			<b>41,181.06</b>	<b>106</b>	<b>41,181.06</b>	<b>61</b>	<b>33,632.86</b>	<b>418</b>	<b>203,334.60</b>

**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 2019/20			Totals for Comparison purposes			
	<£1000	>£1000			Quarter 1	Cumulative Total		Equivalent Quarter 2018/19		Grand Total 2018/19	
					Amount (£)	Cases	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATES</b>	-	-	-	Absconded	-	-	-	-	-	-	-
	4	2	6	Insolvency / Bankruptcy	7,999.92	6	7,999.92	4	4,693.18	13	13,655.99
	1	-	1	Other	5.35	1	5.35	-	-	-	-
	-	-	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	-	-	Deceased	-	-	-	-	-	-	-
<b>Total</b>	<b>5</b>	<b>2</b>			<b>8,005.27</b>	<b>7</b>	<b>8,005.27</b>	<b>4</b>	<b>4,693.18</b>	<b>13</b>	<b>13,655.99</b>

**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 2019/20			Totals for Comparison purposes			
			Quarter 1	Cumulative Total		Equivalent Quarter 2018/19		Grand Total 2018/19	
			Amount (£)	Case	Amount	Cases	Amount	Cases	Amount
<b>NON-DOMESTIC RATE</b>	1	Insolvency / Bankruptcy	6,359.81	1	6,359.81	2	21,570.86	8	82,356.99
	-	Absconded	-	-	-	-	-	-	-
	-	Uncollectable old Debt	-	-	-	-	-	-	-
	-	Other	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>		<b>6,359.81</b>	<b>1</b>	<b>6,359.81</b>	<b>2</b>	<b>21,570.86</b>	<b>8</b>	<b>82,356.99</b>
<b>HOUSING BENEFIT</b>	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	-	-	-	-
	1	Uncollectable	7,615.46	1	7,615.46	1	18,294.69	1	18,294.69
	-	Insolvency / Bankruptcy	-	-	-	1	12,479.10	1	12,479.10
<b>Total</b>	<b>1</b>		<b>7,615.46</b>	<b>1</b>	<b>7,615.46</b>	<b>2</b>	<b>30,773.79</b>	<b>2</b>	<b>30,773.79</b>
<b>COUNCIL TAX</b>	-	Absconded	-	-	-	-	-	-	-
	1	Insolvency / Bankruptcy	5,452.94	1	5,452.94	-	-	3	17,985.43
	-	Other (inc. CTR overpayment)	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>		<b>5,452.94</b>	<b>1</b>	<b>5,452.94</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>17,985.43</b>
<b>SUNDRY DEBTORS</b>	-	Insolvency / Bankruptcy	-	-	-	-	-	2	22,604.30
	-	Uncollectable old debt	-	-	-	-	-	-	-
	-	Customer deceased	-	-	-	-	-	2	19,336.28
<b>Total</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>41,940.58</b>
<b>Grand Total</b>	<b>3</b>		<b>19,428.21</b>	<b>3</b>	<b>19,428.21</b>	<b>4</b>	<b>52,344.65</b>	<b>17</b>	<b>173,056.79</b>

**TABLE 4 NATIONAL & LOCAL COLLECTION STATISTICS RE 2018-19 COLLECTION RATES**

**Total amount collected in 2018-19 relating to 2018-19 financial year only (net of refunds relating to 2018-19)**

	Council Tax			Non Domestic Rates		
	Collectable Debit i.r.o. 18/19 - £000s	Net Cash Collected* i.r.o. 18/19 - £000s	Amount Collected i.r.o. 18/19 - %age	Collectable Debit i.r.o. 18/19 - £000s	Net Cash Collected* i.r.o. 18/19 - £000s	Amount Collected i.r.o. 18/19 - %age
All England	30,185,467	29,293,449	97.0	26,188,145	25,748,183	98.3
Shire Districts	13,794,829	13,508,228	97.9	8,179,526	8,052,219	98.4
East Devon	107,176	105,902	98.8	36,363	36,147	99.4
Exeter	65,947	64,026	97.1	83,047	81,705	98.4
Mid Devon	53,342	52,162	97.8	15,313	15,203	99.3
North Devon	62,409	60,578	97.1	32,660	31,693	97.0
Plymouth	126,927	122,831	96.8	91,186	90,289	99.0
<b>South Hams</b>	<b>70,455</b>	<b>69,214</b>	<b>98.2</b>	<b>31,194</b>	<b>30,696</b>	<b>98.4</b>
Teignbridge	90,164	88,856	98.5	30,967	90,722	99.2
Torbay	81,414	78,434	96.3	35,256	34,069	96.6
Torrige	43,360	42,500	98.0	11,651	11,480	98.5
West Devon	39,119	38,206	97.7	10,729	10,473	97.6

\* Net Cash Collected is total 2018-19 receipts net of refunds paid, in respect of 2018-19 only

**TABLE 5 QUARTERLY INCOME IN 2018-19 RELATING TO ALL YEARS**

**Total amount collected in 2018-19 relating to any financial year (net of all refunds in 2018-19)**

	Council Tax Net Cash Collected* £000s	Non Domestic Rates Net Cash Collected* £000s
Quarter 1 - Receipts collected between 1 <sup>st</sup> April – 30 <sup>th</sup> June	20,921	9,638
Quarter 2 - Receipts collected between 1 <sup>st</sup> July – 31 <sup>st</sup> September	19,120	7,805
Quarter 3 - Receipts collected between 1 <sup>st</sup> October – 31 <sup>st</sup> December	19,902	7,429
Quarter 4 - Receipts collected between 1 <sup>st</sup> January – 31 <sup>st</sup> March	9,707	5,272

\* Net Cash Collected is total receipts in 2018-19 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**

		2018-19	2017-18	2016 - 17	2015 - 16	2014 - 15	2013- 14
HOUSING BENEFIT	Under £5,000 cases	71,150.67	151,891.76	68,357.34	57,038.07	102,138.53	75,357.30
HOUSING BENEFIT	£5,000 or over cases	30,773.79	63,513.87	5,394.07	7,177.42	0.00	14,903.19
Total		101,924.46	215,405.63	73,751.41	64,215.49	102,138.53	90,260.49
COUNCIL TAX	Under £5,000 cases	94,052.07	95,979.12	93,486.69	54,831.67	97,927.30	117,528.97
COUNCIL TAX	£5,000 or over cases	17,985.43	0.00	0.00	0.00	0.00	23,090.93
Total		112,037.50	95,979.12	93,486.69	54,831.67	97,927.30	140,619.90
SUNDRY DEBTS	Under £5,000 cases	38,131.86	102,792.98	1,321.50	9.03	6,584.63	2,723.23
SUNDRY DEBTS	£5,000 or over cases	41,940.58	73,929.08	0.00	0.00	0.00	0.00
Total		80,072.44	176,722.06	1,321.50	9.03	6,584.63	2,723.23
HOUSING RENTS	Under £5,000 cases	0.00*	128.29	270.00	0.00	3,113.38	1,037.83
HOUSING RENTS	£5,000 or over cases	0.00*	0.00	0.00	0.00	0.00	0.00
Total		0.00*	128.29	270.00	0.00	3,113.38	1,037.83
NON DOMESTIC RATES	Under £5,000 cases	13,655.99	20,832.66	32,812.78	37,074.12	75,016.54	70,809.92
NON DOMESTIC RATES	£5,000 or over cases	82,356.99	20,030.54	47,128.00	252,084.33	166,412.60	44,546.85
Total		96,012.98	40,863.20	79,940.78	289,158.45	241,429.14	115,356.77
<b>GRAND TOTAL</b>		<b>390,047.38</b>	<b>529,098.30</b>	<b>248,770.38</b>	<b>408,214.64</b>	<b>451,192.98</b>	<b>349,998.22</b>

\*Housing Rents write offs now included within Sundry Debts figures

**TABLE 7 BAD DEBT PROVISION RELATING TO ALL YEARS**

**Total amount of bad debt provision for debts outstanding as at 31<sup>st</sup> March 2019**

	South Hams element (£)	Gross Collection Fund amount* (£)
Council Tax	262,372.67	2,182,753.47
Business Rates	255,100.35	637,751.16
General Fund	160,000.00	160,000.00
Housing Benefit	337,000.00	337,000.00
Standard Charges	5,548.90	5,548.90
<b>Total</b>	<b>1,020,021.92</b>	<b>3,323,053.53</b>

\* Gross Collection Fund amount includes elements of Council Tax and Business Rates bad debts that relate to Central Government or other precepting bodies share of the provision.