

Report to: **Hub Committee**  
Date: **2<sup>nd</sup> November 2021**  
Title: **Write Off Report**  
Portfolio Area: **Performance & Resources – Cllr Edmonds**  
Wards Affected: **All**  
Urgent Decision: **N** Approval and clearance obtained: **Y / N**

Date next steps can be taken: Upon the expiry of the call-in period – 11 November 2021

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**Recommendations:**

**That the Committee:**

- 1. notes that, in accordance with Financial Regulations, the Section 151 Officer has authorised the write-off of individual West Devon Borough Council debts totalling £50,262.73 as detailed in Tables 1 and 2.**
- 2. approves the write off of individual debts in excess of £5,000 totalling £12,357.71 as detailed in Table 3.**

**1. Executive summary**

The Council is responsible for the collection of: 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 Committee to write off individual debts with a value of more than £5,000.

This report covers the period 1<sup>st</sup> April 2021 to 30<sup>th</sup> September 2021.

The total of West Devon Borough Council debts to be written off is £62,620.44.

## **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 97.3% which is 1.6% higher than the National Average of 95.7%.

The Council's collection rate for Business Rates 91.5% 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 97.7% for Council Tax 97.6% 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 provision for the 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 Committee 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 Committee 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 Committee 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 implications to include reference to value for money		<p>The Committee notes that, in accordance with Financial Regulations, the Section 151 Officer has authorised the write-off of individual Council debts totalling £50,262.73 as detailed in Tables 1 and 2.</p> <p>It is recommended that the Committee approves the write off of the debt in excess of £5,000 for £12,357.71, as detailed in Table 3.</p> <p>The total debts to be written off are £62,620.44.</p>
Risk		<p>Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible.</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  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
Consultation and Engagement Strategy		External consultation and engagement has not been undertaken on this report.
<b>Comprehensive Impact Assessment Implications</b>		
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:**

There are none

### **Approval and clearance of report**

<b>Process checklist</b>	<b>Completed</b>
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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 2 SUMMARY OF NON DOMESTIC RATE DEBT UNDER £5,000 WRITTEN OFF BY THE S151 OFFICER**

TYPE OF DEBT	REASON FOR W/OFF	Financial Year 2021/22		Totals for Comparison purposes			
		Quarters 1 & 2		Equivalent Quarters 2020/21		Grand Total 2020/21	
		Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	Insolvency / Bankruptcy	-	-	1	3,683.04	6	11,060.38
	Absconded	-	-	-	-	-	-
	Deceased	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Small Balance	1	2.19	1	0.01	3	0.03
	Uncollectable Old Debt	-	-	-	-	1	2,650.28
<b>Total</b>		<b>1</b>	<b>2.19</b>	<b>2</b>	<b>3,683.05</b>	<b>10</b>	<b>13,710.69</b>

**TABLE 3 SUMMARY OF ITEMS OVER £5000 WHERE PERMISSION TO WRITE OFF IS REQUESTED**

TYPE OF DEBT	REASON FOR W/OFF	Financial Year 2021/22		Totals for Comparison purposes			
		Quarters 1 & 2		Equivalent Quarters 2020/21		Grand Total 2020/21	
		Cases	Amount	Cases	Amount	Cases	Amount
NON-DOMESTIC RATE	Insolvency / Bankruptcy	1	12,357.71	-	-	-	-
	Absconded	-	-	-	-	-	-
	Deceased	-	-	-	-	-	-
	Other	-	-	-	-	-	-
Total	1	12,357.71	-	-	-	-	
HOUSING BENEFIT	Insolvency / Bankruptcy	-	-	-	-	-	-
	Absconded	-	-	-	-	-	-
	Other	-	-	-	-	-	-
	Deceased	-	-	-	-	-	-
	Overpaid entitlement	-	-	-	-	-	-
Total	-	-	-	-	-	-	
COUNCIL TAX	Insolvency / Bankruptcy	-	-	1	6,176.03	2	11,540.15
	Absconded	-	-	-	-	-	-
	Other (inc. CTR overpayment)	-	-	-	-	-	-
Total	-	-	1	6,176.03	2	11,540.15	
SUNDRY DEBTORS	Insolvency / Bankruptcy	-	-	1	11,643.35	1	11,643.35
	Absconded	-	-	-	-	-	-
	Other	-	-	-	-	-	-
Total	-	-	1	11,643.35	1	11,643.35	
<b>Grand Total</b>		<b>1</b>	<b>12,357.71</b>	<b>2</b>	<b>17,819.38</b>	<b>3</b>	<b>23,183.50</b>

**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	<b>33,101,727</b>	<b>31,678,072</b>	<b>95.7</b>	<b>16,001,106</b>	<b>14,883,986</b>	<b>93.0</b>
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
Torridge	48,254	46,966	97.3	5,503	5,278	95.9
<b>West Devon</b>	<b>42,737</b>	<b>41,596</b>	<b>97.3</b>	<b>5,172</b>	<b>4,734</b>	<b>91.5</b>

\* 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 made in 2020-21)**

	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	12519	1,670
Quarter 2 - Receipts collected between 1 <sup>st</sup> July – 30 <sup>th</sup> September	11,261	895
Quarter 3 - Receipts collected between 1 <sup>st</sup> October – 31 <sup>st</sup> December	11,960	1,160
Quarter 4 - Receipts collected between 1 <sup>st</sup> January – 31 <sup>st</sup> March	6,152	532

\* Net Cash Collected is total receipts in 2020-2021 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	12,990.50	104,270.24	75,961.02	117,461.11	28,341.72	37,800.00
HOUSING BENEFIT	£5,000 or over cases	-	44,375.04	12,721.09	17,126.57	15,685.10	15,685.10
Total		12,990.50	148,645.28	88,682.11	134,587.68	44,026.82	53,485.10
COUNCIL TAX	Under £5,000 cases	59,240.80	83,123.43	52,827.04	85,818.34	85,498.82	60,159.32
COUNCIL TAX	£5,000 or over cases	11,540.15	5,242.92	-	27,458.04	-	0.00
Total		70,780.95	88,366.35	52,827.04	113,276.38	85,498.82	60,159.32
SUNDRY DEBTS	Under £5,000 cases	28,284.38	4,006.46	16,145.70	85,064.24	15,895.01	3,020.15
SUNDRY DEBTS	£5,000 or over cases	11,643.35	6,759.59	-	-	-	-
Total		39,927.73	10,766.05	16,145.70	85,064.24	15,895.01	3,020.15
NON DOMESTIC RATES	Under £5,000 cases	13,710.69	16,130.13	9,704.04	8,876.14	10,517.74	6,650.00
NON DOMESTIC RATES	£5,000 or over cases	-	123,504.56	38,251.60	7,561.62	29,217.16	29,217.16
Total		13,710.69	139,634.69	47,955.64	16,437.76	39,734.90	35,867.16
GRAND TOTAL		137,409.87	387,412.37	205,610.49	349,366.06	185,155.55	152,531.73