

AGENDA
ITEM

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SOUTH HAMS DISTRICT COUNCIL

NAME OF COMMITTEE	Executive
DATE	2 September 2010
REPORT TITLE	Write Off Report
Report of	John Foxworthy Tracy Winser
WARDS AFFECTED	

Summary of report:

The Council is responsible for the collection of: Housing Rents; Sundry Debts including Housing Benefit Overpayments and Council Tax. It also collects National Non - Domestic Rates on behalf of the Government.

The report informs members of the debt written off for these revenue streams. Debts up to the value of £3,000 being written off by the Head of Finance under delegated authority. Permission is sought from the Executive to write off individual debts with a value of more than £3,000.

This report covers the period 1 April 2010 to 30 June 2010.

Financial implications:

South Hams District Council Debts totalling £58,009.60 to be written-off together with £147,663.56 of Non Domestic Rate debt which is collected on behalf of the Government.

RECOMMENDATIONS:

The Executive notes that, in accordance with Financial Regulations, the Head of Finance has authorised the write-off of individual South Hams District Council debts totalling £51,142.13 together with £6,008.31 of Non Domestic Rate Debt which is collected on behalf of the Government as detailed in Tables 1 and 2.

Executive considers the write off of individual debts in excess of £3,000 as detailed in Table 3.

Officer contact:

John Foxworthy. Telephone ext no. 1413. e-mail john.foxworthy@southhams.gov.uk

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.

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 £1,400,000. 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. 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 £3,000 are written off by the Head of Finance under delegated authority.

Cases where the debt exceeds £3,000 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 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.

3. OTHER HEADINGS as required**4. LEGAL IMPLICATIONS (written by Report Author & approved by Monitoring Officer)**

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)

5. FINANCIAL IMPLICATIONS (written by Report Author & approved by s.151 Officer)

South Hams District Council Debts totalling £58,009.60 to be written-off together with £147,663.56 of Non Domestic Rate debt which is collected on behalf of the Government.

6. RISK MANAGEMENT

The risk management implications are:

Opportunities	Benefits
Issues/Obstacles/Threats	Control measures/mitigation
Any risk to reputation is managed carefully by prompt recovery of amounts due wherever possible, but 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 issues for consideration. Any individual debt exceeding £3,000 is referred to members for consideration prior to write-off which accords with Financial regulations.

Corporate priorities engaged:	
Statutory powers:	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)
Considerations of equality and human rights:	
Biodiversity considerations:	
Sustainability considerations:	
Crime and disorder implications:	
Background papers:	
Appendices attached:	<i>Tables 1,2 & 3</i>

TABLE 1 SUMMARY OF SOUTH HAMS DISTRICT COUNCIL DEBT UNDER £3000 WRITTEN OFF BY THE HEAD OF FINANCE

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous three quarters					
				Q4 2009/10		Q3 2009/10		Q2 2009/10	
				No.	Amount	No.	Amount	No.	Amount
HOUSING BENEFIT	17	Overpaid Entitlement	3427.38	55	15432.17	26	11928.99	42	13895.22
	4	Bankruptcy	3273.55	2	1078.18	1	1921.43	-	-
	3	Absconded	2122.55	2	1602.82	1	2248.86	-	-
	3	Deceased	1336.21	-	-	1	949.30	1	132.66
	-	Not cost effective to pursue	-	2	118.55	4	535.34	1	40.00
	5	Uncollectable old debt	1270.48	1	464.25	-	-	-	-
Total	32		11430.17	62	18695.97	33	17583.92	44	14067.88
COUNCIL TAX	46	Absconded	18279.07	16	7644.02	40	17968.95	40	18326.79
	1	Administrative Receivership	2799.28	-	-	4	2306.89	-	-
	14	Bankruptcy	9282.07	20	7359.00	5	1625.78	21	13456.11
	-	Deceased	-	1	132.64	-	-	1	1826.65
	13	Small balance	503.11	1	1.99	2	19.79	2	3.55
	-	Other	-	-	-	-	-	8	417.99
	-	Uncollectable	-	3	570.61	4	2937.82	-	-
	-	Voluntary Bankruptcy	-	2	1190.99	2	1753.12	-	-
Total	74		30863.53	43	16899.25	57	26612.35	72	34031.09
SUNDRY DEBTS	1	Absconded	198.85	4	1600.84	26	4176.22	27	4068.79
	13	Bankruptcy	3685.90	24	2701.78	15	3717.02	28	9307.77
	-	Not cost effective to pursue	-	10	2392.71	37	7822.42	36	6182.93
	14	Other	1434.36	9	2273.57	-	-	5	1310.22
	-	Administrative Receivership	-	-	-	-	-	8	4439.75
	27	Small balance	30.03	19	66.91	33	11.55	6	0.90
Total	55		8258.14	66	9035.81	111	15727.21	110	25310.36
HOUSING RENTS	-	Bankrupt	-	1	319.76	-	-	-	-
	-	Not cost effective to pursue	-	-	-	-	-	15	721.64
	-	Absconded	-	11	4338.74	-	-	-	-
	3	Uncollectable old debt	590.29	19	6230.66	-	-	-	-
	-	Deceased	-	1	460.20	-	-	-	-
Total	3		590.29	32	11349.36	-	-	15	721.64
Grand Total	164		51142.13	203	55980.39	201	59923.48	241	74130.97

TABLE 2 SUMMARY OF NON DOMESTIC RATE DEBT COLLECTED ON BEHALF OF THE GOVERNMENT UNDER £3000 WRITTEN OFF BY THE HEAD OF FINANCE

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous three quarters					
				Q4 2009/10		Q3 2009/10		Q2 2009/10	
				No.	Amount	No.	Amount	No.	Amount
NON-DOMESTIC RATE	-	Absconded	-	2	1927.93	3	665.33	6	7044.16
	1	Administrative Receivership	2235.63	2	1745.94	2	1575.64	6	4018.89
	1	Liquidation	65.54	3	1435.84	7	4081.65	-	-
	-	Other	-	-	-	-	-	3	2007.99
	3	Bankruptcy	3707.14	3	3068.35	3	4855.68	6	3333.07
Total	5		6008.31	10	8178.06	15	11178.30	21	16404.11

TABLE 3 SUMMARY OF ITEMS OVER £3000 WHERE PERMISSION TO WRITE OFF IS REQUESTED

TYPE OF DEBT	NUMBER OF CASES	REASON FOR W/OFF	TOTAL for This Quarter (£)	Totals for the previous three quarters					
				Q4 2009/10		Q3 2009/10		Q2 2009/10	
				No.	Amount	No.	Amount	No.	Amount
NON-DOMESTIC RATE	4	Administrative Receivership	30760.71	-	-	2	8061.93	-	-
	-	Liquidation	-	-	-	3	15430.45	-	-
	2	Absconded	25751.83	-	-	1	3524.75	-	-
	6	Bankruptcy	73356.06	-	-	3	27988.08	1	10182.89
	-	Uncollectable old Debt	-	-	-	2	15240.75	-	-
	1	Voluntary Bankruptcy	11786.65	-	-	-	-	-	-
	13		141655.25	-	-	11	70245.96	1	10182.89
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	1	Overpaid Entitlement	3051.44	-	-	-	-	-	-
	-	Debtor in prison	-	-	-	1	7739.72	-	-
Total	1		3051.44	-	-	1	7739.72	-	-
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	-	-	1	5592.21
	-	Liquidation	-	-	-	1	3118.69	-	-
	1	Voluntary Bankruptcy	3816.03	-	-	-	-	-	-
Total	1		3816.03	-	-	1	3118.69	1	5592.21
HOUSING RENTS		CCJ Obtained- uncollectable	-	-	-	4	13987.85	-	-
Total	-		-	-	-	4	13987.85	-	-
				-	-				
Grand Total	15		148522.72	-	-	17	95092.22	2	15775.10