

Executive – 10 June 2010

WRITE-OFF REPORT

Report of the Head of Financial Services

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)

Financial implications: South Hams District Council Debts totalling £55,980.39 to be written-off together with £8,178.06 of Non Domestic Rate debt which is collected on behalf of the Government.

Purpose:

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

The report informs Members of: the individual debts for all revenue streams within the Service remit; Debts up to the value of £3,000, written off by the Head of Financial Services under delegated authority.

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.

RECOMMENDATION

That the Executive notes that, in accordance with Financial Regulations, the Head of Financial Services has authorised the write-off of individual South Hams District Council debts totalling £55,980.39 together with £8,178.06 of Non Domestic Rate Debt which is collected on behalf of the Government as detailed in Tables 1 and 2.

(This report covers the period 1.1.10 to 31.3.10)

The issues

1. 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.

2. 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.
3. 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 Financial Services under delegated authority.
4. Cases where the debt exceeds £3,000 must, however, be approved by Executive prior to the debt being written off.
5. 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.
6. 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.

Risk Assessment

Risk	Mitigation
Financial risk	The obvious risk of debtors subsequently being able to pay a debt which has been written off is mitigated by the activity outlined in 5 and 6. Any individual debt exceeding £3,000 is referred to members for consideration prior to write-off which accords with Financial regulations.
Impact on Reputation	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.

Conclusion

We would wish to reassure Members that every effort is made to collect all debt owing to the Council, and that the decision to write off any amount is not taken lightly.

Tracy Winser
Head of Customer Services

John Foxworthy
Head of Financial Services

Executive
 10 June 2010

Background Documents:
 None

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					
				Q3 2009/10		Q2 2009/10		Q1 2009/10	
				No.	Amount	No.	Amount	No.	Amount
HOUSING BENEFIT	55	Overpaid Entitlement	15432.17	26	11928.99	42	13895.22	23	5323.69
	2	Bankruptcy	1078.18	1	1921.43	-	-	3	801.71
	2	Absconded	1602.82	1	2248.86	-	-	1	70.00
	-	Deceased	-	1	949.30	1	132.66	-	-
	2	Not cost effective to pursue	118.55	4	535.34	1	40.00	10	1285.75
	1	Uncollectable old debt	464.25	-	-	-	-	-	-
Total	62		18695.97	33	17583.92	44	14067.88	37	7481.15
COUNCIL TAX	16	Absconded	7644.02	40	17968.95	40	18326.79	36	22022.52
	-	Administrative Receivership	-	4	2306.89	-	-	-	-
	20	Bankruptcy	7359.00	5	1625.78	21	13456.11	19	12779.68
	1	Deceased	132.64	-	-	1	1826.65	3	1329.09
	1	Small balance	1.99	2	19.79	2	3.55	9	70.61
	-	Other	-	-	-	8	417.99	10	1365.62
	3	Uncollectable old debt	570.61	4	2937.82	-	-	3	2523.69
	2	Voluntary Arrangement	1190.99	2	1753.12	-	-	1	675.50
Total	43		16899.25	57	26612.35	72	34031.09	81	40766.71
SUNDRY DEBTS	4	Absconded	1600.84	26	4176.22	27	4068.79	-	-
	24	Bankruptcy	2701.78	15	3717.02	28	9307.77	-	-
	10	Not cost effective to pursue	2392.71	37	7822.42	36	6182.93	-	-
	9	Other	2273.57	-	-	5	1310.22	-	-
	-	Administrative Receivership	-	-	-	8	4439.75	-	-
	19	Small balance	66.91	33	11.55	6	0.90	-	-
Total	66		9035.81	111	15727.21	110	25310.36	-	-
HOUSING RENTS	1	Bankrupt	319.76	-	-	-	-	-	-
	-	Not cost effective to pursue	-	-	-	15	721.64	-	-
	11	Absconded	4338.74	-	-	-	-	-	-
	19	Uncollectable old debt	6230.66						
	1	Deceased	460.20						
Total	32		11349.36	-	-	15	721.64	-	-
Grand Total	203		55980.39	201	59923.48	241	74130.97	118	48247.86

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					
				Q3 2009/10		Q2 2009/10		Q1 2009/10	
				No.	Amount	No.	Amount	No.	Amount
NON-DOMESTIC RATE	2	Absconded	1927.93	3	665.33	6	7044.16	-	-
	2	Administrative Receivership	1745.94	2	1575.64	6	4018.89	-	-
	3	Liquidation	1435.84	7	4081.65	-	-	-	-
	-	Other	-	-	-	3	2007.99	-	-
	3	Bankruptcy	3068.35	3	4855.68	6	3333.07	1	1184.84
Total	10		8178.06	15	11178.30	21	16404.11	1	1184.84

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					
				Q3 2009/10		Q2 2009/10		Q1 2009/10	
				No.	Amount	No.	Amount	No.	Amount
NON-DOMESTIC RATE	-	Administrative Receivership	-	2	8061.93	-	-	-	-
	-	Liquidation	-	3	15430.45	-	-	-	-
	-	Absconded	-	1	3524.75	-	-	1	28123.12
	-	Bankruptcy	-	3	27988.08	1	10182.89	1	9490.05
	-	Uncollectable old Debt	-	2	15240.75	-	-	-	-
			-	11	70245.96	1	10182.89	2	37613.17
HOUSING BENEFIT	-	Deceased	-	-	-	-	-	-	-
	-	Overpaid Entitlement	-	-	-	-	-	-	-
	-	Debtor in prison	-	1	7739.72	-	-	-	-
Total	-		-	1	7739.72	-	-	-	-
COUNCIL TAX	-	Absconded	-	-	-	-	-	-	-
	-	Bankruptcy	-	-	-	1	5592.21	-	-
	-	Liquidation	-	1	3118.69	-	-	-	-
Total	-		-	1	3118.69	1	5592.21	-	-
HOUSING RENTS	-	CCJ Obtained- uncollectable	-	4	13987.85	-	-	-	-
Total	-		-	4	13987.85	-	-	-	-
Grand Total	-		-	17	95092.22	2	15775.10	2	37613.17