

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Finance and/or Executive Director - Commercialisation (S151)

**To:** Cabinet Tuesday, 27 March 2018

**(Author:** Sharon Hammond Head of Service, Revenues and Benefits

**Subject** Debt Write Off

**Purpose:** To seek approval for the write off of uncollectable debt.

### **Recommendation**

1) That the amounts identified in this report are approved for write off.

#### **1.0 BACKGROUND**

1.1 Efficient and well administered debt management is crucial to the Council. Debt Management and Operational Debt Write Off Policies were approved by Cabinet in July 2017. Further information about the statutory requirements and processes relating to recovery and enforcement of debt was provided at a presentation to Cabinet Members in February 2018.

#### **2.0 WRITE OFFS FOR CABINET APPROVAL**

2.1 This report presents irrecoverable debt which requires Cabinet approval for write off. A summary of these debts is shown in the table below, totalling £132,787.67 (of which indicative loss to South Holland District Council is £56,164).

2.2 The need to write off debt can arise for a number of reasons, including the debtor being untraceable, ceased trading with no assets, or deceased with insufficient funds in the estate. All methods of recovery are considered and pursued in line with legislative provision, before making the decision to write off. This can include internal recovery action, use of debt collection agents, external tracing agents and procedures through the Courts.

2.3 A summary of debts, by type, requiring approval for write off is given in Table 1, whilst Table 2 provides a view of this debt by the year to which it relates; this table also provides for context the total collectable debit for Council Tax and Business Rates for the years in question.

2.4 Almost 74% of the amount presented for write off is for Business Rates. Of the seventeen accounts in question, fifteen are due to insolvency. Proof of debt claims have been made, and whilst there is little prospect of any monies being received, any payment would be credited to the account, and the debt written back.

**Table 1 – Summary of Debt by category**

Value by Debtor £	Council Tax £	Business Rates £	Sundry Debt £	Housing Benefits Overpayments £	Total £
1,050 – 5,000	17,942.85	27,907.32	12,207.07	4,637.93	62,695.17
Over 5,000	-	70,092.50	-	-	70,092.50
<b>Total</b>	<b>17,942.85</b>	<b>97,999.82</b>	<b>12,207.07</b>	<b>4,637.93</b>	<b>132,787.67</b>
Indicative 'loss' to SHDC	11% £1,974	40% £39,200	100% £12,207	60% £2,783	£56,164

**Table 2 – Breakdown of Debt by year**

	Council Tax £	Business Rates £	Sundry Debtors £	Housing Benefit Overpayment £	Total by year £
<b>2010/11</b>	675.39	-	-	-	675.39
<b>2011/12</b>	2,295.40	1,750.72	-	-	4,046.12
<b>2012/13</b>	3,945.07	7,003.77	-	-	10,951.84
<b>2013/14</b>	4,419.68	23,445.93	-	-	2,8219.5
<b>2014/15</b>	4,071.90	23,958.07	-	-	28,029.97
<b>2015/16</b>	1,750.81	36,089.62	2,569.98	-	40,410.41
<b>2016/17</b>	784.60	5,751.71	9,637.09	4,637.93	20,904.32
<b>Total by category</b>	17,942.85	97,999.82	12,207.07	4,637.93	132,787.67
<b>Collectable Debit 2011 - 2017</b>	£225million	£151million			

- 2.5 Details of individual debts are shown in the Confidential Appendices listed below. Multiple debts for an individual are shown together. The reason provided for write is consistent with the policy. -

Appendix A – Council Tax

Appendix B – Business Rates

Appendix C – Sundry Debtors

Appendix D – Housing Benefit Overpayments

- 2.6 A copy of the Operational Debt Write-Off Policy is provided for reference at Appendix E:
- 2.7 In line with the policy, prior to this report being presented, consultation has taken place with the S151 Officer and the Portfolio Holder for Finance. Cabinet Members can therefore be assured that the debts listed are irrecoverable, and that write off is the correct course of action.
- 2.8 All debt approved for write off will be set against existing bad debt provisions and can be resurrected in full or in part at any time should new information come to light suggesting

that they might be recoverable after all. In all cases collection options have been exhausted and there is no realistic prospect of recovery.

### 3.0 REASONS FOR RECOMMENDATION(S)

- 3.1 All recovery methods have been considered and where appropriate pursued, before making the decision to write off.
- 3.2 Officer time can be maximised on greatest returns, at the same time as ensuring robust procedures for debt management are in place across all revenues streams.

### 4.0 EXPECTED BENEFITS

- 4.1 The Council has a clear position in terms of uncollectable debt, and its bad debt position.

### 5.0 IMPLICATIONS

#### 5.1 Financial

- 5.1.1 Clear processes for the writing off of irrecoverable debt represents sound financial management practice. Provision for bad debt is made in Council accounts.

#### 5.2 Risk Management

- 5.2.1 By the nature, volume and value of annual revenue to the council there will always be uncollectable amounts which will be recommended for write off once avenues to recover are exhausted. Provision for bad debt is made and reviewed regularly.

### 6.0 WARDS/COMMUNITIES AFFECTED

- 6.1 All.

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Background papers:-	Debt Management Policy
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#### Lead Contact Officer

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**Key Decision:** N

**Exempt Decision:** Y

**This report refers to a Mandatory Service**

**Confidential Appendices attached to this report:**

**(Please note that the following appendices are not for publication by virtue of Paragraphs 1 (Information relating to any individual), 2 (Information which is likely to reveal the identity of any individual) and 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))**

Appendix A	Council Tax Debts
Appendix B	Business Rates Debts
Appendix C	Sundry Debts
Appendix D	Housing Benefit Overpayment Debts
Appendix E	Operational Debt Write Off Policy