

REPORT TO THE EXECUTIVE		Report No. 9
Date of Meeting	7 th February 2008	
Title of Report	Debt Write-Offs	
Portfolio	Resources & Democracy	
Link to Corporate Priorities	Buoyant Economy	
Key Decision	Yes	
Executive Workplan Ref	A23	
Public Report	Yes	

<p>Summary of Report</p> <p>To submit to Executive the recommended write-offs identified during 2007/08.</p>
<p>Officer Recommendations</p> <p>That the Executive:</p> <ol style="list-style-type: none"> Approve the write-offs identified in paragraph 4.1 of the report. Note that write-offs under £1,000 in paragraph 4.2 of the report will be approved by the Section 151 Officer under delegated powers.

Other than those implications agreed with the relevant Officers and referred to below, there are no other implications associated with this report.				
Financial Implications	Legal Implications	Community & Environmental Implications	Human Resources Implications	Equality & Diversity Implications
Yes	None	None	None	None

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1. Introduction

- 1.1 The Revenues Team has spent additional time this year reviewing a large volume of older debts to identify accounts where recovery action has been exhausted and where writing the debt off is the most appropriate action. In the majority of cases recovery action has included a bill, at least one reminder letter, a court summons, a letter requesting employment details or advising of bailiff action and the debt has been passed to a bailiff to collect.
- 1.2 The main reasons for these write-off's are due to the following :-
- Bankrupt
 - Unable to trace
 - Deceased
 - Insufficient means to pursue further.
- 1.3 The council has made suitable provision for writing off old debts, taking into account that it has not been done regularly over the years. The debts identified range from 1993 to the present and the provision within the 2007/08 budget is £1.869 million.
- 1.4 Although the council has continued to pursue accounts raised within previous years, the main emphasis has been placed on current year collection. Over the years, the council has been reluctant to remove old cases from the records when recovery action has failed or the debtor has moved away.
- 1.5 This has resulted in large volumes of debts, which makes it more and more difficult for the revenues team to manage. Dealing with aged debts is a time consuming process in order to identify what action has occurred i.e. whether they are employed or on benefits and whether they still live at the property shown on the records.
- 1.6 Therefore, it would be a great advantage to cleanse the records and be more resourceful at monitoring those debts where further recovery action can secure payment. This will also help to ensure that we have good data when we transfer to the unitary authority.
- 1.7 In future the revenues team will ensure that such irrecoverable accounts are identified at a much sooner stage and listed for write-off.

2. Options

- 2.1 Leaving these debts outstanding within the system is not really an option.

3. Background information

Council Tax

- 3.1 The council is responsible for collection of Council tax of around £63 million per year. The money collected is redistributed to each precepting authority as follows:-

Wiltshire County Council	70.5%
Wiltshire Policy Authority	10.1%
North Wiltshire District Council	9.3%
Wiltshire Fire Authority	4.0%
Parish / Town Council (average)	6.1%

- 3.2 Council tax collection remains high and the revenues team use all possible means of recovery provided within legislation. Although in year collection for 2006/07 was 97.7%, the council will continue collecting outstanding accounts into the new financial year. In total the council expect to collect between 99% and 99.5% of the council tax raised.

Non-Domestic Rates

- 3.3 Non-Domestic Rates is collected by the council on behalf of central government. The money collected (approx £35 million) is paid into a national pool. There is provision within the legislation for the council to write off debts, which it considers to be irrecoverable. When authorised by the Audit Commission the amounts written off are set against the amount, which the council pays over to the government.
- 3.4 Non-Domestic Rate collection for 2006/07 was 98.5%, but once again this is likely to reach up to 99.5% in future years.

Sundry Debts

- 3.5 Sundry Debtor invoices (approx £3 million per year) are raised for various amounts that are due to be paid to the council. i.e. Building Regulation Fees, Trade Refuse Accounts, Property Rents, Licensing Fees and Rent Deposits.

Housing Benefit Overpayments

- 3.6 Housing Benefit Overpayments arise when a change in the applicant's circumstances is reported to the housing benefit team, which reduces the claimant's entitlement from an earlier date. An invoice is raised for the debt outstanding and a total of £727,000 was raised during 2006/2007.
- 3.6 The Council receive a subsidy of 40% from the Department of work and Pensions for each recoverable overpayment identified.
- 3.7 These debts are particularly difficult to recover as we are dealing with vulnerable people on low incomes. The majority of money recovered is through any future ongoing benefit entitlement.

4. Financial Implications

- 4.1 The amounts identified for write-off are as follows:-

	No.	Amount
Council Tax	158	£297,768.23
Non-Domestic Rates	57	£241,903.30
Sundry Debtors	5	£18,572.43
HB Overpayments	27	£139,626.31
Total	247	£697,870.27

- 4.2 As well as the above, the following cases under £1,000 have been identified for write-off and will be authorised by the Section 151 Officer under his delegated powers.

	No.	Amount
Council Tax	805	£258,423.15
Non-Domestic Rates	40	£14,790.24
Sundry Debtors	59	£13,728.27
HB Overpayments	109	£31,295.44
Total	247	£318,237.10

- 4.3 For Council Tax the Council has made provision for bad debts and the total amount of this schedule can be met from that. There will be no effect on the Council's revenue accounts.
- 4.4 As Non-Domestic Rates is collected on behalf of the government there is no financial effect on the council.
- 4.3 For sundry debtors and housing benefit overpayments the Council has made provision for bad debts and the total amount of the schedules can be met from that. Again, there will be no effect on the Council's revenue accounts.

5. Risk Analysis

- 5.1 The collection of revenue is of vital importance to the financial management of the Council. A review of the revenues service using 'lean' methodology is currently being undertaken to ensure that resources are used as efficiently and effectively as possible.
- 5.2 The Section 151 Officer has requested that a number of the cases identified are reviewed to ensure that appropriate evidence has been gathered to support the write-off. In addition to this an annual audit is undertaken providing a more thorough check on irrecoverable debts to ensure they have been progressed in a proper manner.

Appendices:	<ul style="list-style-type: none"> • None.
Background Documents Used in the Preparation of this Report:	<ul style="list-style-type: none"> • Information obtained from Revenues SX3 System, Document Management System and Tipfe Debtors System

Previous Decisions Connected with this Report

Report	Committee & Date	Minute Reference
<ul style="list-style-type: none"> • None 		