

Agenda Item No. 11

Title: **Write-Off Report**

Lead Member: **Cllr Carbin – Finance & Policy Portfolio Holder**

Reporting Officer: **Andy Brown – Financial Accountant**

Purpose

The purpose of this report is to review the process and level of debt as at 31 October 2006 being proposed to Cabinet for write off. The last write-off report was as at 30 June 2006.

It is inevitable that some of the debtor accounts raised by the Council will not be collected. This is usually for the following reasons:

- i) the debtor becomes bankrupt
- ii) the debtor moves away from the area and cannot be traced

Background

The debtors' function is administered through Financial Services and every effort is made to recover outstanding debts. Finance work closely with the service department generating regular arrears reports for monitoring. All debts will receive at least two reminder letters and as a last resort we may use the services of an outside Debt Collection Agency and/or Bailiff. It is only when we have exhausted all avenues of recovery that debts are written off.

Ross and Roberts were appointed as external bailiffs by the Cabinet on 29 September 2004, and commenced work in January 2005. The following amounts have been collected for the period up to 31 October 2006.

	£
Council Tax	257,761.91
Non Domestic Rates	<u>74,610.22</u>
Total	<u>332,372.13</u>

We continue to reappraise our arrears chasing procedure on a regular basis prior to the debt being passed to the debt collectors. When we pass the debt over to the collection agency this is carried out in electronic format which is entered directly into their system.

We take a long-term view of debt and leave the accounts active for a considerable time in case they return to the district. Debt that is unlikely to be collected is included in this report.

The four main categories of debtors are:

- i) Council Tax
- ii) National Non Domestic Rates
- iii) Sundry Debtors
- iv) Housing Rents

For each category the number of accounts and approximate number of liable persons is given.

Key Issues

Council Tax

		£
Under £300:	Bankruptcies	2,858.09
	Unable to trace	14,031.93
	Other	<u>1,675.58</u>
	Total	<u>18,565.60</u>

The total write off represents 248 accounts at an average balance of £74.86 (169 liable persons).

		£
Over £300:	Bankruptcies	8,480.73
	Unable to trace	17,448.42
	Other	<u>921.23</u>
	Total	<u>26,850.38</u>

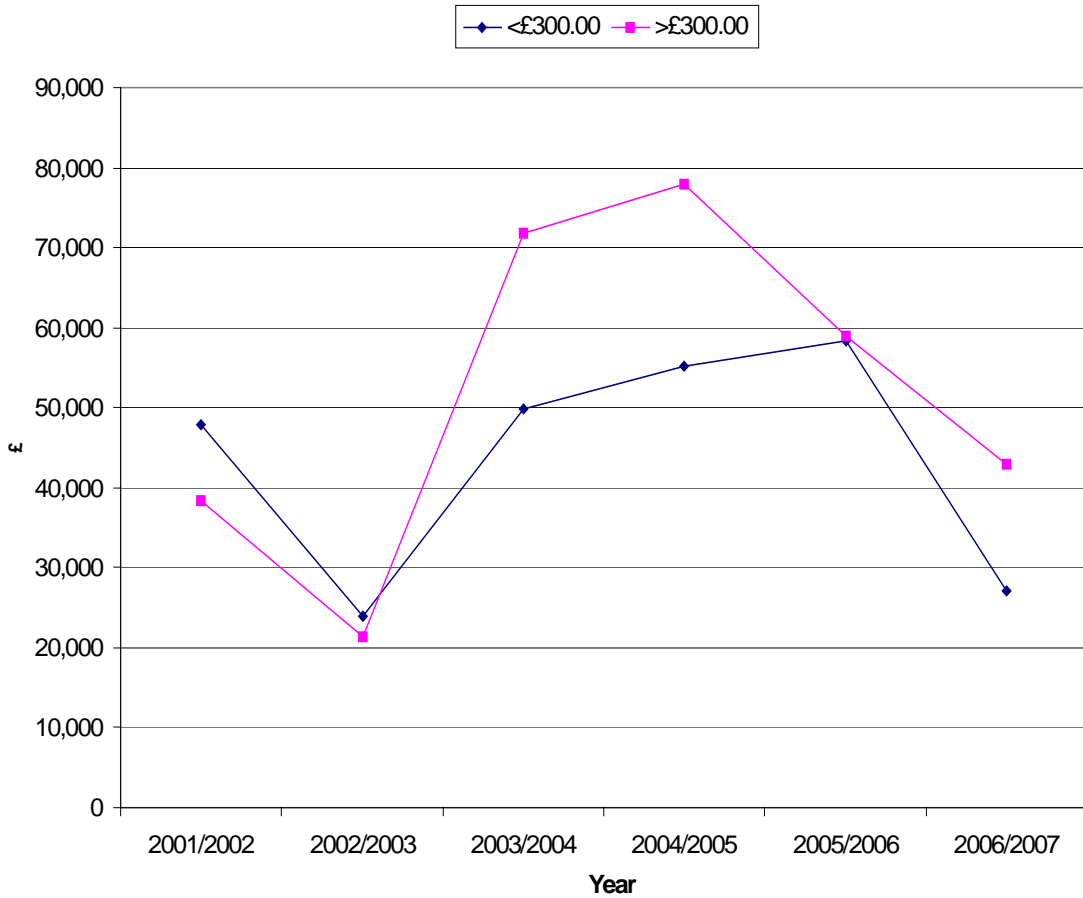
The total write off represents 53 accounts, at an average balance of £506.61 (42 liable persons).

The total amount collectable from 1 April 1993 to 31 March 2007 is £457.1million. The amount written off from 1 April 1993 to 31 October 2006 amounts to £1,033,702. This is 0.23% of the total collectable.

The table below compares our Council Tax collection rates with the average for all local authorities for the last few years.

	02/03	03/04	04/05	05/06	06/07 Target
West Wiltshire	97.5%	97.7%	97.5%	97.61%	97.7%
Average	96.4%	96.5%	96.6%	96.8%	-

Council Tax Write Offs



National Non Domestic Rates

		£
Under £300	Bankruptcies	1,726.34
	Other	<u>524.38</u>
	Total	<u>2,250.72</u>

The total write off represents 20 accounts, at an average balance of £112.54 (16 liable persons).

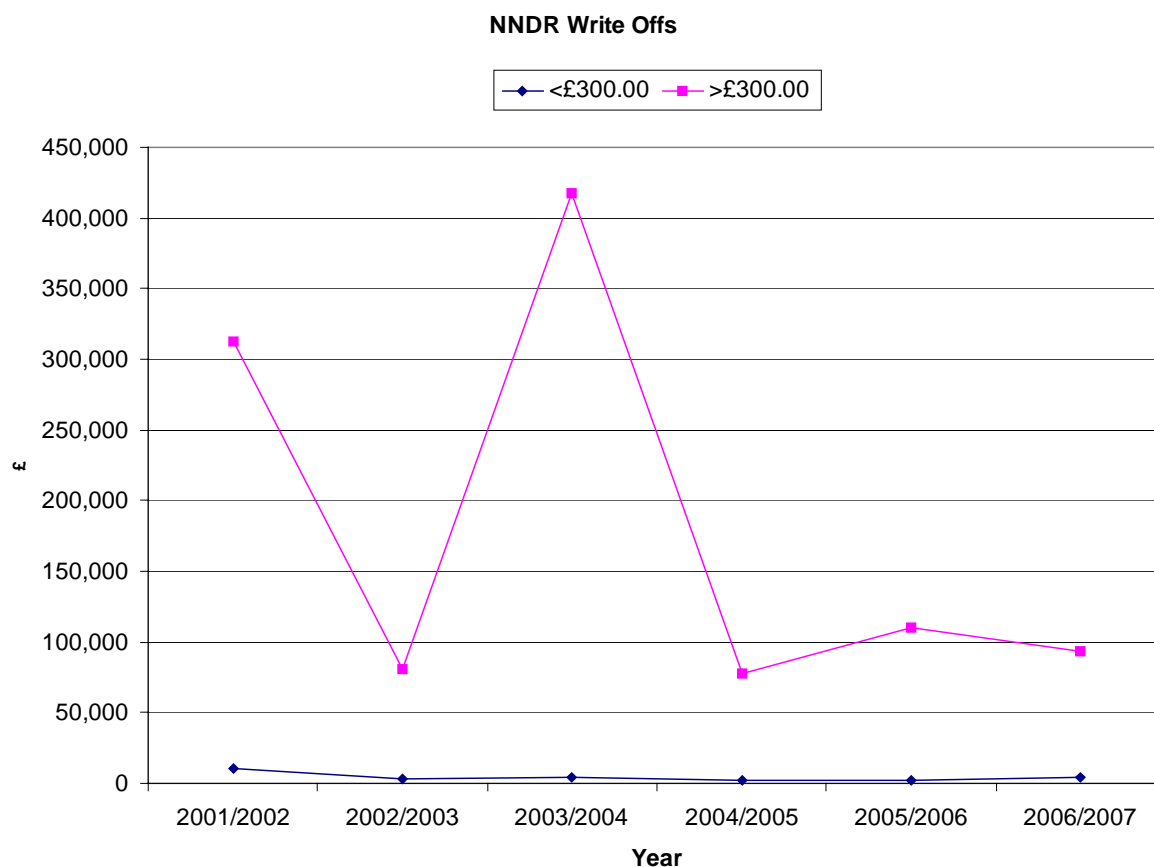
		£
Over £300	Bankruptcies	39,437.15
	Other	<u>3,597.44</u>
	Total	<u>43,034.59</u>

The total write off represents 17 accounts, at an average balance of £2,531.45 (13 liable persons).

The total amount collectable from 1 April 1993 to 31 March 2007 is £307.5 million. The amount written off from 1 April 1993 to 31 October 2006 amounts to £2,027,749. This is 0.66% of the total collectable.

The table below compares our NNDR collection rates with the average for all local authorities for the last few years.

	02/03	03/04	04/05	05/06	06/07 Target
West Wiltshire	97.8%	97.9%	98.2%	98.03%	98.01%
Average	98.2%	98.3%	98.3%	98.4%	-



Sundry Debtors

	£
Under £300	2,741.85 (21 accounts @ £130.56 average)
Over £300	<u>3,722.68</u> (9 accounts @ £413.63 average)
Total	<u>6,464.53</u>

The balance of £6,464.53 is either in respect of absconders or where arrears chasing procedures have been completed.

Provision for Debts

All the debts detailed above will be written off against the provisions made in the accounts, which at 31 March 2006 stood as follows:

	£
Council Tax	944,000
National Non Domestic Rates	262,000

General Fund	164,000
Housing Rents	97,000

Effect on strategies and codes

These are contained in the report.

Risk Management Implications

These are contained in the report.

Finance and Performance Implications

These are contained in the report.

Legal and Human Rights Implications

There are no direct legal or human rights implications.

Next steps

All debts approved for write off will be recorded in the appropriate financial systems.

Recommendations

That Audit Committee:

- Considers the debt recovery procedures outlined in this report
- Review the level of debt proposed to be written off

Background Papers: Write off file held in Financial Services, room F35

✉ Plain English guidance given

28 November 2006

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