

Title: **Write-Off Report**

Portfolio Holder: **Cllr While – Finance Portfolio Holder**

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

Key Decision: **No**

---

### **Purpose**

The purpose of this report is to propose the write-off of various debts as at 31 May 2007. The last write-off report was as at 31 January 2007.

### **Background**

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

- The debtor becomes bankrupt;
- The debtor moves away from the area and cannot be traced.

The four main categories of debtors are:

- i) Council Tax
- ii) National Non Domestic Rates [NNDR]
- iii) Sundry Debtors and Housing Benefit Overpayments
- iv) Housing Rents

Cabinet appointed Ross and Roberts as external bailiffs for Council Tax and NNDR in September 2004. They commenced work in January 2005.

The following amounts have been collected over the following periods:

	Council Tax	NNDR	Total
2005/06	265,793.85	73,555.08	339,348.93
2006/07	339,135.34	65,081.40	404,216.74
2007/08 (to June)	71,461.14	22,463.15	93,924.29
Total	<u>676,390.33</u>	<u>161,099.63</u>	<u>839,489.96</u>

The chasing of council tax and NNDR debt continues to be proactively managed by Revenues & Benefits. A recent example of this has seen the economic limit for actively chasing debt being lowered from £83.50 to £30 for summonses, with reminders and final notices now being produced for £5 and £15 respectively.

The sundry debtors' function is administered through Financial Services and every effort is made to recover outstanding debts. As a last resort we may use the services of an outside debt collection agency. It is only when we have exhausted all avenues of recovery that debts are written off.

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.

### Key Issues

For each debtor category the number of accounts and approximate number of liable persons are shown.

#### Council Tax

		£
Under £500:	Bankruptcies	3,830.31
	Unable to trace	14,764.47
	Other	<u>6,191.37</u>
	Total	<u>24,786.15</u>

The total write off represents 237 accounts at an average balance of £104.58 (172 liable persons).

		£
Over £500:	Bankruptcies	11,564.33
	Unable to trace	0.00
	Other	<u>645.89</u>
	Total	<u>12,210.22</u>

The total write off represents 16 accounts, at an average balance of £763.14 (12 liable persons).

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

	03/04	04/05	05/06	06/07	07/08 Target
West Wiltshire	97.7%	97.5%	97.6%	97.6%	97.8%
Average	96.5%	96.6%	96.8%	96.7%	-

### Council Tax Write Offs



### National Non Domestic Rates

Under £500	Bankruptcies	£ 794.99
	Other	<u>115.56</u>
	Total	<u>910.55</u>

The total write off represents 9 accounts, at an average balance of £101.17 (8 liable persons).

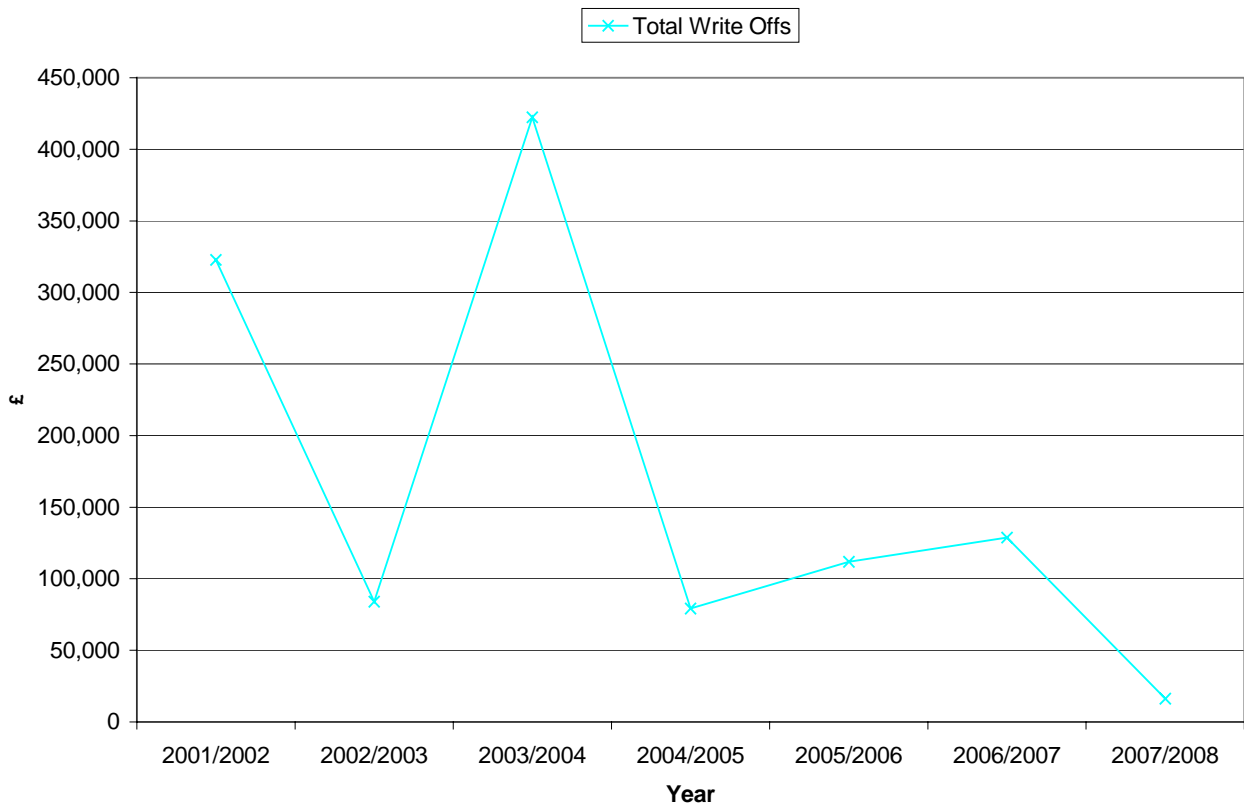
Over £500	Bankruptcies	£ 15,314.61
	Other	<u>0.00</u>
	Total	<u>15,314.61</u>

The total write off represents 7 accounts, at an average balance of £2,187.80 (7 liable persons).

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

	03/04	04/05	05/06	06/07	07/08 Target
West Wiltshire	97.9%	98.2%	98.0%	98.1%	98.6%
Average	98.3%	98.3%	98.4%	98.7%	-

### NNDR Write Offs



Note: The peak in 2003/2004 was due to a large company going into liquidation during the year owing over £270,000 in business rates.

### Sundry Debtors and Housing Benefit Overpayments

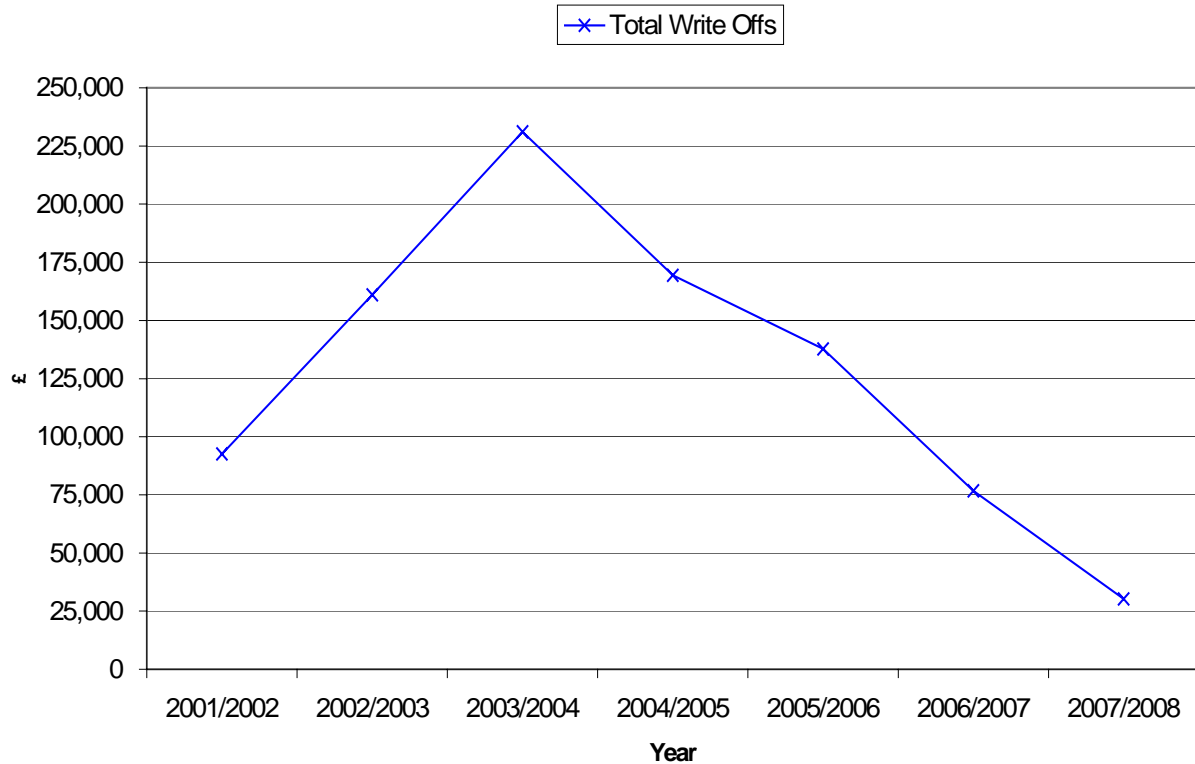
#### Sundry Debtors

	£
Under £500	2,317.33 (19 accounts @ £121.96 average)
Over £500	<u>509.82</u> (1 accounts @ £509.82 average)
Total	<u>2,827.15</u>

#### Housing Benefit Overpayments

Under £500	4,997.04 (40 accounts @ £124.93 average)
Over £500	<u>22,415.10</u> (13 accounts @ £1,724.24 average)
Total	<u>27,412.14</u>

### Sundry Debtor and Housing Benefit Overpayment Write Offs



Note: The peak in 2003/2004 was due to an exercise that went through and wrote off old outstanding housing benefit debt.

#### Provision for debts

All the debts detailed above will be written off against the provisions made in the accounts, which at 31 March 2007 stood as follows:

	£
Council Tax	849,000
National Non Domestic Rates	286,000
General Fund	186,000
Housing Rents	103,000

#### 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 Cabinet:

- i) Notes the action of the Section 151 officer in writing off the debts under £500 totalling £33,011.07
- ii) Approves the write off of the debts over £500 totalling £50,449.75.
- iii) Notes that the total amount of debt written off from the proposals above equals £83,460.82.

## **Background Papers**

Write off file held in Financial Services, room F35