

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 October 2007. The last write-off report was as at 31 May 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 five main categories of debtors are:

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

Cabinet appointed Ross and Roberts as external bailiffs in September 2004. They commenced work in January 2005. The County wide contract, won by Ross and Roberts, included acting as a collection agent for Council Tax, NNDR and all other sundry debts.

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 31/10)	213,668.49	45,831.58	259,500.07
Total	<u>818,597.68</u>	<u>184,468.06</u>	<u>1,003,065.74</u>

The chasing of council tax and NNDR debt continues to be proactively managed by Revenues & Benefits. The economic limit for actively chasing debt has been lowered, to enable lower level debts to be pursued.

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, 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 previously written off can be written back for collection if the debtor is subsequently located. Debt that is unlikely to be collected is included in this report.

Key Issues

Council Tax

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

A review is being undertaken by Revenues & Benefits to look at outstanding accounts that have been classed as absconders. The review is a proactive step that is part of the final action required when an account becomes untraceable, and follows on from work that was detailed in a recent internal audit.

The review is looking at approx £310,000 of outstanding debt. So far £160,000 has been reviewed with approx £80,000 of this being earmarked for write off; the majority of which is included in this report. The review however has also resulted in £45,000 of previously outstanding debt being traced and now actively pursued.

There will obviously be a large one off hit this year, but once the review is complete the processes are now in place to ensure this is a periodic completion of the cycle.

		£
Under £500:	Bankruptcies	7,071.22
	Unable to trace	27,354.86
	Other	<u>2,718.64</u>
	Total	<u>37,144.72</u>

The total write off represents 218 accounts at an average balance of £170.39 (119 liable persons).

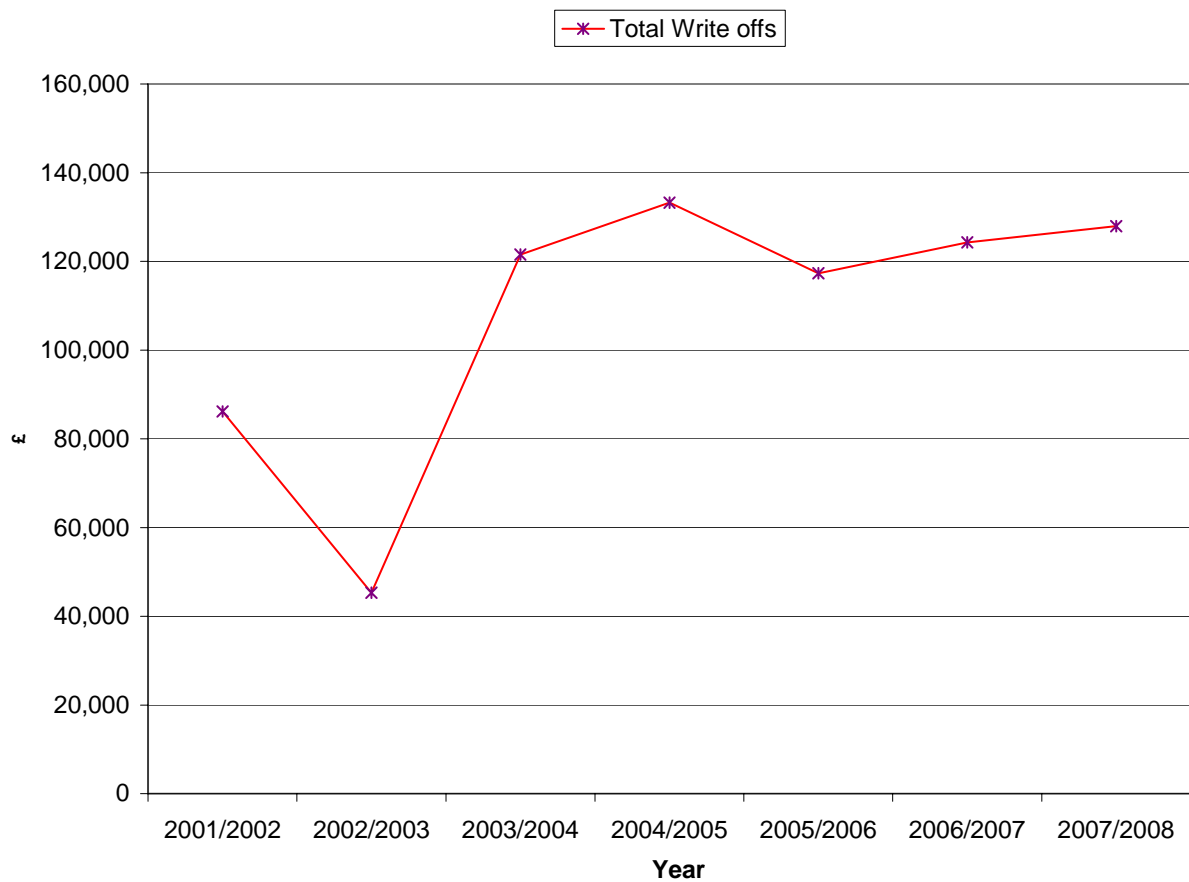
		£
Over £500:	Bankruptcies	7,384.48
	Unable to trace	46,412.06
	Other	<u>0.00</u>
	Total	<u>53,796.54</u>

The total write off represents 78 accounts, at an average balance of £689.70 (48 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	£ 4,135.21
	No Trace	777.46
	Other	<u>120.00</u>
	Total	<u>5,032.67</u>

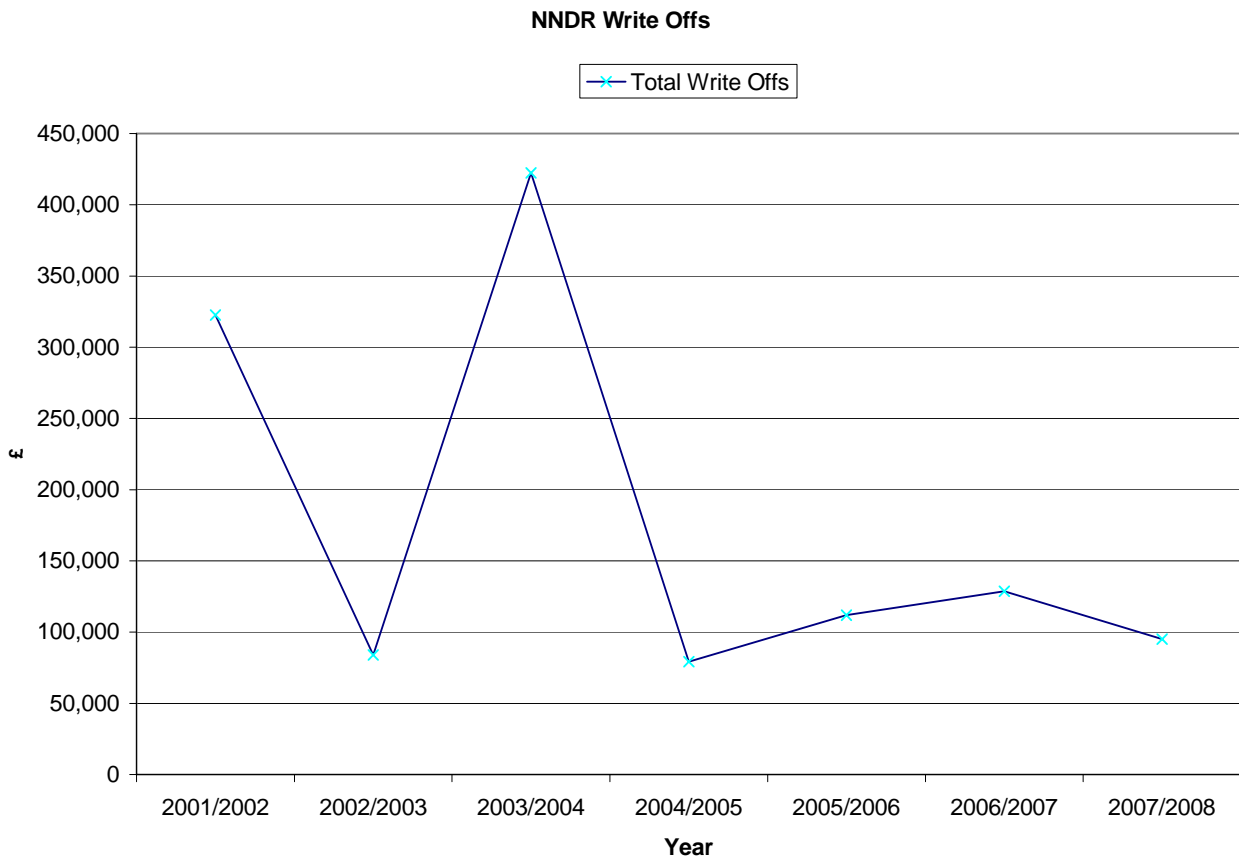
The total write off represents 20 accounts, at an average balance of £251.63 (18 liable persons).

Over £500	Bankruptcies	£ 71,900.09
	No Trace	0.00
	Other	<u>1,950.00</u>
	Total	<u>73,850.09</u>

The total write off represents 36 accounts, at an average balance of £2,051.39 (24 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%	-



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.

Housing Benefit Overpayments

	£
Under £500	2,310.19 (25 accounts @ £92.41 average)
Over £500	<u>20,166.34</u> (12 accounts @ £1,680.53 average)
Total	<u>22,476.53</u>

Housing Benefit Overpayment Write Offs

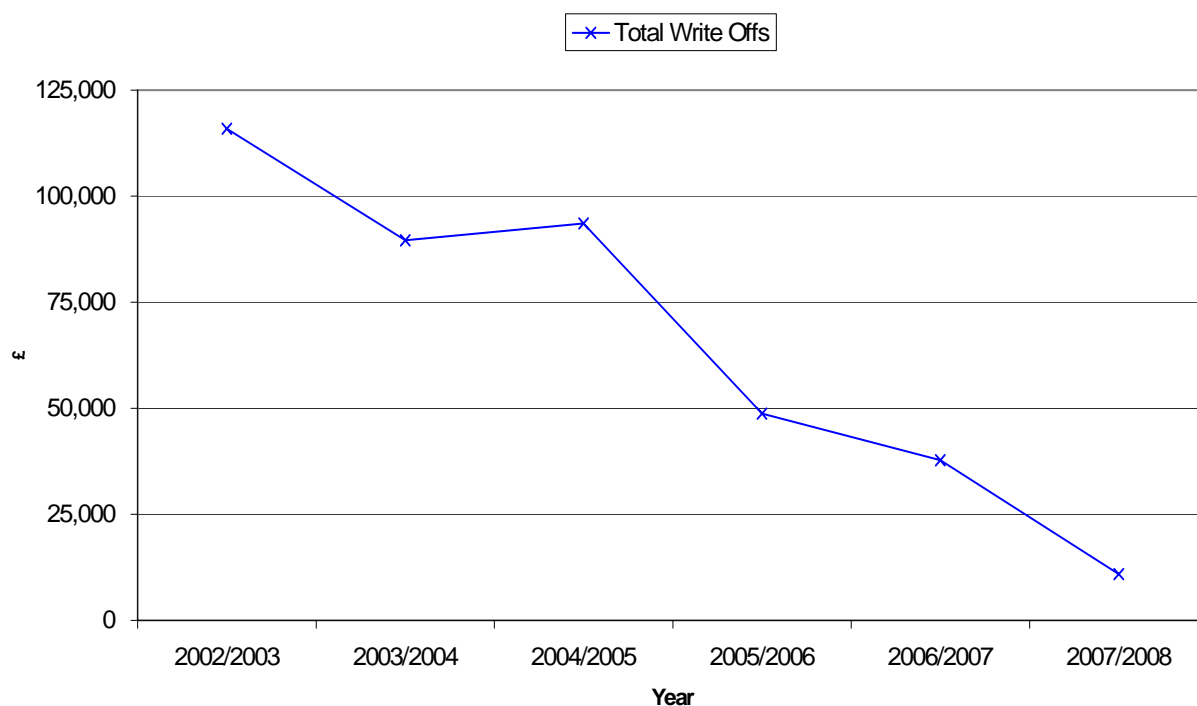


Note: The peak in 2003/2004 was due to an exercise that went through and wrote off old outstanding housing benefit overpayment debt.

Sundry Debtors

	£
Under £500	5,138.89 (28 accounts @ £183.53 average)
Over £500	<u>2,924.16</u> (3 account @ £974.72 average)
Total	<u>8,063.05</u>

Sundry Debtor Write Offs



Note: The previous high levels of sundry debt being written off were when the council still operated a trade waste service.

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 £49,626.47.
- ii) Approves the write off of the debts over £500 totalling £150,737.13.
- iii) Notes that the total amount of debt written off from the proposals above equals £200,363.60.

Background Papers

Write off file held in Financial Services, room F35