

## Agenda Item No. 6

Title:	<b>Write-Off Report</b>
Portfolio Holder:	<b>Cllr While – Finance Portfolio Holder</b>
Reporting Officer:	<b>Ian Jamieson – Corporate Director (Chief Finance Officer)</b>
Key Decision:	<b>No</b>

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### Purpose

The purpose of this report is to propose the write-off of various debts as at 31 January 2009. The last write-off report was as at 30 September 2008.

### 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 and since they commenced work in January 2005, arrangements have worked well. There is now a County wide contract, won by Ross and Roberts, which includes acting as a collection agent for Council Tax, NNDR and all other sundry debts. The total amounts collected to date are listed below:

	Council Tax	NNDR	Total
	£	£	£
2004/05	33,170.78	15,806.05	48,976.83
2005/06	265,793.85	73,555.08	339,348.93
2006/07	339,135.34	65,081.40	404,216.74
2007/08	434,439.88	113,410.56	547,850.44
2008/09 (to 31/01)	<u>517,002.00</u>	<u>109,024.00</u>	<u>626,026.00</u>
Total	<u>1,589,541.85</u>	<u>376,877.09</u>	<u>1,966,418.94</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. It is only when we have exhausted all avenues of recovery that debts are written off.

We take a long-term view of debt and leave the accounts active for a considerable time, in case they return to the District. There have been a small number of these over the past few years. 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.

In addition to collecting the current year Council Tax and NNDR charge, Revenues & Benefits continues to proactively manage and collect arrears. Since 1 April 2008 historic Council Tax arrears have been reduced by 36.3%, which equates to £1.3m and NNDR historic arrears have been reduced by 47.8% equating to £439k.

## Key Issues

### Council Tax

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

A review was undertaken by Revenues & Benefits to look at outstanding debt for accounts classified as absconders and internal bailiff cases. The review was 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 work carried out on absconders and “nulla bonas” (no goods) returned from the external bailiff, feeds into the write off figures below and accounts for the increase in the graph on the next page.

Under £500	£
Bankruptcies	2,652.55
Unable to trace	64,786.60
Other	<u>8,089.89</u>
Total	<u>75,529.04</u>

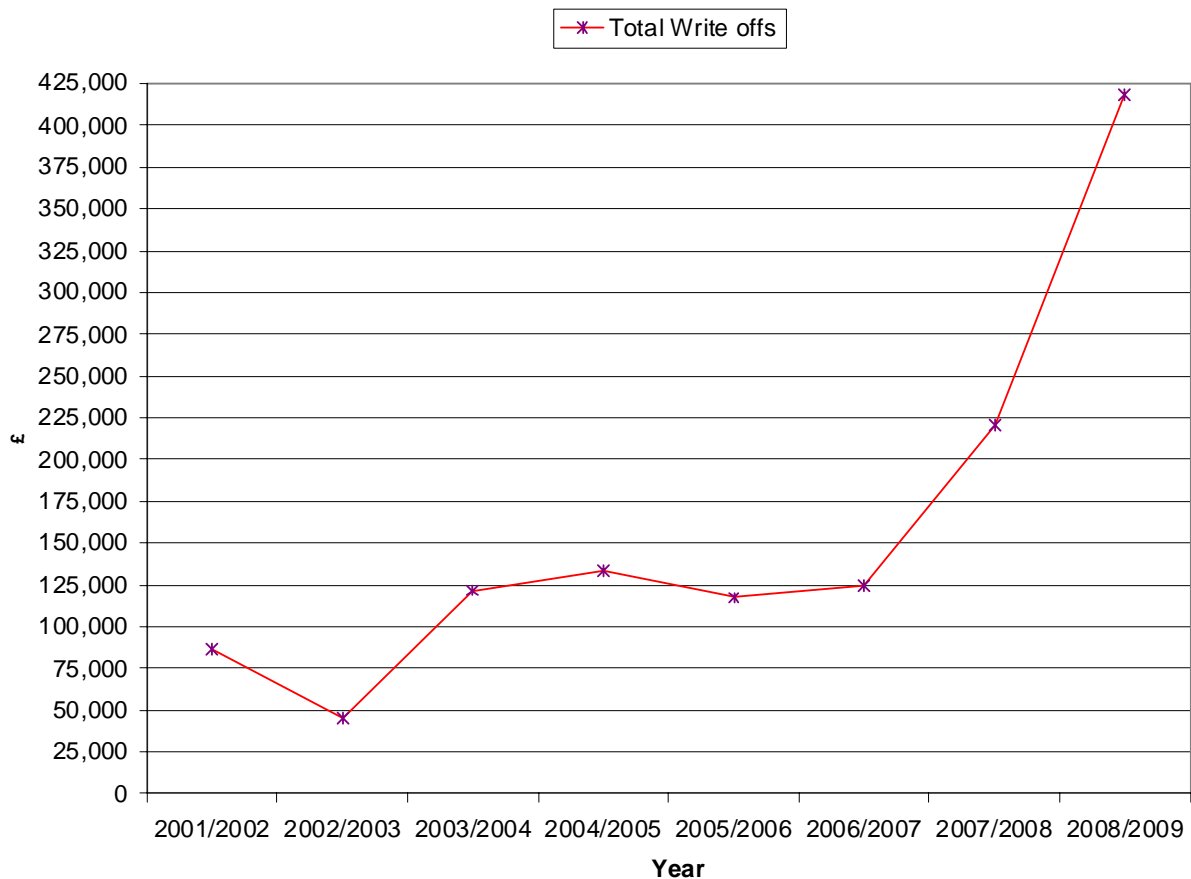
The total write off represents 706 accounts at an average balance of £106.98 (446 liable persons).

Over £500	£
Bankruptcies	7,587.40
Unable to trace	37,670.71
Other	<u>3,255.32</u>
Total	<u>48,513.43</u>

The total write off represents 68 accounts, at an average balance of £713.43 (52 liable persons).

Our target collection rate for the year is 97.8%, as at 1 January 2009, the actual collected was 95.5% against an expected of 92.3%. Direct debit take up is now at an all time high of 72% and this together with our benefits awareness promotion will help to minimise the impact of the current economic climate on the collection rate.

### Council Tax Write Offs



### National Non Domestic Rates

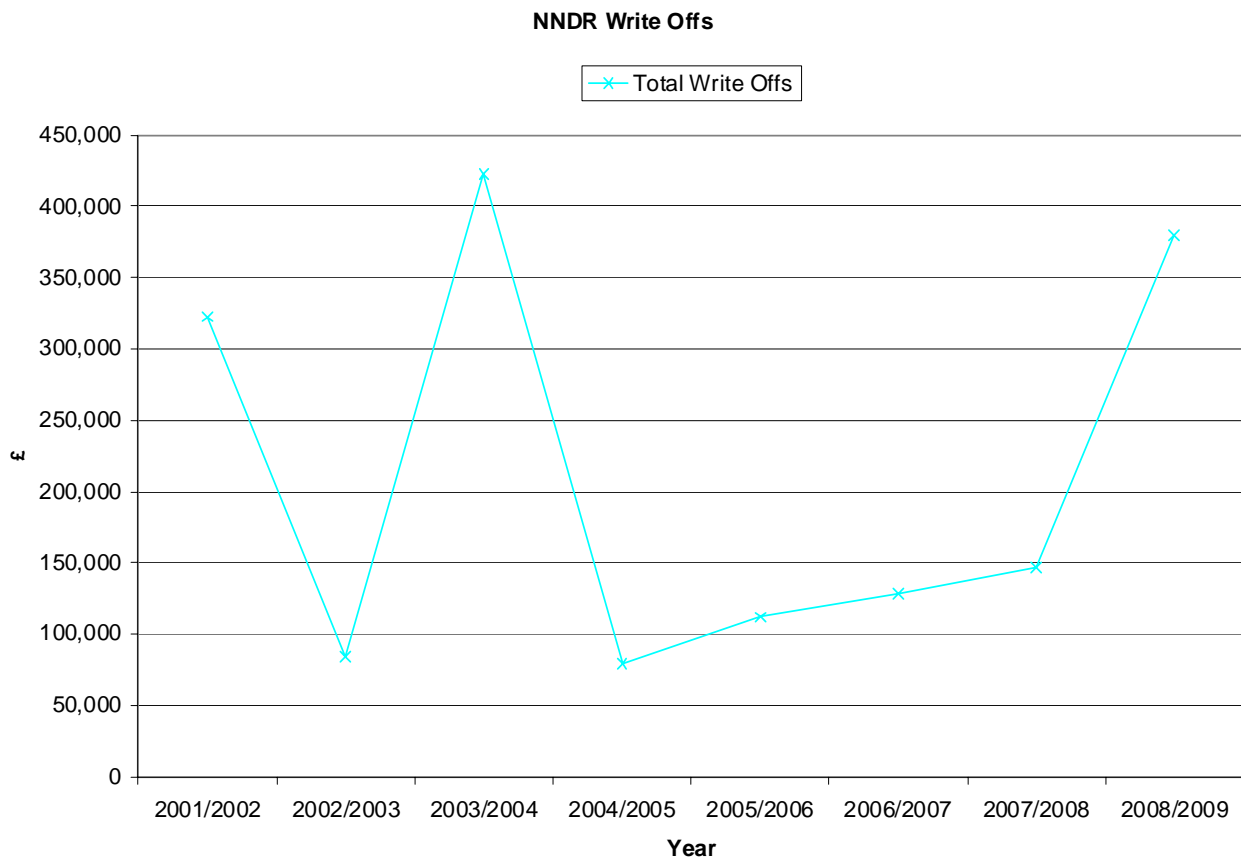
Under £500	£
Bankruptcies	3,945.81
Unable to trace	13,357.51
Other	<u>730.06</u>
<b>Total</b>	<b><u>18,033.38</u></b>

The total write off represents 82 accounts, at an average balance of £219.92 (73 liable persons).

Over £500		£
	Bankruptcies	83,391.44
	Unable to trace	154,042.97
	Other	<u>3,974.47</u>
	Total	<u>241,408.88</u>

The total write off represents 114 accounts, at an average balance of £2,117.62 (72 liable persons).

Our target collection rate for the year is 98.6%, as at 1 January 2009, the actual collected was 95.4% against an expected of 92.6%. The current economic climate is beginning to impact on the business community and this will put additional pressure on achieving the year end collection target. In these difficult times we are very much aware of the need to try and help companies, in particular by spreading the cost over a period of time.

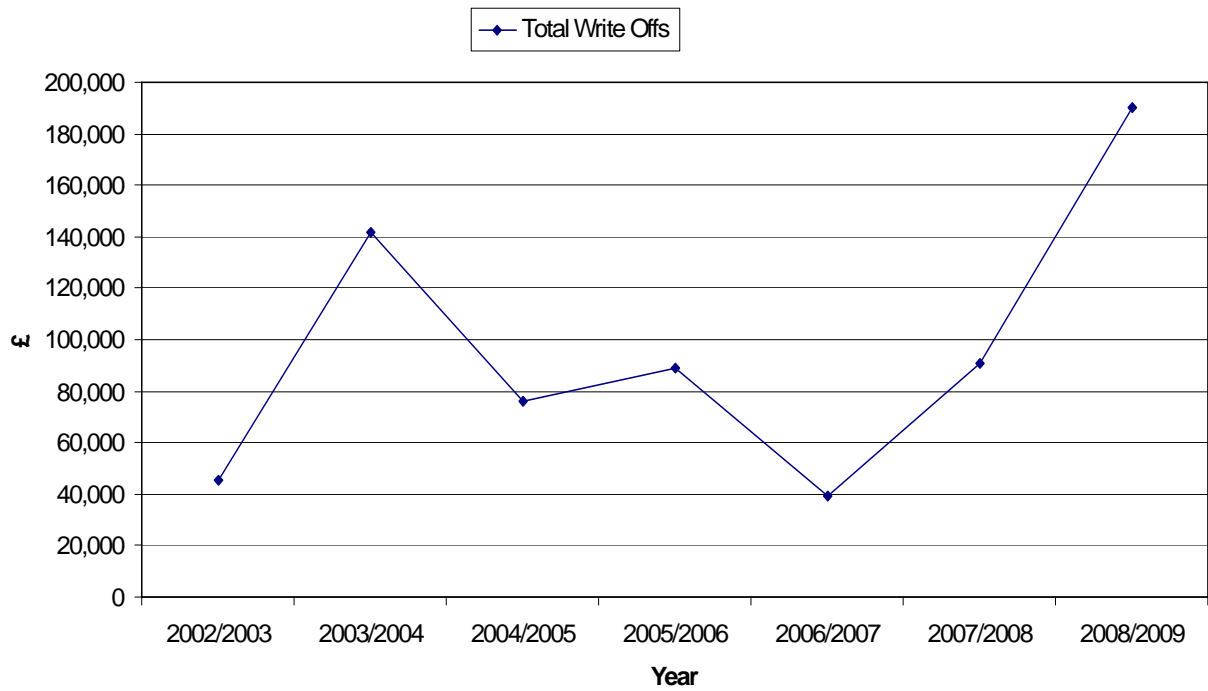


Note: The peak in 2003/2004 was due to a large company going into liquidation during the year owing over £270,000 in business rates.

### Housing Benefit Overpayments

	£	
Under £500	31,339.49	(188 accounts @ £166.70 average)
Over £500	<u>77,571.64</u>	(58 accounts @ £1,337.44 average)
Total	<u>108,911.13</u>	

### Housing Benefit Overpayment Write Offs

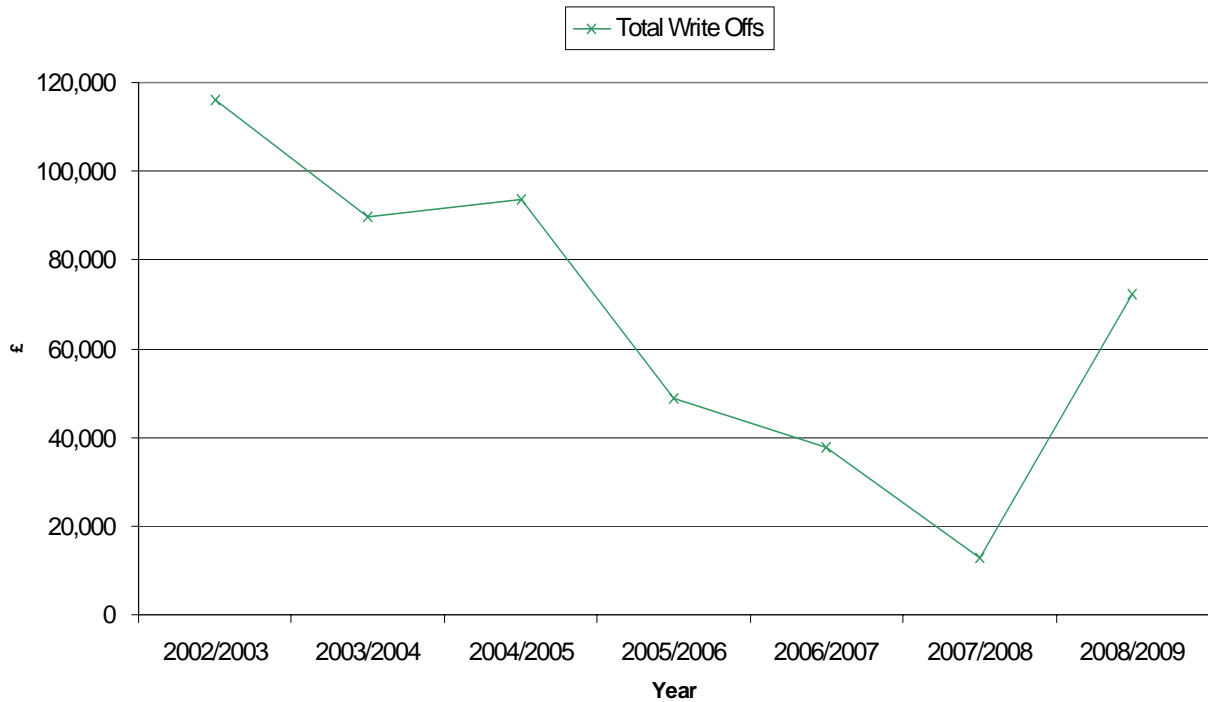


Note: The peak in 2003/2004 was due to an exercise that went through and wrote off old outstanding housing benefit overpayment debt.

### Sundry Debtors

	£	
Under £500	12,081.80	(91 accounts @ £132.77 average)
Over £500	<u>14,086.29</u>	(17 accounts @ £828.61 average)
Total	<u>26,168.09</u>	

### Sundry Debtor Write Offs



The current write off is in respect of commercial property rent due to company liquidation and housing storage removals.

The previous high levels of sundry debt being written off (2002/03), occurred when the council still operated a trade waste service.

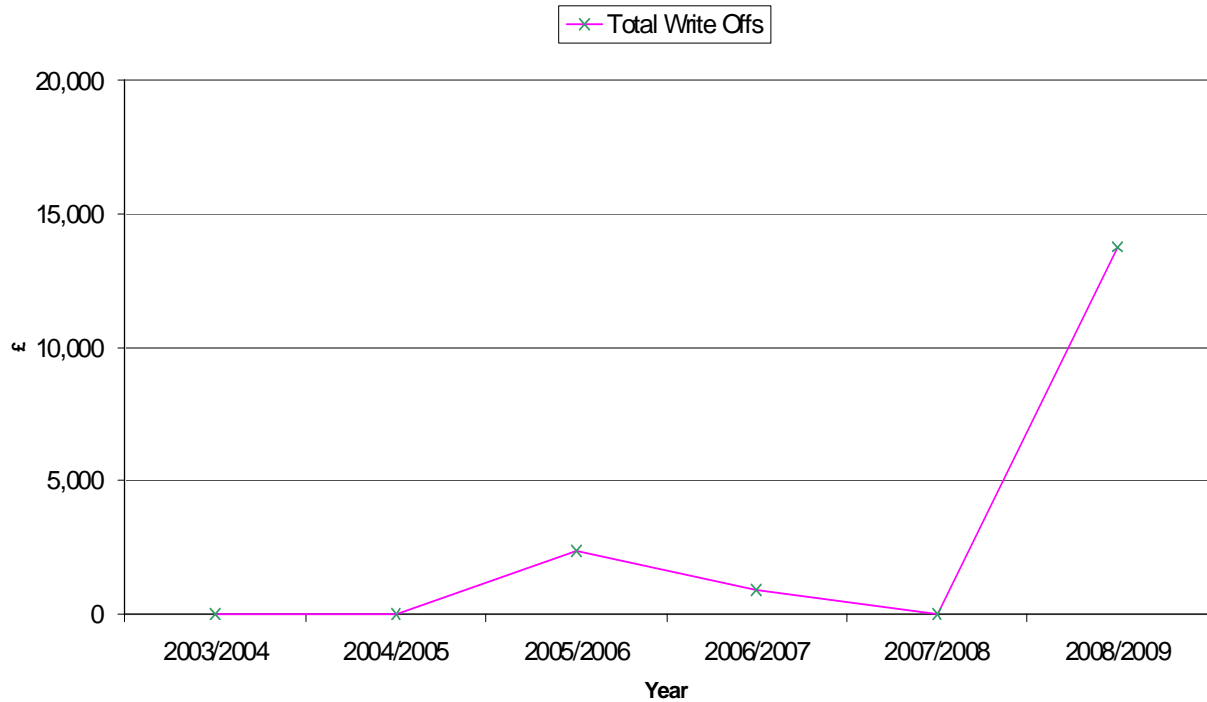
Although not a sundry debt as no debtor is raised in the accounts, parking fines of circa £20,000 are due to be cleared from the appropriate system as the outstanding amount has been returned by the council's bailiffs, Ross and Roberts, as untraceable.

The fines related to a two year period ending October 2007 and are all valued individually at £60. Parking fines face the same recovery procedure as all other debt, eventually being passed to the bailiff for recover. Over the same period nearly £300k was receipted in parking fines.

### Housing Rents

	£
Under £500	0.00
Over £500	<u>0.00</u>
Total	<u>0.00</u>

### Housing Rents Write Offs



The increase relates to old bed and breakfast/hostel debt written off in a previous report.

### Provision for debts

All the debts detailed above are covered and will be written off against the provisions made in the accounts, which at 31 March 2008 stood as follows:

	£
Council Tax	1,006,000
National Non Domestic Rates	284,000
Sundry Debts	28,864
Housing Benefit Overpayments	183,000
Housing Rents	<u>111,000</u>
Total	1,612,864

The balance on provisions will be transferred to the new Wiltshire Council at 1 April 2009.

### **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:

- 1) Notes the action of the Section 151 officer in writing off the debts under £500 totalling £136,983.71.
- 2) Approves the write off of the debts over £500 totalling £381,580.24.
- 3) Notes that the total amount of debt written off from the proposals above equals £518,563.95.

### **Background Papers**

Write off file held in Financial Services, room F35