

Agenda Item No.

West Wiltshire District Council

Cabinet

9 March 2005

Write Offs

1. Purpose

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

The purpose of this report is to propose the write-off of various debts as at 31 January 2005.

2. Background

The 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 have referred £1,036,014 to the agency of which they have collected £373k (36%) and shown that another £175k (17%) is not traceable or collectable. The remaining £488k (47%) is being actively pursued by the agency.

On the 29 September 2004 the Cabinet supported the procurement of an external bailiff partnership. The external bailiff commenced work on outstanding Council Tax and Business Rates liability orders in January 2005. A report setting out the outcome of the referrals is included in the forward workplan.

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, so that if a debtor absconds with no forwarding address, we leave the account active for a considerable time in case they return to the district or another address becomes available. As this exercise progressed it became evident that some of the debt was unlikely to be ever collected. It is, therefore, included in this report.

In each of the sections of this report there is a figure showing the number of accounts. The number of accounts is not necessarily the number of liable persons, as one person may owe more than one year's debt. I have, therefore, shown the approximate number of liable persons.

The three main categories of debtors are:

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

The last write off exercise was conducted in September 2004.

3. Key Issues

Council Tax

		£
Under £300:	Bankruptcies	1,124.99
	Unable to trace	9,150.15
	Miscellaneous	<u>3,242.09</u>
	Total	<u>13,517.23</u>

The total write off represents 117 accounts at an average balance of £115.53 (79 liable persons).

		£
Over £300:	Bankruptcies	2,329.22
	Unable to trace	11,204.20
	Miscellaneous	<u>6,499.02</u>
	Total	<u>20,032.44</u>

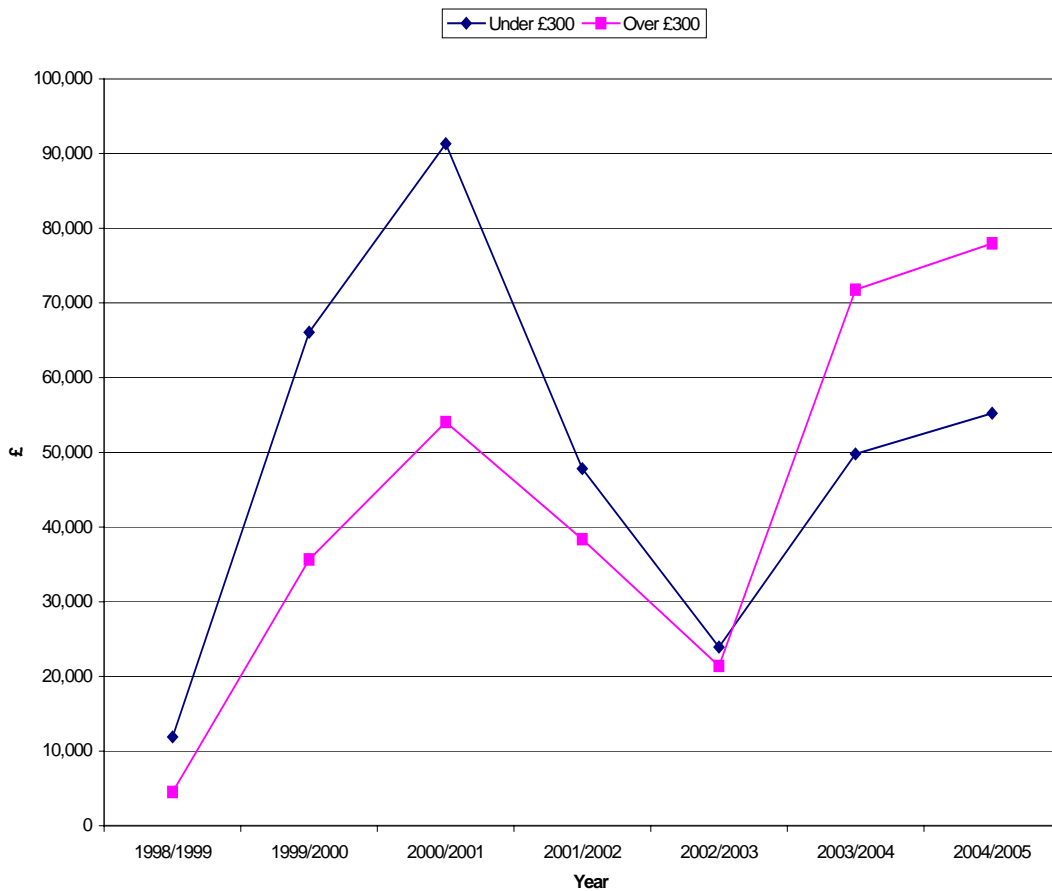
The total write off represents 43 accounts, at an average balance of £465.87 (32 liable persons).

The total amount collectable from 1/4/1993 to 31/3/2005 is £350.6 million. The amount written off from 1/4/1993 to 31/1/05 amounts to £834,760. This is 0.24% 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.

	00-01	01-02	02-03	03-04
West Wiltshire	98.3%	97.1%	97.5%	97.7%
Average	97.1%	97.3%	96.4%	96.5%

Council Tax Write Offs



National Non Domestic Rates

		£
Under £300	Bankruptcies	872.31
	Unable to Trace	<u>207.81</u>
	Total	<u>1,080.12</u>

The total write off represents 10 accounts, at an average balance of £108.01 (8 liable persons).

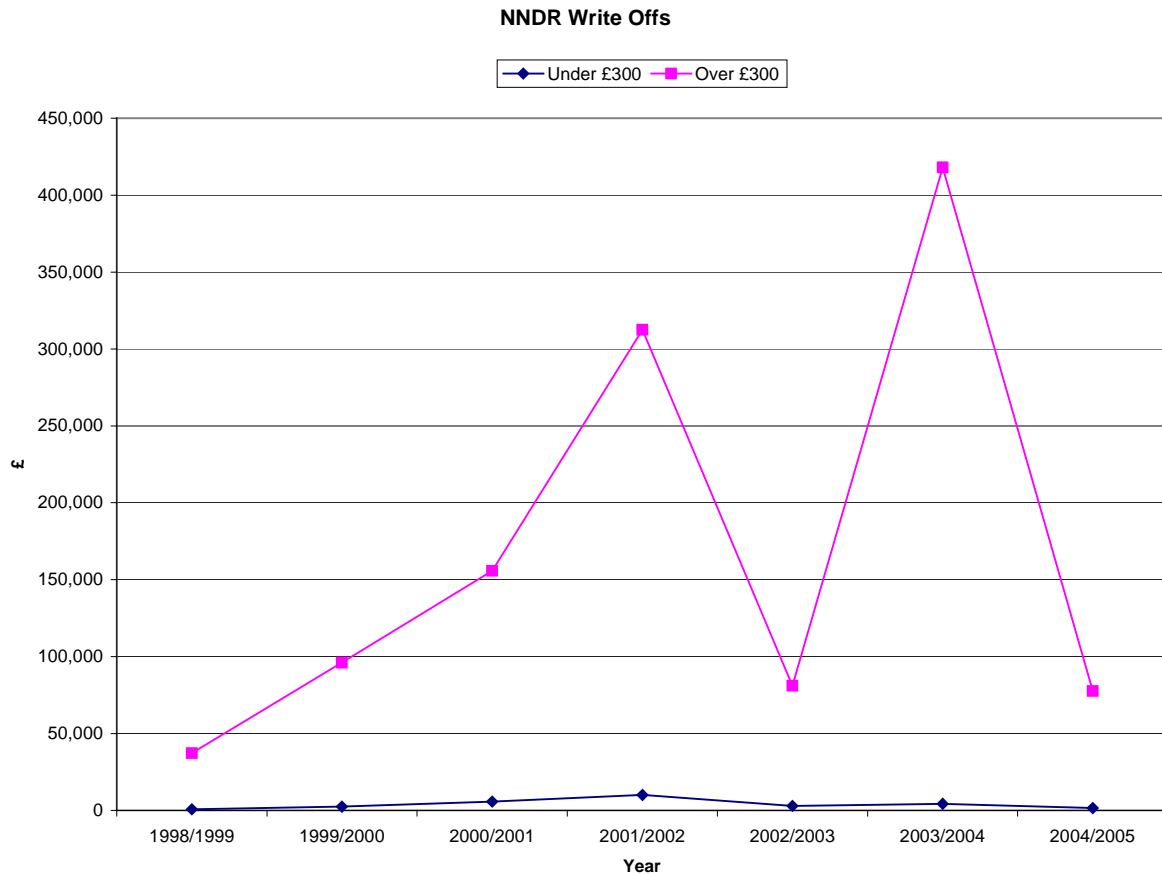
		£
Over £300	Bankruptcies	57,350.93
	Unable to trace	<u>4,779.07</u>
	Total	<u>62,130.00</u>

The total write off represents 28 accounts, at an average balance of £2,218.93 (13 liable persons).

The total amount collectable from 1/4/1993 to 31/3/2005 is £252.1 million. The amount written off from 1/4/1993 to 31/01/2005 amounts to £1,817,957. This is 0.72% of the total collectable.

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

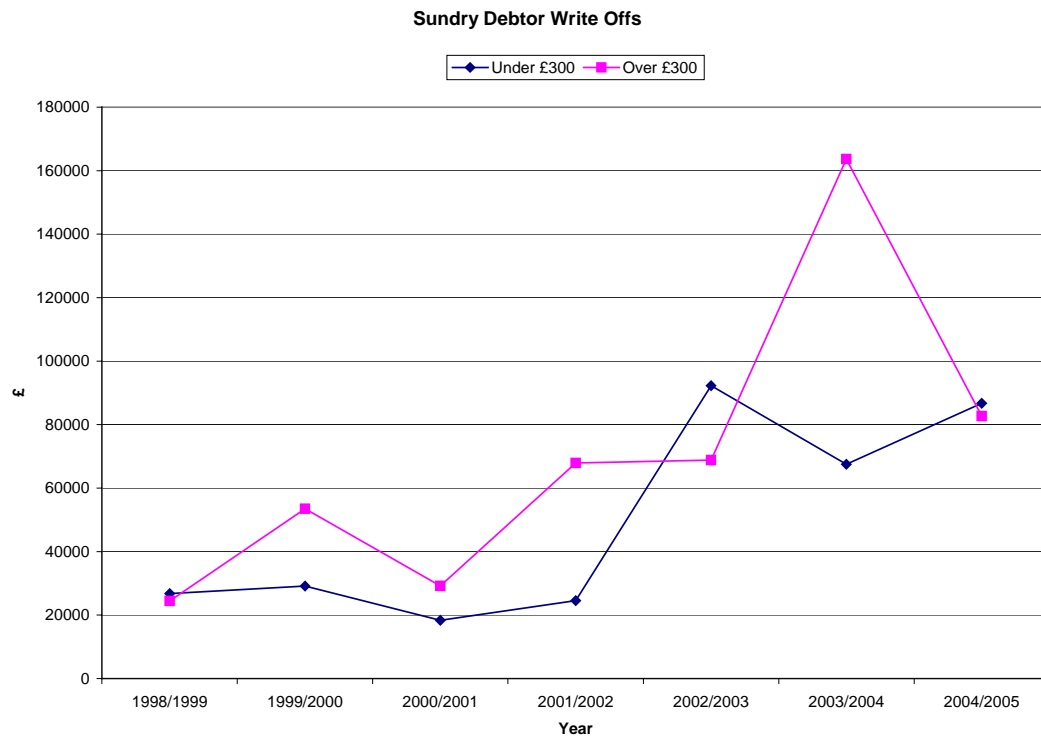
	00-01	01-02	02-03	03-04
West Wiltshire	97.9%	97.8%	97.8%	97.9%
Average	97.7%	98.1%	98.2%	98.3%



Sundry Debtors

	£
Under £300	27,739.12 (276 accounts @ £100.50 average)
Over £300	<u>17,148.06</u> (28 accounts @ £612.43 average)
Total	<u>44,887.18</u>

This can be split down as £24,916.70 being old Housing Benefit debt where all collection procedures have now been exhausted. The balance of £19,970.48 is either in respect of absconders (£15,196.41) or again where arrears chasing procedures have been completed.



All the debts shown above from the various categories will be written off against the provisions made in the accounts, which at the 31 March 2004 stood as follows:

	£
Council Tax	949,000
National Non Domestic Rates	106,000
General Fund	132,126

4. Recommendations

The Cabinet :

- i) notes the action of the Section 151 officer in writing off the debts under £300 totalling £42,336.47.
- ii) approves the write off of the debts over £300 totalling £99,310.50.
- iii) notes that the total amount of debt written off from the proposals above equals £141,646.97

Legal Implications: There are no legal implications arising from this report.

Human Rights Implications: The Human Rights implications of the actions recommended in this report have been considered and are acceptable and the checklist has been addressed.

Roy While
Portfolio Holder

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Assistant Financial Accountant

Background Papers: Write off sheets held in Financial Services room F35

Plain English guidance given

Filename: n:\finance\cabinet reports\2004/05\9 March 2005\Write Off Report