

Title: **Write-Off Report**

Portfolio Holder: **Cllr Carbin – Finance Portfolio Holder**

Reporting Officer: **John Horsey – Assistant Financial Accountant**

Key Decision: **No**

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 October 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.

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

	£
Council Tax	168,478.92
Non Domestic Rates	<u>60,284.62</u>
Total	<u>228,763.54</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, 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.

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.

The last write off exercise was conducted in July 2005 (as at 30 June 2005).

3. Key Issues

Council Tax

		£
Under £300:	Bankruptcies	2,950.29
	Unable to trace	12,976.73
	Miscellaneous	<u>3,421.43</u>
	Total	<u>19,348.45</u>

The total write off represents 169 accounts at an average balance of £114.49 (113 liable persons).

		£
Over £300:	Bankruptcies	4,827.35
	Unable to trace	10,066.06
	Miscellaneous	<u>3,053.06</u>
	Total	<u>17,946.47</u>

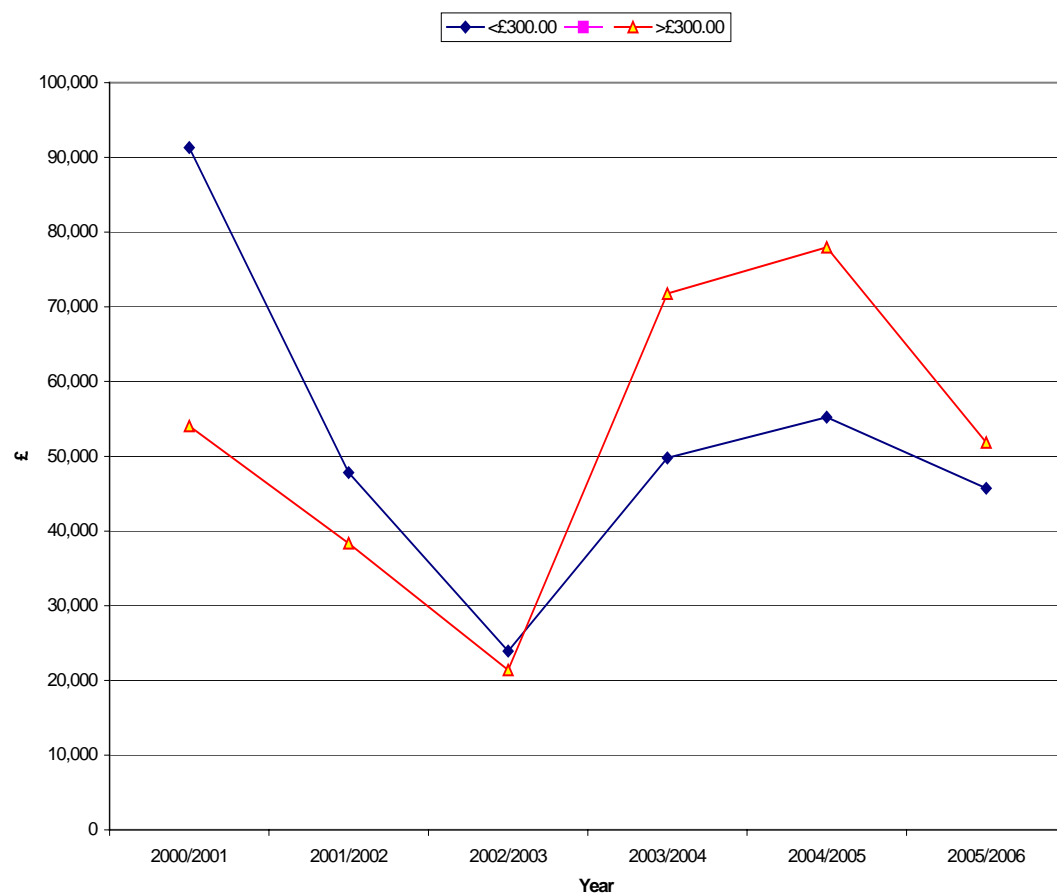
The total write off represents 37 accounts, at an average balance of £485.04 (30 liable persons).

The total amount collectable from 1 April 1993 to 31 March 2006 is £402.3 million. The amount written off from 1 April 1993 to 31 October 2005 amounts to £932,348. 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.

	01-02	02-03	03-04	04-05
West Wiltshire	97.1%	97.5%	97.7%	97.5%
Average	97.3%	96.4%	96.5%	96.6%

Council Tax Write Offs



National Non Domestic Rates

		£
Under £300	Bankruptcies	311.61
	Unable to Trace	338.54
	Miscellaneous	<u>114.69</u>
	Total	<u>764.84</u>

The total write off represents 9 accounts, at an average balance of £84.98 (7 liable persons).

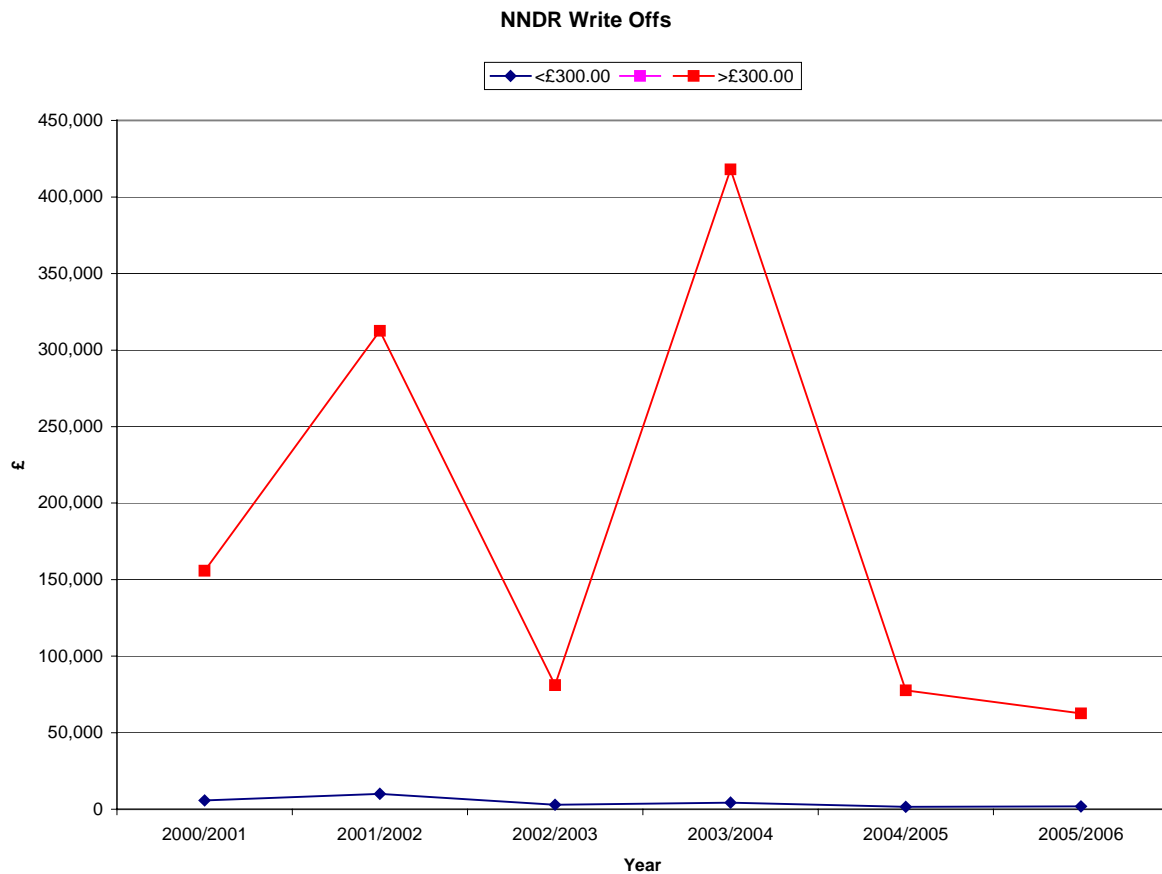
		£
Over £300	Bankruptcies	<u>17,371.74</u>
	Total	<u>17,371.74</u>

The total write off represents 10 accounts, at an average balance of £1,737.17 (5 liable persons).

The total amount collectable from 1 April 1993 to 31 March 2006 is £279 million. The amount written off from 1 April 1993 to 31 October 2005 amounts to £1,882,430. This is 0.67% of the total collectable.

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

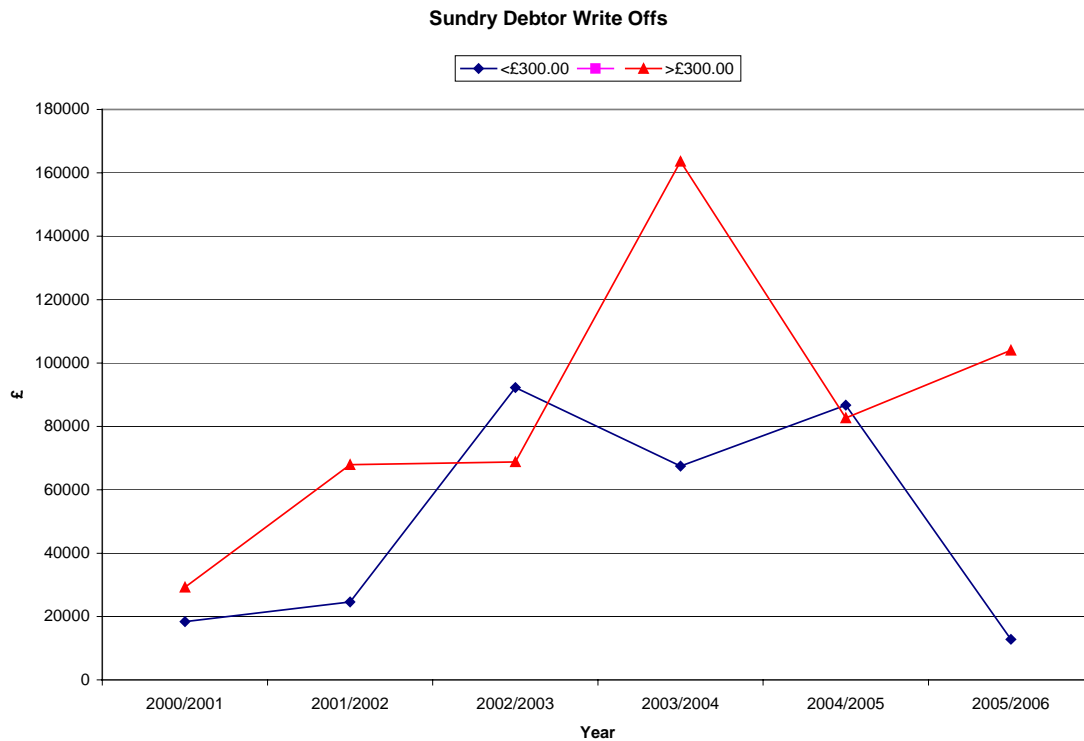
	01-02	02-03	03-04	04-05
West Wiltshire	97.8%	97.8%	97.9%	98.2%
Average	98.1%	98.2%	98.3%	98.3%



Sundry Debtors

	£
Under £300	11,500.01 (115 accounts @ £100.00 average)
Over £300	<u>95,613.98</u> (94 accounts @ £1017.17 average)
Total	<u>107,113.99</u>

This can be split down as £77,224.43 being old Housing Benefit debt where all collection procedures have now been exhausted. The balance of £29,889.56 is either in respect of absconders or where arrears chasing procedures have been completed.



Housing Rents

The council still has some rents for which it is responsible for collecting. These include bed & breakfast, hostels, private sector leased properties and former tenants' arrears.

	£	
Under £300	546.57	2 accounts @ £273.28 average
Over £300	3232.44	1 account @ £3232.44 average
	<u>3,779.01</u>	

Provision for Debts

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 2005 stood as follows:

	£
Council Tax	1,009,000
National Non Domestic Rates	148,000
General Fund	141,247
Housing Rents	300,249

4. Recommendations

The Cabinet :

- i) notes the action of the Section 151 officer in writing off the debts under £300 totalling £32,159.87
- ii) approves the write off of the debts over £300 totalling £134,164.63
- iii) notes that the total amount of debt written off from the proposals above equals £166,324.50

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.

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

✍ Plain English guidance given

Filename: N:\Cabinet Reports\2005-2006\14 December\Write Off Report to 31 October 2005.doc