

PAPER NO.4

REPORT TO THE EXECUTIVE MEETING OF 25th MARCH 2013

Status: Decision
Title: Bad Debt Write Off Report – Revenues and Benefits Service
Originator: Leigh Butler
Where from: Corporate Management Team (CMT)
Where to next: Executive

1 Purpose of Report

1.1 This report seeks approval to write off debts in respect of Council Tax and National Non Domestic Rates.

2 Recommendations:

2.1 **It is recommended that the total amounts for Council Tax £18,834.87 as listed in Appendix A, National Non Domestic Rates £209,319.81 as listed in Appendix B and Housing Benefit Overpayments £1,301.78 as listed in Appendix C be written off.**

3 Summary of Reasons for the Recommendations

3.1 The Council's Constitution and supporting Financial Regulations delegates the responsibility for writing off individual debts up to and including £1k to the Head of Financial Services under the scheme of delegation. Above this threshold debts (greater than £1k) are written off by the Executive.

3.2 Since the deletion of the post of Head of Financial Services this reverts to the Chief Finance Officer, who subsequently delegated this responsibility to the Finance Services Manager.

3.3 The Council only writes off debt where it is irrecoverable for example where a customer has died and there are no assets, or a business is bankrupt and has no assets. The only exception to this is where a debt is not cost effective to recover.

3.4 The council is prudent in managing debt and makes provision for then in its annual statement of accounts. This ensures that the writing of bad debt has no detrimental affect on service provision or the council taxpayer. In the case of

National Non Domestic Rates the Government meets the cost of writing off bad debt through the 'Pool arrangements'.

In view of the amount that has been written off we have revised our contribution to the pool this year to minimise any impact on cash flow for the Council.

3.5 Details of accounts with individual values above £1k in respect of National Non Domestic Rates, Council Tax, Housing Benefit overpayments and Sundry Debt are set out in appendices attached to this report.

3.6 The table below is for information on the amounts that have been written off for the period 1st April 2012 through to 20th February 2013.

Table 1

Debts Write Off Summary - Period 1st April through to 20th February 2013

Fund	Total
Council Tax	£230,643.55
Non Domestic Rates	£944,233.99
Housing Benefit Overpayments	£11,962.47
Grand Totals	£1,186,840.01

3.7 The following tables are summary of what has been written off against debt due for the three funds. For comparative purposes included is the out-turn position for financial years 2010/11 and 2011/12.

Table 1 - Council Tax

<u>Council Tax Written Off</u>					
Financial Year	Amount Written Off	Net Charge	Gross arrears as at 1st April	Total Collectable	Percentage when compared Total Collectable
2010/11	£118,821.81	£45,414,615.74	£2,011,012.20	£47,425,627.94	0.25%
2011/12	£61,712.27	£45,706,080.78	£2,010,104.54	£47,716,185.32	0.13%
*2012/13 (*As at 20/2/13)	£230,643.55	£46,304,300.11	£2,361,623.56	£48,665,923.67	0.47%

Table 2 – Non Domestic Rates

<u>Non Domestic Rates Written Off</u>					
Financial Year	Amount Written Off	Net Charge	Gross arrears as at 1st April	Total Collectable	Percentage when compared Total Collectable
2010/11	£448,806.77	£32,723,892.22	£1,431,267.79	£34,155,160.01	1.31%
2011/12	£383,273.94	£33,348,966.92	£952,662.51	£34,301,629.43	1.12%
*2012/13 (*As at 20/2/13)	£944,233.99	£34,968,662.69	£1,262,501.68	£36,231,164.37	2.61%

Table 3 – Housing Benefit Overpayments

<u>Housing Benefit Overpayments</u>					
Financial Year	Amount Written Off	Debt Raised	Gross arrears as at 1st April	Total Collectable	Percentage when compared Total Collectable
2010/11	£9,936.22	£360,520.72	£262,946.59	£623,467.31	1.59%
2011/12	£6,687.16	£392,076.61	£296,244.80	£688,321.41	0.97%
*2012/13 (*As at 31/1/13)	£11,962.47	£679,970.13	£352,676.72	£1,032,646.85	1.16%

3.8 The following is the position relating to the Councils Bad Debt provision for as at 31st March 2012 and this is shown below

Council Tax	£549,630
Non Domestic Rates	£712,458
Housing Benefit Overpayments	£258,783

4 Impact on Communities

4.1 There will be no direct impact on the Community.

5 Key Facts

- 5.1 With the current economic climate, taxpayers will find it harder to pay local taxes such as Council Tax and Non Domestic Rates and as such, there may be an increase in the number of taxpayers who abscond with arrears left owing.
- 5.2 By not writing off bad debts efficiently, this can affect collection rates by inflating arrears figures.
- 5.2 With limited resources, it is not cost effective to spend the same amount of time tracing all levels of debt.

6 Legal Issues

- 6.1 There are no implications.

7 Resource Issues

- 7.1 There are no implications

8 Equality Impact Assessment Implications/Outcomes

- 8.1 There are none arising directly out of this report.

9 Impact on the Organisation

- 9.1 It is normal financial practice to ensure that the council is not carrying amounts that it has identified as irrecoverable through due process in its financial statements.

10 Community Safety Implications

- 10.1 None arising from this report.

11 Carbon Management Implications

- 11.1 None arising from this report.

12 Risk Management Implications

- 12.1 If proper debt management and accounting procedures are not followed in the management and writing off of debt then the council could be criticised by the external auditor as part of the annual 'Use of Resources Assessment'.

13 Consultation

- 13.1 No consultation was necessary in the production of this report.

14. Options Considered

14.1 None arising from this report.

15. Background Papers

15.1 Council's Corporate Debt Policy.

**Previous report(s): Bad Debt Report – Revenues and Benefits Service dated
29th January 2013**

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices:

Appendix A Council Tax Schedule of Write Offs

Appendix B Non Domestic Rates Schedule of Write Offs

Appendix C Housing Benefit Overpayments Schedule of Write Offs

Appendix A

APPENDIX A

Council Tax Schedule of Write Offs Over £1,000

<u>Charge Periods</u>	<u>Amounts</u>	<u>Total</u>	<u>Reason for Write Off</u>	<u>Relevant Section of Corporate Debt Policy</u>
1.4.11 to 31.3.12 1.4.12 to 12.10.12	£1,165.82 £621.32	£1,787.14	Administration	APP A3.SECT 3
1.4.11 to 31.3.12 1.4.12 to 29.11.12	£1,332.37 £885.77	£2,218.14	Administration	APP A3.SECT 3
1.4.11 to 31.3.12 1.4.12 to 22.11.12	£1,165.82 £752.62	£1,918.44	Administration	APP A3.SECT 3
1.4.10 to 31.3.11 1.4.11 to 31.3.12	£536.71 £918.00	£1,454.71	Deceased	APP A3.SECT 3
2007/08 to 2012/13	£1,567.91	£11,456.44	Property repossessed	APP A3.SECT 3
	£1,329.04			
	£2,171.88			
	£2,255.04			
	£2,260.32			
	£1,872.25			
Total		£18,834.87		

Appendix B

APPENDIX B Non Domestic Rates Schedule of Write Offs Over £1,000

Charge Period	Amount	Total	Reason for Write Off	RELEVANT SECTION OF CORPORATE DEBT POLICY
1.4.99 to 31.3.00	£680.30	£3,329.83	Statue barred	APP A3.SECT 3
1.4.00 to 31.3.01	£599.32			
1.4.01 to 31.3.02	£588.14			
1.4.02 to 31.3.03	£568.10			
1.4.04 to 31.3.05	£240.20			
1.4.05 to 31.3.06	£653.77			
1.4.11 to 31.12.11	£1,412.64	£1,412.64	Proposal to strike off	APP A3.SECT 3
1.4.04 to 31.3.05	£917.42	£3,012.17	Statue barred	APP A3.SECT 3
1.4.05 to 31.3.06	£1,033.90			
1.4.06 to 31.3.07	£1,060.85			
1.4.08 to 1.6.08	£26,884.31	£26,884.31	Company ceased trading June 2008 & is dormant	APP A3.SECT 3
1.4.08 to 31.3.09	£7,951.00	£74,720.75	Proposal to strike off	APP A3.SECT 3
1.4.09 to 31.3.10	£14,118.50			
1.4.10 to 31.3.11	£16,726.00			
1.4.11 to 31.3.12	£17,490.75			
1.4.12 to 31.3.13	£18,434.50			
6.1.06 to 31.3.07	£2,449.68	£2,954.94	Statue barred	APP A3.SECT 3
1.4.07 to 8.6.07	£505.26			
1.4.09 to 1.2.10	£3,765.55	£3,765.55	Absconded. No Trace	APP A3.SECT 3
1.4.08 to 28.8.08	£2,797.16	£2,797.16	Company Dissolved 24.7.12	APP A3.SECT 3
20.9.05 to 31.3.06	£3,623.74	£32,807.74	Proposal to strike off	APP A3.SECT 3
1.4.06 to 31.3.07	£6,928.00			
1.4.07 to 31.3.08	£7,104.00			
1.4.08 to 31.3.09	£7,392.00			
1.4.09 to 31.3.10	£7,760.00			
19.9.09 to 10.2.10	£3,977.52	£3,977.52	Absconded. No Trace	APP A3.SECT 3
1.4.12 to 28.10.12.	£1,098.35	£1,098.35	Proposal to strike off	APP A3.SECT 3

15.9.10 to 1.2.11	£3,638.52	£3,638.52	Company dissolved 13.11.12	APP A3.SECT 3
12.4.11 to 31.3.12 1.4.12 to 11.12.12	£1,251.50 £6,533.71	£7,785.21	Company dissolved 11.12.12	APP A3.SECT 3
1.1.11 to 2.2.11	£1,060.72	£1,060.72	Company dissolved 31.7.12.	APP A3.SECT 3
16.10.09 to 31.3.10 1.4.10 to 31.3.11 1.4.11 to 31.3.12 1.4.12 to 16.7.12	£757.61 £874.74 £118.50 £86.25	£1,837.10	Company dissolved 15.1.13	APP A3.SECT 3
1.4.11 to 23.10.11 23.10.11 to 31.3.12 1.4.12 to 30.6.12	£2,309.12 £2,081.32 £947.92	£5,338.36	Company dissolved 28.8.12	APP A3.SECT 3
29.11.11 to 31.3.12 1.4.12 to 24.4.12	£570.41 £3,115.33	£3,685.74	Company dissolved 24.4.12	APP A3.SECT 3
12.9.11 to 24.10.11	£1,630.69	£1,630.69	Proposal to strike off	APP A3.SECT 3
1.4.10 to 31.3.11 1.4.11 to 31.3.12	£1,449.52 £1,493.86	£2,943.38	Deceased	APP A3.SECT 3
1.4.10 to 31.3.11	£3,398.53	£3,398.53	Deceased	APP A3.SECT 3
9.1.09 to 10.12.09	£17,344.75	£17,344.75	Absconded. No Trace	APP A3.SECT 3
13.12.10 to 31.3.11 1.4.11 to 25.7.11	£1,889.08 £2,006.77	£3,895.85	Absconded. No Trace	APP A3.SECT 3
TOTAL		£209,319.81		

Appendix C

Appendix C HBOP Schedule of Write Offs over £1,000

Charge Periods	Amounts	Total	Reason for Write Off	Relevant Section of Corporate Debt Policy
5.4.10 to 12.7.10 12.7.10 to 15.11.10 22.11.10 to 1.1.11	£310.52 £354.96 £636.30	£1,301.78	Bankruptcy	APP A3.SECT 3
	Total	£1,301.78		