

PAPER NO. 2

REPORT TO THE EXECUTIVE MEETING OF 15TH JUNE 2015

Meeting: Executive
Date: 15 June 2015
Subject: Bad Debt Write Off (Revenues and Benefits)
Report of: Sue Williams-Lee (Partnership Revenues Operational Manager)
Portfolio Holder: Councillor James Hallam
Status: Decision

Relevant Ward(s):

1 Purpose of the Report

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

2 Recommendation:

2.1 **Recommend that the total amounts for Non Domestic Rates £25,295.33 as listed in Appendix A be written off.**

3 Summary of Reasons for the Recommendation

3.1 The Council's Constitution and supporting Financial Regulations delegates the responsibility for writing off individual debts up to and including £10k to the Senior Partnership Manager (Revenues and Benefits) under the scheme of delegation. Above this threshold debts (greater than £10k) are written off by the Executive.

3.2 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.

3.3 The council is prudent in managing debt and makes provision for them in its annual statement of accounts. This ensures that the writing off of bad debt has no detrimental affect on in-year service provision or the council taxpayer. In the case of National Non Domestic Rates the Government meets 50% of the cost of writing off bad debt and the remainder is met by the major

precepting bodies (including the District Council) through pooling arrangements.

- 3.4 The table below is for information on the amounts that have been written off for the period 1st April 2014 through to 25th March 2015.

Table 1 – Bad Debt amounts written off: 1st April 2014 – 25th March 2015

Fund	Debts Written Off greater than £10k	Debts Written Off under £10k (Reported previously)	*Debts Written Off this period under £10k	Totals
Council Tax	£0.00	£181,958.53	-£536.42	£181,422.11
Non Domestic Rates	£67,889.73	£70,457.05	£31,640.43	£169,987.21
Housing Benefit Overpayments	£0.00	£16,001.15	£0.00	£16,001.15

Members are requested to note what has been written off this period as *shown in Table 1 above.

- 3.5 Table 2, below, highlights the value as a a percentage when compared with debt due against each heading as shown. The total collectable sum is the total of the net charge raised to include gross arrears outstanding as at 25th May 2015.

Table 2 – Value of Bad Debt written off against headings shown

Position as at 25h May 2015	Net Charge raised in 2015/16	Arrears Position	Total Collectable	Percentage shown below is derived from the amount written off when compared with total collectable
Council Tax (Net of Council Tax Support)	£50,100,977	£1,947,183	£52,048,160	0.35%
Non Domestic Rates (Net of reliefs)	£39,758,606	£700,565	£40,459,171	0.42%
		Due inclusive of arrears		
Housing Benefit Overpayments	£59,966	£656,616		2.44%

3.6 Table 3, below, is an analysis of the debts which have been written off in previous years.

This also shows the position of the debts written off during this financial year to date.

Table 3 – Debts written off 2012/13 – 2015/16 (to date)

<u>Fund</u>	Year 2012/13	Year 2013/14	Year 2014/15	Year 2015/16
Council Tax	£276,108.98	£118,303.47	£181,958.43	-£316.23
Non Domestic Rates	£1,135,724.74	£81,496.64	£138,412.42	£31,574.79
Housing Benefit Overpayments	£9,922.96	£27,354.90	£16,001.15	£0.00

4 Key Facts

4.1 With the current economic climate, taxpayers may 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.

4.2 By not writing off bad debts efficiently, this can affect collection rates by inflating arrears figures.

4.3 With limited resources, it is not cost effective to spend the same amount of time tracing all levels of debt.

5 Legal Issues

5.1 There are no implications.

6 Resource Issues

6.1 The Council makes provision within its statement of accounts for debt write-off. The write-offs can be met from the provision.

7 Equality Impact Assessment Implications/Outcomes

7.1 There are none arising directly out of this report.

8. Risk Management Implications

- 8.1 Prompt and timely debt recovery is an essential part of high quality financial administration. Slow and inconsistent chancing of debt could lead to increased arrears, irrecoverable debt, and increased provision for bad debt being a call on the Council's General Fund

9 Consultation

- 9.1 Consultation has taken place with the portfolio holder with the portfolio holder.

9 Options Considered

- 9.1 The option of not writing off this debt is not considered appropriate.

10 Background Papers

- 10.1 Leicestershire Partnership - Revenues and Benefits Write Off Policy

Previous report(s): Bad Debt Report – Revenues and Benefits Service dated 16th March 2015

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendices: A. Non-Domestic Rate schedule of write offs

Appendix A

Non Domestic Rates Schedule of Write Offs Over £10,000

<u>Year</u>		<u>Ratepayer</u>	<u>Reason</u>
2010/11	£8,126.49	Sole Trader	Bankruptcy Order Granted
2011/12	£3,959.50		
2011/12	£7,142.68		
2012/13	£6,066.66		
Total:	£25,295.33		
		<u>Overall Total</u>	<u>£25,295.33</u>