

PAPER NO. 3

REPORT TO THE EXECUTIVE MEETING OF

Meeting: Executive
Date: 9th October 2017
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 a debt in respect of National Non Domestic Rates and to advise members on what debts have been written off this financial year for the revenue and benefit service area.

2 Recommendations:

- 2.1 **It is recommended that the total amounts for Non Domestic Rates £81,418.22 as listed in Appendix A 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 £10k to the Head of 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 through pooling arrangements.

- 3.4 The table below is for information on the amounts that have been written off for the period 1st April 2017 through to 24th August 2017.

Fund	Debts Written Off greater than £10k (Previously authorised)	Debts Written Off under £10k (Reported previously)	*Debts Written Off this period under £10k	Totals
Council Tax	£0.00	£19,065.79	£23,791.39	£42,857.18
Non Domestic Rates	£0.00	-£302.55	£32,741.38	£32,438.83
Housing Benefit Overpayments	£0.00	£5,035.26	£0.00	£5,035.26

Error! Not a valid link.Members are requested to note the write-offs written off under £10K since the last report(shown in the above table with an *).

- 3.5 The below table illustrates in percentage terms the amount that has been written off when compared with total collectable against each heading as shown. (Total collectable is the sum total of net charge raised to include gross arrears outstanding as at 24th August 2017).

Position as at 24th August 2017	Net Charge raised in 2017/18	Arrears Position	Total Collectable	Amount written Off	Percentage shown below is derived from the amount written off when compared with Total Collectable
Council Tax (Net of Council Tax Support)	£58,715,138	£1,793,919	£60,509,057	£42,857.18	0.07%
Non Domestic Rates (Net of reliefs)	£42,353,741	£222,144	£42,575,885	£32,438.83	0.08%
		Due inclusive of arrears			
Housing Benefit Overpayments	£199,784	£1,196,349		£5,035.26	0.42%

3.6 The table below is an analysis of what has been written off in previous years.

This also shows the position for what has been written off this financial year.

<u>Fund</u>	Year 2014/15	Year 2015/16	Year 2016/17	Year 2017/18
Council Tax	£181,958.43	£43,649.64	£154,392.00	£42,857.18
Non Domestic Rates	£138,412.42	£99,585.36	£64,903.00	£32,438.83
Housing Benefit Overpayments	£16,001.15	£5,425.59	£2,369.00	£5,035.26

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 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.

9 Consultation

9.1 No consultation was necessary in the production of this report.

10 Options Considered

10.1 The report seeks approval to write off debts over £10,000 for Non Domestic Rates and details the decisions taken under delegated authority

11 Background Papers

11.1 Leicestershire Partnership - Revenues and Benefits Write Off Policy.

Previous report(s): Bad Debt Report – Revenues and Benefits Service dated 29th June 2017

Information Issued Under Sensitive Issue Procedure: N

Ward Members Notified: N

Appendix A

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

<u>Year</u>		<u>Ratepayer</u>	<u>Reason</u>
2014/15	£ 4,498.40	Limited Company	Company Dissolved
2015/16	£ 4,570.67	Limited Company	Company Dissolved
Total:	£ 9,069.07		
2015/16	£ 2,214.10	Limited Company	Company Dissolved
Total:	£ 2,214.10		
2017/18	£30,672.00	Limited Company	CVA
Total:	£30,672.00		
2007/08	£ 2,914.75	Sole trader	Customer deceased
2008/09	£ 5,381.50	Sole trader	Customer deceased
2009/10	£ 5,705.25	Sole trader	Customer deceased
2010/11	£ 4,444.09	Sole trader	Customer deceased
2011/12	£ 4,490.38	Sole trader	Customer deceased
2012/13	£ 4,743.35	Sole trader	Customer deceased
2013/14	£ 4,869.84	Sole trader	Customer deceased
2014/15	£ 4,964.71	Sole trader	Customer deceased
2015/16	£ 1,949.18	Sole trader	Customer deceased
Total:	£39,463.05		
		<u>Overall Total</u>	<u>£81,418.22</u>