

EXECUTIVE COMMITTEE

11th March 2014

MONITORING OF WRITE OFFS – APRIL – DECEMBER 2013

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access & Financial Support
Wards Affected	All
Non-Key Decision	

1. SUMMARY OF PROPOSALS

Members are requested to consider the action taken by officers with respect to the write off of debts during the first nine months of 2013/14 and to note the profile and/or level of outstanding debt.

2. RECOMMENDATIONS

The Executive Committee is requested to RESOLVE that

- 1) subject to any comments, the contents of the report be noted; and**
- 2) an amendment is made to the Write Off Policy to allow for annual reporting of the write offs rather than quarterly.**

3. KEY ISSUES

3.1. In 2010/11 members approved a revised Write-Off Policy which changed the process for the reporting and approval process for the writing off of debts due to the Council. The revised Policy requires officers to report to members of the actual level of write offs and the profile of outstanding debt.

3.2. The current bad debts provisions are as follows:

	£000's
Council Tax	252
Housing Revenue Account	576
Sundry Debtors	100
Benefits	<u>206</u>
Total	<u>1,134</u>

3.3 As much of the information contained within the report can only be provided at the end of the financial year, or is an annual rather than quarterly position, such as the Council Tax and Non Domestic Rates arrears it is considered that an annual report may be more appropriate. Therefore members are asked to consider a small amendment to the Write Offs Policy to this affect.

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Financial Implications

- 3.4 The current bad debt provisions are adequate in relation to level of write offs and the level of outstanding debt.
- 3.5 Details of written off debts during the period for Council Tax, Non Domestic Rates, Sundry Debts, Former Tenant Arrears and Overpaid Housing Benefit are attached at Appendix 1. A total of £292,613 of unrecoverable debt was written off during the first three quarters of 2013/14.
- 3.6 An age profile of the outstanding sundry debts and former tenant arrears is attached at Appendix 2.
- 3.7 An analysis of Council Tax and Non Domestic Rates arrears is attached at Appendix 3. It is important to note that outstanding arrears reduce over the course of the year and therefore figures for 2013/14 cannot be reported until after the end of the financial year.
- 3.8 As from 1st April 2013 the local authority is required to make arrangements for the way it accounts for bad debt provision in respect of Non Domestic rates. Prior to this date Non Domestic rates were collected on behalf of Central Government and redistributed back to local authorities after taking this into account. These arrangements are not due to be completed until the end of the current fiscal period; therefore the financial implications cannot be fully stated at this time.
- 3.9 It is not possible to state in this quarter whether or not the Council Tax provision is adequate and the financial implications cannot be fully stated until quarter 4.

Legal Implications

- 3.10 There are no legal implications.

Service / Operational Implications

- 3.11 The authorisation for write off of debt will continue to be referred to Executive Committee in cases where the write off would have a significant and material impact on the financial standing of the authority or where the decision to write off the debt is exceptional and the debt management and write off policy does not provide guidance.

Customer / Equalities and Diversity Implications

- 3.12 No direct implications.

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4. RISK MANAGEMENT

There are no risks identified.

5. APPENDICES

Appendix 1 – Write offs April – December 2013

Appendix 2 - Aged Debt Profile for Sundry Debts and Former Tenant Arrears

Appendix 3 – Council Tax Arrears and Business Rates Arrears as at 31st December 2013.

6. BACKGROUND PAPERS

Executive Committee report and amended Write-Off Policy, 28th July 2010.

AUTHOR OF REPORT

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Appendix 1

**Write Offs of Council Tax and Non-Domestic Rates
April – December 2013**

Council Tax	Amount (£)
Gone away	35,529.68
Deceased no funds in estate	2,049.67
Bankruptcy	31,130.95
Uneconomical to pursue	684.46
Admin Order/IVA	-40.57
Automatic w/o +1/-1p	0.00
Balance under £5.00	24.84
Other	330.64
Credits - unable to refund	-14,601.99
Total	55,107.68

NDR	Amount (£)
Gone away	23,744.84
Liquidation/Winding up	77,249.83
Uneconomical to pursue	-1449.88
Credits - unable to refund	-15,793.62
Total	83,751.17

**Write Offs of Sundry Debts and Former Tenant Arrears (HRA)
April – December 2013**

Sundry Debts	Amount (£)
Gone away	11,096.94
Imprisonment	49.85
Liquidation/Bankrupt	1,572.50
Statute Barred	2,107.39
Uneconomical to pursue	27,060.52
Debtor deceased	565.60
Total	42,452.80

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Former Tenant Arrears	Amount (£)
Gone away	26,025.00
Bankrupt	1,506.48
Statute Barred	5,114.08
Uneconomical to pursue	41,925.74
Tenant deceased	13,048.73
Total	87,620.03

Write off of Overpaid Housing Benefit – April to December 2013

Housing Benefit Write-Offs as at 31/12/2013		
Reason	Amount £	No. of cases
Possible Write back	1008.09	2
Deceased	1128.91	3
Debt Relief Order	2294.55	3
IVA	0.00	0
Bankruptcy	0.00	0
Not reasonable to recover	3957.42	12
Uneconomic to recover	405.40	11
No prospect of recovery	7128.01	12
Compassionate	7760.81	2
Totals	23683.19	45

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Appendix 2

**Aged Debt profiles for Sundry Debts and Former Tenant
Arrears – as at 31st December 2013**

Sundry Debts

Age	Arrears as at 31/12/2012	Arrears as at 31/08/2013	Arrears as at 31/12/2013
0 - 3 months	958,640	786,257	618,070
3 - 6 months	106,739	191,632	116,544
6 - 12 months	184,868	134,740	218,004
12 - 24 months	256,879	232,022	219,702
24 months and over	580,517	640,277	619,273

Former Tenants

Age	Arrears as at 31/12/2012	Arrears as at 31/08/2013	Arrears as at 31/12/2013
0 - 3 months	25,536	37,741	31,845
3 - 6 months	31,982	37,060	40,506
6 - 12 months	30,247	51,521	67,241
12 - 24 months	79,426	58,740	47,186
24 months and over	172,949	156,027	149,016

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Appendix 3

Council Tax Arrears

Year	Arrears Total as at 31/03/2013	Arrears Total as at 31/08/2013	Arrears Total as at 31/12/2013
1993/94	0	-453	-2
1994/95	0	-631	0
1995/96	0	-607	0
1996/97	583	-168	382
1997/98	1,052	520	1,052
1998/99	2,243	1,602	2,017
1999/00	4,972	4,073	4,350
2000/01	9,523	8,730	8,397
2001/02	16,311	13,405	13,349
2002/03	20,924	18,712	18,002
2003/04	33,471	31,312	29,969
2004/05	51,373	47,985	45,417
2005/06	71,654	65,117	60,491
2006/07	115,180	105,166	98,279
2007/08	146,041	136,542	128,437
2008/09	176,534	164,123	154,918
2009/10	206,990	187,775	176,806
2010/11	278,183	254,208	234,111
2011/12	380,751	325,632	283,884
2012/13	832,499	598,868	486,716

Business Rates Arrears

Year	Arrears Total as at 31/03/2013	Arrears Total as at 31/08/2013	Arrears Total as at 31/12/2013
2000/01	0	-5,080	1,000
2001/02	125	-3,353	36
2002/03	8,990	8,990	8,989
2003/04	12,449	12,449	12,449
2004/05	18,273	18,073	14,417
2005/06	19,934	19,234	18,081
2006/07	29,643	28,617	25,473
2007/08	75,459	73,068	67,721
2008/09	72,892	65,400	64,133
2009/10	38,599	49,552	39,644
2010/11	108,928	90,150	84,736
2011/12	174,919	169,534	117,763
2012/13	484,696	362,220	322,091