

EXECUTIVE COMMITTEE

9th June 2015

MONITORING OF WRITE OFFS APRIL 2014 – MARCH 2015

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

1. SUMMARY OF PROPOSALS

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.

This report sets out that information for the 2014/15 financial year.

2. RECOMMENDATIONS

The Executive is requested to RESOLVE that:

Subject to any comments, the contents of the report be noted.

3. KEY ISSUES

Financial Implications

3.1 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>

3.2 The current bad debt provisions are adequate in relation to level of write offs and the level of outstanding debt.

3.3 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 £284,399 of unrecoverable debt was written off during this financial year. This compares with £425k in 2013/14. The reason for this is down to the timing of write off action being taken and does not indicate that there is a drop in write offs.

**EXECUTIVE
COMMITTEE**

9th June 2015

- 3.4 An age profile of the outstanding sundry debts and former tenant arrears is attached at Appendix 2.
- 3.5 An analysis of Council Tax and Non Domestic Rates arrears is attached at Appendix 3. The collection rate for Council Tax has dropped in 2014/15 but the drop has not been as significant as might have been anticipated given the changes to Council Tax Support. In addition we have consciously not put so many accounts to bailiff action as we know that to do so would cause greater hardship. The NDR collection rate has also dropped and again this is because we have not pursued recovery so vigorously it might cause the business even more difficulty. The charts at Appendix 4 show the collection rates over recent years.

Legal Implications

- 3.6 There are no legal implications.

Service / Operational Implications

- 3.7 No direct implications.

Customer / Equalities and Diversity Implications

- 3.8 No direct implications.

4. RISK MANAGEMENT

Failure to action write offs are identified by Internal Audit as a weakness. It is important to ensure that the accounts are properly managed.

5. APPENDICES

Appendix 1 – Write offs April – March 2015

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

Appendix 3 – Council Tax Arrears and Business Rates Arrears as at 31st March 2015

Appendix 4 - Collection Rates

6. BACKGROUND PAPERS

There are no background papers with this report.

AUTHORS OF REPORT

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

9th June 2015

Name: Amanda de Warr, Head of Customer Access and Financial Support
E Mail: a.dewarr@bromsgroveandredditch.gov.uk
Tel: (01527) 64252 ext 1241

**EXECUTIVE
COMMITTEE**

9th June 2015

Appendix 1

Write Offs of Council Tax - April 2014 – March 2015

Reason	£'s
Gone away	1,033.07
Deceased no funds in estate	5,710.80
Bankruptcy	15,876.31
Uneconomical to pursue	1,842.46
Admin Order/IVA	-2,033.17
Balance under £5.00	9.47
Other	7,052.28
Credits - unable to refund	-15,188.18
Total	14,303.04

Write Offs of Non-Domestic Rates - April 2014 – March 2015

Reason	£'s
Gone away	-63.64
Liquidation/Winding up	91,456.47
Uneconomical to pursue	9.83
Automatic W/O +1p/-1p	-0.02
Credits - unable to refund	-439.05
Total	90,963.59

Write Offs of Sundry Debts - April – March 2015

Reason	£'s
Gone away	13,279.44
Imprisonment	58.20
Liquidation/Bankrupt	167.20
Statute Barred	8,455.89
Uneconomical to pursue	23,557.66
Debtor deceased	1839.72
Total	60,696.25

**EXECUTIVE
COMMITTEE**

9th June 2015

Write off of Former Tenant Arrears (HRA) April 2014 – March 2014

Reason	£'s
Gone away	26784.71
Bankrupt	1669.75
Statute Barred	7906.45
Uneconomical to pursue	38022.05
Tenant deceased	15570.33
Total	89953.26

Write off of Overpaid Housing Benefit – April to March 2015

Reason	Amount £	No. of cases
Possible Write back	98.68	2
Deceased	1,598.05	2
Debt Relief Order	3,787.53	4
Not reasonable to recover	22,407.37	110
Uneconomic to recover	36.61	5
No prospect of recovery	36.85	2
Compassionate	517.79	1
Totals	28,482.88	126

**EXECUTIVE
COMMITTEE**

9th June 2015

Appendix 2

Aged Debt Profiles as at 31st March 2015

Sundry Debts

Age	Arrears as at 31/12/2013	Arrears as at 31/03/2014	Arrears as at 31/03/2015
	£	£	£
0 - 3 months	618,070	1,007,476.07	431,937.54
3 - 6 months	116,544	108,826.57	87,686.68
6 - 12 months	218,004	215,211.12	94,223.11
12 - 24 months	219,702	188,204.13	101,495.47
24 months and over	619,273	651,185.37	291,343.60

Former Tenants

Age	Arrears as at 31/12/2013	Arrears as at 31/03/2014	Arrears as at 31/03/2015
	£	£	£
0 - 3 months	31,845	23,475.72	47,137.93
3 - 6 months	40,506	29,005.59	36,428.91
6 - 12 months	67,241	56,990.29	70,372.90
12 - 24 months	47,186	65,045.34	66,342.18
24 months and over	149,016	133,081.79	137,485.17

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

9th June 2015

Appendix 3

Council Tax Arrears

Year	Arrears Total as at 31/03/2013	Arrears Total as at 31/03/2014	Arrears Total as at 31/03/2015
1993/94	0	-98	-159
1994/95	0	-422	-308
1995/96	0	-359	-289
1996/97	583	103	167
1997/98	1,052	760	810
1998/99	2,243	1,632	1,646
1999/00	4,972	3,997	3,873
2000/01	9,523	7,910	7,131
2001/02	16,311	12,515	11,177
2002/03	20,924	17,281	15,732
2003/04	33,471	28,718	26,037
2004/05	51,373	43,045	38,220
2005/06	71,654	59,785	52,842
2006/07	115,180	93,677	83,396
2007/08	146,041	122,513	109,698
2008/09	176,534	149,272	132,743
2009/10	206,990	169,558	147,301
2010/11	278,183	221,028	192,265
2011/12	380,751	263,920	225,136
2012/13	832,499	433,424	329,749
2013/14		1,014,376	587,688
2014/15			1,415,797
Total	2,348,285	2,642,635	3,380,652

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

9th June 2015

Business Rates Arrears

Year	Arrears Total as at 31/03/2013	Arrears Total as at 31/03/2014	Arrears Total as at 31/03/2015
2000/01	0	0	0
2001/02	125	0	0
2002/03	8,990	8,990	8,990
2003/04	12,449	12,449	12,449
2004/05	18,273	14,289	14,319
2005/06	19,934	18,081	18,081
2006/07	29,643	20,835	20,835
2007/08	75,459	57,019	54,191
2008/09	72,892	44,765	43,815
2009/10	38,599	23,894	4,481
2010/11	108,928	107,432	122,975
2011/12	174,919	146,073	153,456
2012/13	484,696	322,941	247,339
2013/14		589,859	412,388
2014/15			1,944,016
Total	1,044,907	1,366,628	3,057,334

REDDITCH BOROUGH COUNCIL

**EXECUTIVE
COMMITTEE**

9th June 2015

Appendix 4

Collection rates

2012	% collected	2013	% collected	2014	% collected
Apr-12	10.81	Apr 13	10.76	Apr-14	10.67
May-12	20.48	May 13	20.26	May-14	19.96
Jun-12	29.94	Jun 13	29.49	Jun-14	29.31
Jul-12	39.33	Jul 13	38.97	Jul-14	38.59
Aug-12	48.94	Aug 13	48.29	Aug-14	47.72
Sep-12	58.44	Sep 13	57.84	Sep-14	57.31
Oct-12	68.17	Oct 13	67.59	Oct-14	66.49
Nov-12	77.71	Nov 13	77.04	Nov-14	75.86
Dec-12	87.13	Dec 13	86.47	Dec-14	85.38
Jan-13	96.18	Jan 14	95.59	Jan-15	94.19
Feb-13	97.11	Feb 14	96.62	Feb-16	95.46
Mar-13	97.65	Mar 14	97.65	Mar-15	96.32

NDR

2012	% collected	2013	% collected	2014	% collected
Apr-12	11.49	Apr 13	10.67	Apr-14	9.3
May-12	21.00	May 13	21.93	May-14	19.47
Jun-12	31.05	Jun 13	30.87	Jun-14	28.39
Jul-12	39.51	Jul 13	40.31	Jul-14	38.16
Aug-12	50.40	Aug 13	49.93	Aug-14	47.10
Sep-12	60.48	Sep 13	60.11	Sep-14	56.31
Oct-12	70.01	Oct 13	69.89	Oct-14	64.87
Nov-12	78.90	Nov 13	79.04	Nov-14	74.19
Dec-12	88.48	Dec 13	88.18	Dec-14	83.52
Jan-13	96.86	Jan 14	97.02	Jan-15	91.97
Feb-13	97.69	Feb 14	97.58	Feb-16	94.74
Mar-13	98.64	Mar 14	98.50	Mar-15	97.73