

**Meeting of the Executive Member for
Corporate Services and Advisory Panel**

11th September 2007

Report of the Director of Resources

**National Non-Domestic Rates/Sundry Debtors/Council Tax
And Overpaid Housing Benefit Accounts Submitted For
Write-Off**

Summary

1. This report asks for Member approval to write-off irrecoverable accounts each one over £2,000 in value, for National Non-Domestic Rates (Annex A), Sundry Debtors (Annex B), Housing Benefit Overpayments (Annex C) and Council Tax (Annex D) as per the attached Schedules.
2. The report provides details of the value of other irrecoverable accounts under £2,000 that have been written off under delegated authority in the current financial year. These accounts are for NNDR, Sundry Debts, Council Tax and Housing Benefit Overpayments.
3. This is the first submission of write-offs for 2007/08 by the Head of Finance, in line with arrangements to report on a regular basis, in order to keep accounts more up to date. The Executive Member for Corporate Services approved the last report on 20th March 2007.
4. Cases where the debt is under £2,000 have been written off under the delegated authority given to the Head of Finance, debts identified as irrecoverable this year are as follows (amounts rounded). The 'year to date' figures refer to amounts written off under delegated authority since April 2007.

Fund	Year to Date £	This submission (Cases under £2000)	This submission (Cases over £2000)	Total in 06/07 £	Value of Bills Raised in 2006/07 £
National Non-Domestic Rates	14,567	14,567	136,638	151,206	79.5m
Sundry Debtors	31,048	31,048	9,558	40,606	21.6m
Council Tax	202,044	202,044	7,093	209,137	73.9m

Overpaid Housing Benefit	35,924	35,924	32,964	68,888	0.31m
Overall Total	283,583	283,583	186,253	469,836	175.31m

Background

- 5 Since April 1990 the rates levied on all non-domestic properties have been set nationally and all monies collected are paid into the National Pool.
- 6 The amounts written-off for NNDR are offset against contributions to the Pool and, as such, all sums written off are met by Central Government rather than by local Council Tax payers.
- 7 Sundry Debtor charges are raised for goods and services that have been provided by the individual departments within the Authority. These charges include such services as commercial waste collection, shop rents, works carried out by DLO, housing repairs, homecare and warden call.
- 8 Housing Benefit overpayments occur when a customer receives more benefit than they are legally entitled to. The main reason why these occur is usually due to a failure by customers to report changes in their circumstances (whether fraudulent or otherwise). When it is not possible to recover the overpayment by reducing future payments of benefit, the customer is sent an invoice for payment.
- 9 During the process of collection of all debts, it is apparent to Managers within Financial Services that, for a number of reasons, particular debts will not be honoured by the debtor concerned. These debts become irrecoverable and must be considered for write-off to allow prudent management of the debt portfolio.
- 10 Members have given delegated authority to the Head of Finance to write-off debts up to a maximum value of £2,000 per debt. The purpose of this report is to advise Members of the amount written off by the Head of Finance under delegated authority and to propose the write-off of a number of other debts in excess of this delegated limit.

NATIONAL NON-DOMESTIC RATES

- 11 There are several accounts for fifteen individual businesses totalling £136,638.74 (para. 4) the individual accounts are listed in Annex A, which are put forward for write off under the following categories:

Customer Bankrupt – No Dividend likely

- 12 It is proposed that the Executive Member approve write-off of these Non-Domestic accounts as all the ten businesses listed are bankrupt or in liquidation and no dividend is likely. The total amount written off under this category is £101,724.57. (The Executive Member should note that all monies written off under this category have had claims registered with the appropriate bodies. If a dividend is forthcoming in future financial years, then that value will be credited back to the Government's accounts and reduce the overall amount of the debts that have been written off.)

Customer Gone- Reasonable Attempts to Trace Failed

- 13 The total debts for businesses where there is no trace of the owner totals £34,914.17. Every attempt has been made to trace the owner but we have been unable to locate the person responsible for the business rates.

SUNDRY DEBTS

- 14 For the 5 months to the end of August 2007, £21.4m of accounts have been sent out. It is proposed to write-off the £9,557.77 in individual accounts, which are listed in Annex B. The debts fall into the following categories.

Judgement Awarded – Enforcement Failed To Obtain Payment

- 15 SDREF 22 owes £4,275.00 including legal fees, which relates to bed and breakfast charges at Hillfield Lodge from 21 June to 1st October 2001. A County Court Judgement was obtained, after which, the bailiffs failed to obtain payment from the debtor.

Debtor Bankrupt – No Dividend Likely

- 16 SDREF 23 owes £2,483.37 for pre-paid waste bags and stickers. The business is listed as Under Administration and no dividend is likely. Every attempt was made to recover this debt pre the debtor going into liquidation.
- 17 There are 25 individual accounts for SDREF 24 totalling £2,799.40 the accounts all relate to the rental and service charge of units at Parkside and the accounts date from July 2004 to May 2005.
- 18 Again, the Executive Member should note that all monies written off under this category have had claims registered with the appropriate bodies. If a dividend is forthcoming in future financial years, then that value will be credited back to the Government's accounts and reduce the overall amount of the debts that have been written off.

HOUSING BENEFIT OVERPAYMENTS

- 19 It is proposed to write off £32,963.88 in respect of housing benefit overpayments listed in Annex C. The Benefits Agency has given approval for any debt, not already being recovered, over 7 years old to be written off.

Judgement Awarded – Enforcement Failed to Obtain Payment

- 20 The overpayments for HBREF 20 were for a period from 1998 to 2003 and amounts to £12,912.35. The fraud overpayment team, took this case to Magistrates Court but the judge did not award a Compensation Order. The debtor was ordered to serve a community punishment order of 200 hours. Since then we have taken this debt to civil court and the Council's debt collector has visited the property. There has been no response or payments.

Means Enquiry – Confirms Inability To Pay

- 21 HBREF 24 owes £2,640.05 for a period relating to February 2003. The Benefits Agency traced this person but were unsuccessful in obtaining payment through existing benefits. It will be 2027 by the time any payments could be taken from any benefits the claimant is receiving from the Benefits Agency. It has therefore, been decided to put the account forward for write-off.

Debtor Gone- Reasonable Attempts to Trace Failed

- 22 The overpayment for HBREF 25 dates back to February 2005 and amounts to £6,234.00. The police and fraud investigation team have been trying to locate this person but have all been unsuccessful.

Uneconomical to Pursue Further – unable to establish means after reasonable attempts

- 23 HBREF 26 owes £2,105.59, the invoice was dated December 2002. There has been no response from letters and tracing agencies. We have been unable to trace the claimants whereabouts and we can not be sure that they received any notification or letters advising of the overpayment.
- 24 HBREF 27 owes £2,489.62 for a period in 2002. Again there has been no response and the BA and tracing agents have been unable to locate this person.

Court Action Unlikely To Succeed

- 25 This overpayment relates to a period in 2000, the claimant - HBREF 28 is deaf and dumb. The amount of the debt is £2,665.02. The original balance was for £4,106.00 but this was reduced from an appeal. However, the claimant's mother wrote to the authority in August 2003 and it has been identified that we did not respond to her letter so find it unreasonable to pursue the debt after 4 years.

- 26 HBREF 29 owes £12,378.47 for period January 1996 to September 1999. Small payments were received reducing the account but ceased in 2002. Every attempt has been made to trace this claimant, bailiffs and tracing agents have been unable to locate this person.

Over 6 Years Old

- 27 This overpayment relates to a period November 1999 to March 2002. HBREF 30 owes £2,331.03. Every effort had been made to trace this claimant but to no avail. In August 2007, the debt recovery officer visited the last known address but it was found to be boarded up.

Debtor Deceased

- 28 This overpayment is for a period in June 2005 and the amount HBREF 31 owed was £2,120.10. The debtor was paying instalments of £5 per week until their death. The debtor has no assets.

COUNCIL TAX

Debtor Gone- Reasonable Attempts to Trace Failed

- 29 CTREF 01 owes £2,532.86 for 3 years accounts. Every effort has been made to trace this council tax non-payer but this was returned from the bailiff's marked 'gone away'. Further attempts to trace have all been in vain.

Debtor Bankrupt – No Dividend Likely

- 30 It is proposed that the Executive Member approve write-off of these Council Tax accounts as the two debtors listed are bankrupt and no dividend is likely. The total amount written off under this category is £4,560.58 (The Executive Member should note that all monies written off under this category have had claims registered with the appropriate bodies. If a dividend is forthcoming in future financial years, then that value will be credited back to the Authority and reduce the overall amount of the debts that have been written off.)

Consultation

- 31 Not relevant to this report.

Options

- 32 To approve for write-off the amount of £186,253 shown in para. 4 (the individual debts are listed in the attached confidential annexes.

33 Not to approve the total write-off figure as shown in para. 4

Analysis

34 The very nature of debt recovery inherently involves the identification of debts that will not be paid and a recognition that such debts become irrecoverable and must be written off. As illustrated above there are a number of reasons why debts become irrecoverable and are written off.

35 Financial regulations and prudent financial management dictate that provision for bad debts is made in the Council's accounts. The following provision has been made in the Council's accounts in 2006/07 (rounded to the nearest '000):

	£k
NNDR	1,440
Sundry Debtors	448
Council Tax	2,957
Poll Tax	2
Overpaid HB	1,798

36 In the context of the total charges raised by the Council, write offs to date represent:

Year	Total Charges Raised £	Total Value Written off £	Percentage written off £
<u>National Non-Domestic Rates</u>			
To August 07	79,485,072	Nil	<0.01%
2006/07	74,725,557	50,542	0.07%
2005/06	69,540,029	16,055	0.02%
2004/05	68,200,000	153,301	0.22%
2003/04	67,624,223	187,876	0.28%
2002/03	62,559,370	146,321	0.23%
2001/02	60,840,448	100,181	0.16%
2000/01	56,766,000	28,237	0.05%
<u>Sundry Debtors</u>			
To August 07	21,646,332	Nil	<0.01%
2006/07	52,876,432	8,554	<0.02%
2005/06	52,330,126	23,841	0.05%
2004/05	36,986,021	59,559	0.16%
2003/04	41,656,971	277,778	0.67%
2002/03	34,543,460	51,196	0.15%
2001/02	26,204,508	48,016	0.18%

<u>Council Tax</u>			
To Aug 07	73,886,114	Nil	<0.01%
2006/07	70,388,994	4,799	<0.01%
2005/06	66,564,805	96,037	0.14%
2004/05	62,900,000	128,758	0.20%
2003/04	57,100,000	109,305	0.19%
2002/03	49,800,000	428,728	0.86%
2001/02	49,900,000	441,721	0.89%
<u>Overpayment Of Housing Benefit</u>			
To Aug 07	312,207	Nil	<0.01%
2006/07	841,495	2,642	<0.31%
2005/06	1,653,350	16,162	0.98%
2004/05	725,982	47,567	6.55%
2003/04	665,271	79,494	11.95%
2002/03	516,204	73,179	14.18%
2001/02	608,528	117,094	19.24%

Corporate Priorities

- 37 The Corporate Priority relevant to this report is to 'Improve efficiency and reduce waste to free-up more resources' It would be counter productive to use Officer's time to try and recover debts that we are aware are irrecoverable. It is more efficient to utilise Officer resources in pursuing debts that are recoverable.

Implications

Financial

- 38 The values for write off this financial year fall well within the bad debt provision (para. 35)
- 39 There are no HR, Equality, Legal, Crime and Disorder, Information Technology or Property implications.

Risk Management

- 40 Not relevant to this report.

Recommendations

- 41 That the Advisory Panel advise The Executive Member :

- 42 To approve for write-off the amount of £186,253 shown in para. 4, (the individual debts are listed in the attached annexes), taking note that each debt has a greater value than £2,000.

Reason: To allow prudent management of the Authorities debt portfolio.

- 42 To note the amount of £283,583 (shown in para. 4) of accounts valued at less than £2,000 written off in the 6 months to 10th August 2007 under the Head of Finance's delegated authority.

Reason: To inform the Executive Member

Contact Details

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**Report
Approved**



Date 24 August 2007

Specialist Implications Officer(s)

Financial Implications: Peter Steed, Head of Finance

Wards Affected:

All



For further information please contact the author of the report

Background Papers

Files can be found at the Local Taxation Section and Customer Accounts Section City Finance Centre Library Square.

CONFIDENTIAL Annexes:

- Annex A – NNDR Write Offs Over £2,000
- Annex B – Sundry Debt Write Offs Over £2,000
- Annex C – HB Overpayments Over £2,000
- Annex D – Council Tax Write Offs Over £2,000