

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

18<sup>th</sup> March 2008

**Report of the Director of Resources**

**National Non-Domestic Rates/Sundry Debtors/Council Tax  
And Overpaid Housing Benefit and Car Park Charges  
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), and Housing Benefit Overpayments (Annex C) 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, Housing Benefit Overpayments and irrecoverable Car Park charges.
3. This is the second 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 11<sup>th</sup> September 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.

<b>Fund</b>	<b>Year to Date £</b>	<b>This submission (Cases under £2000)</b>	<b>This submission (Cases over £2000)</b>	<b>Total in 07/08 £</b>	<b>Value of Bills Raised in 2007/08 £</b>
National Non-Domestic Rates	151,206	80,055	595,574	826,835	78.5m
Sundry	40,606	119,281	22,281	182,168	47.6m

Debtors					
Council Tax	209,137	249,340	Nil	458,477	73.7m
Overpaid Housing Benefit	68,888	13,278	10,994	93,160	0.93m
Car-Park Charges	Nil	41,385	Nil	41,385	0.47m
<b>Overall Total</b>	<b>469,837</b>	<b>503,339</b>	<b>628,849</b>	<b>1,602,025</b>	<b>201.2m</b>

## 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 net amount billed in 2007/08 for National Non Domestic Rates (NNDR) is £78.485 million. The forecast balance outstanding at the end of March 2008 is £1.1 million which would result in a collection rate for the year of 98.6%. This is an improvement on the outcome for 2006/07 (98.2%) and is just below the target for the year of 98.9%.
- 7 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.
- 8 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 Neighbourhood Services, housing repairs, homecare and warden call.
- 9 Unlike other income the total to be raised by sundry debtors will vary from year to year and is not dependent on annual sums due in the same way that NNDR and council tax are. The estimated value of accounts to be raised in 2007/08 is £52.5 million. The projected amount outstanding for accounts raised in 2007/08 is £2.45 million which would result in a collection rate for the year of 95.3%.
- 10 The net amount billed in 2007/08 for council tax is £73.776 million. The forecast balance outstanding at the end of March is £2.1 million which would result in a collection rate for the year of 97.2%. This is an improvement on the outcome for 2006/07 (96.8%) and is in line with the target for the year.
- 11 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.

- 12 The total amount of housing benefit overpayments created in 2007/08 is estimated to be £1.1 million by the end of March 2008 and the amount estimated to be recovered in the year is £0.8 million. This will result in a recovery rate of 72% which is in line with the target for the year.
- 13 Car Park charges are issued for car parking infringements. This has not been reported in the past as no write off's have been made to date. The total car park penalty charges raised to date is £467,747
- 14 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.
- 15 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**

- 16 There are several accounts for forty seven individual businesses totalling £595,574.36 (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**

- 17 It is proposed that the Executive Member approve write-off of these Non-Domestic accounts as all the seventeen businesses listed are bankrupt or in liquidation and no dividend is likely. The total amount written off under this category is £205,469.30 (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**

- 18 The total debts for businesses where there is no trace of the owner totals £390,105.06. 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**

- 19 To date (1<sup>st</sup> March 2008) £47.6m of accounts have been sent out. It is proposed to write-off the £22,280.95 in respect of 4 debtors of which the

individual accounts are listed in Annex B. The debts fall into the following categories.

### **Debtor Gone- Reasonable Attempts to Trace Failed**

20 One debtor owes a total of £13,176.35 under this category.

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

21 The remaining 3 debtors owe a total of £9,102.60. County Court Judgements were obtained, after which, the bailiffs failed to obtain payment from the debtor.

### **HOUSING BENEFITS**

22 It is proposed to write off £10,994.18 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**

23 The overpayment of £2,190.40 in this category is for one housing benefit claimant. This debt has been to civil court and the Council's debt collector has visited the property. There has been no response or payments.

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

24 One claimant owes £2,982.44 under this category for write-off. 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.

### **Debtor Deceased**

25 The overpayment in this category is for one claimant for a total overpayment of £5,821.34. The debtor has no assets.

### **Consultation**

26 Not relevant to this report.

### **Options**

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

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

## Analysis

29 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.

30 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 2007/08 (rounded to the nearest '000):

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

31

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 £
<b><u>National Non-Domestic Rates</u></b>			
2007/08	78,485,072	42,464	0.05%
2006/07	78,725,557	77,344	0.10%
2005/06	69,540,029	143,765	0.21%
2004/05	68,200,000	385,566	0.57%
2003/04	67,624,223	542,464	0.80%
2002/03	62,559,370	393,999	0.63%
<b><u>Sundry Debtors</u></b>			
2007/08	47,608,847	18,790	0.04%
2006/07	52,876,432	49,567	0.09%
2005/06	52,330,126	86,301	0.23%
2004/05	36,986,021	301,377	0.72%
2003/04	41,656,971	53,496	0.15%
2002/03	34,543,460	110,532	0.42%
<b><u>Council Tax</u></b>			
2007/08	73,886,114	26,359	0.04%

2006/07	70,388,994	137,593	0.21%
2005/06	66,564,805	170,314	0.27%
2004/05	62,900,000	153,393	0.27%
2003/04	57,100,000	492,284	0.99%
2002/03	49,800,000	483,277	0.97%
<b><u>Overpayment Of Housing Benefit</u></b>			
To Aug 07	312,207	8,405	0.90%
2006/07	841,495	26,709	1.62%
2005/06	1,653,350	58,112	8.00%
2004/05	725,982	89,913	13.52%
2003/04	665,271	83,724	16.22%
2002/03	516,204	127,639	20.98%
<b><u>Car Parking Penalties</u></b>			
<b><u>2007/08</u></b>	467,747	41,385	8.85%

## Corporate Priorities

- 32 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

- 33 The values for write off this financial year fall well within the bad debt provision (para. 30).
- 34 There are no HR, Equality, Legal, Crime and Disorder, Information Technology or Property implications.

## Risk Management

- 35 Not relevant to this report.

## Recommendations

- 36 That the Advisory Panel advise the Executive Member:
- 37 To approve for write-off the amount of £628,849 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.

- 38 To note the amount of £503,639 (shown in para. 4) of accounts valued at less than £2,000 written off in the 2007/08 financial year under the Head of Finance's delegated authority.

Reason: To inform the Executive Member.

### Contact Details

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**Report  
Approved**



**Date** 1<sup>st</sup> March 2008

**Specialist Implications Officer(s)** 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