

BROMSGROVE DISTRICT COUNCIL

CABINET

6th March 2013

QUARTERLY MONITORING OF WRITE OFFS – 1ST APRIL – 31ST DEC 2012

Relevant Portfolio Holder	Councillor Hollingworth
Portfolio Holder Consulted	
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 Members are requested to consider the action taken by officers with respect to the write off of debts during the first three quarters of 2012/13 and to note the profile and/or level of outstanding debt.

2. RECOMMENDATIONS

The Cabinet is requested to RESOLVE that:

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

the bad debt provision for Housing Benefit be reduced by £200k and the Council Tax bad debt provision increased by the same amount.

3. KEY ISSUES

- 3.1. 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:

	£
Housing Benefit	521,480
Council Tax	227,470
NDR	12,400
Sundry Debtors	<u>46,740</u>
Total	<u>808,090</u>

Financial Implications

- 3.3 The current bad debt provisions are adequate overall in relation to level of write offs and the level of outstanding debt. However, the provision for Housing Benefit and Council Tax bad debt provisions need to be reviewed. The Housing Benefit provision is high in relation to the current level of debt which stands at £700k, whereas the provision of Council Tax bad debt is low compared to the arrears of £1.4 million. It is

proposed that the provision for Housing Benefit be reduced by £200k and the Council Tax provision increased by the same amount.

Legal Implications

- 3.4. There are no legal implications.

Service / Operational Implications

- 3.5 No direct implications.

Customer / Equalities and Diversity Implications

- 3.6. No direct implications.

4. RISK MANAGEMENT

There is a risk of exceeding the bad debt provision for Council Tax debt write offs if the provision is not increased.

5. APPENDICES

Appendix 1 – Write offs 1st April 2012 – 31st Dec 2012

Appendix 2 - Aged Debt Profile for Sundry Debts Arrears

Council Tax Arrears and Business Rates Arrears as at 31st Dec 2012.

Appendix 3 – Write off of Overpaid Housing Benefit 1st April 2012 – 31st Dec 2012

6. BACKGROUND PAPERS

There are no background papers with this report.

AUTHORS OF REPORT

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Appendix 1

Write Offs of Council Tax and Non-Domestic Rates
1st April 2012 – 31st Dec 2012

Council Tax		01/04/12 - 31/12/12
Period		
WGAW	Gone away	132,476
WDEC	Deceased no funds in estate	4,739
WOBK	Bankruptcy	19,106
W6YR	Statue Barred	7,861
WUNE	Uneconomical to pursue	23,348
WUNE	Automatic w/o +1/-1p	13
SBWO	Small Balance	1,154
MISC	Other	1,254
WCOS	Costs written off	23,551
		213,502

NDR		01/04/12 - 31/12/12
Period		
WGAW	Gone away	104,467
WDIS	Company dissolved	59,103
WOBK	Bankruptcy	36,912
WLIQ	Liquidation	80,358
WADM	In Administration	6,592
WONO	Ceased Trading – no assets	84,327
W6YR	Statue Barred	13,790
WUNE	Uneconomical to pursue	127
SBWO	Small Balance	649
MISC	Other	9,195
WCOS	Costs written off	5,211
		400,731

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**Write Offs of Sundry Debtors -
1st April 2012 to 31st Dec 2012**

Sundry Debts	Reason	01/04/2012- 31/12/2012 £
GA	Gone Away	2,103.28
LB	Liquidation/Bankrupt	51.00
NFAV	No further Action due to value	12,185.52
D	Deceased	357.80
AWO	Auto write off under £1.00	7.81
LA	Legal Advised Write Off	2,755.72
PPAW	Part paid advised Write Off	8,299.49
OP	Overpaid no forwarding address	-680.93
	Total	25,079.69

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Appendix 2

Aged Debt profile for Sundry Debts - 1st April 2012 to 31st Dec 2012

Age	30 th Jun 2012	30 th Sept 2012	31 st Dec 2012 £
1 – 30 days	195,341.14	284,151.45	131,388.69
31 - 60 days	29,288.89	19,102.21	24,696.43
61 – 90 days	181,228.82	13,622.20	397,068.34*
90 days +	122,196.80	92,443.18	80,742.33
Total	528,055.65	409,319.04	633,895.79

* garden waste collection service invoices

Council Tax Arrears

Council Tax Arrears Analysis				
Year	Q1 Total £	Q2 Total £	Q3 Total £	Annual debit £
1995/96	1,425	1,425	-899	
1996/97	301	301	-2,281	
1997/98	3,811	4,216	1,479	
1998/99	5,525	5,959	2,739	
1999/00	13,095	13,512	8,897	25,836,407
2000/01	23,137	25,207	16,799	26,419,700
2001/02	33,799	34,423	25,789	29,487,929
2002/03	50,436	50,983	38,071	35,962,692
2003/04	48,158	48,671	35,380	40,922,548
2004/05	54,750	54,600	41,136	41,770,011
2005/06	96,880	98,169	85,585	44,059,868
2006/07	136,456	139,574	118,040	46,683,333
2007/08	141,646	141,924	114,968	49,061,780
2008/09	130,450	129,202	112,564	51,592,006
2009/10`	150,404	144,238	122,310	53,577,097
2010/11	276,984	258,852	211,619	55,298,276
2011/12	509,695	<u>412,372</u>	<u>343,201</u>	55,399,069
		<u>1,563,626</u>	<u>1,275,397</u>	

Note: the above arrears figures will reduce over time.

Non Domestic Rates Arrears

Non Domestic Rates Arrears Analysis				
Year	Q1 Total £	Q2 Total £	Q3 Total £	Annual Debit £
1997/98	3,586	3,586	687	
1998/99	2,572	2,572	711	
1999/00	1,688	1,688	0	
2000/01	195	195	0	17,415,978
2001/02	2,163	2,163	694	17,232,868
2002/03	1,018	1,018	940	17,175,162
2003/04	1,035	1,035	1,035	17,345,890
2004/05	1,228	1,141	799	17,854,642
2005/06	20,965	20,845	5,622	18,803,202
2006/07	39,654	38,854	23,813	19,823,744
2007/08	305,195	109,195	15,043	20,822,010
2008/09	77,693	56,831	60,263	23,586,234
2009/10`	224,377	198,523	122,499	23,829,603
2010/11	232,533	205,808	139,497	23,233,864
2011/12	520,498	377,776	258,867	25,205,206
	1,434,400	1,021,230	630,470	

Note: the above arrears figures will reduce over time.

Appendix 3

Write off of Overpaid Housing Benefit – 1st April 2012 to 31st Dec 2012

Housing Benefit Write-Offs		
Reason	Amount £	No. of cases
Deceased	3,010.26	4
Debt Relief Order	954.52	2
Bankruptcy	1,802.48	1
Not reasonable to recover	30,772.64	14
Uneconomic to recover	3,455.74	13
Cannot trace	1,341.52	6
Old debt – recovery options expired	3,916.25	6
In prison	1,702.85	3
Totals	£46,956.26	49