

## **Overview & Scrutiny Board**

**17<sup>th</sup> November 2014**

### **QUARTERLY MONITORING OF WRITE OFFS - 1<sup>ST</sup> JULY 2014 – 30<sup>TH</sup> SEPTEMBER 2014**

Relevant Portfolio Holder	Councillor Mike Webb
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Wards Affected	All

#### **1. SUMMARY OF PROPOSALS**

- 1.1 This report summarises the write off of debts during the second quarter of 2014/15 along with the profile and level of outstanding debt.

#### **2. RECOMMENDATIONS**

**That, subject to any comments, the Overview & Scrutiny Board NOTE the contents of the report.**

#### **3. KEY ISSUES**

- 3.1. The current Write Off Policy requires officers to report to members the actual level of write offs and the profile of outstanding debt.

- 3.2. The current bad debts provisions are as follows:

	£
NDR	224,907
Council Tax	214,937
Sundry Debtors	<u>31,493</u>
Total	471,337

#### **Financial Implications**

- 3.3 Details of written off debts during the period for Council Tax, Non Domestic Rates, and Sundry Debts, including a break down of the number of debtors, and Overpaid Housing Benefit are attached at Appendix 1.
- 3.4 A total of £46,935.71 of unrecoverable debt was written off during this quarter, which is within the bad debt provision.

The following table shows the quarterly write off to date this financial year, and for the same period last year.

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	2013/14				2014/15	
Quarter	1	2	3	4	1	2
Total Write off		*265,102	55,353	117,036	62,966	46,935

\* Quarters 1 and 2, 2013/14 were reported jointly.

- 3.5 An age profile of the outstanding sundry debts at the end of each quarter is attached at Appendix 2. The data for the same periods in 2013/14 are provided for comparative purposes.
- 3.6 An analysis of Council Tax and Non Domestic Rates arrears is attached at Appendix 3. This shows the current outstanding debt against each of those years which we continue to pursue. As shown the debt for this financial year is significant. This is because all Council Tax and NDR becomes due on 1<sup>st</sup> April but is brought down by each month as instalments are paid. Arrangements are in place for much of the outstanding debt from recent previous years. Older debt tends to be in varying stages of recovery. We do not write off any debt until we have exhausted all possible avenues to recover.
- 3.7 Comparative data showing the level of write off's to date in 2014/15 compared with the total in 2013/13, are attached at Appendix 4. The true picture will not emerge until the end of the financial year as write off tend to increase as the financial year progresses.
- 3.8 Changes to housing benefits as a result of the introduction of Universal Credit is likely to have an impact on our ability to collect overpayment of housing benefits debts. It has been confirmed that outstanding overpayments will not transfer to DWP. The Council can continue to recover the debts but in reality the ability to do so will be reduced. Currently any overpayment recovered retained by the Council and not repaid to DWP. The amounts received each month tend to be small and overpayments can often take a very long time to recover, especially if the debt is being repaid through a reduction to on-going benefits.

### **Legal Implications**

- 3.9 There are no legal implications.

### **Service / Operational Implications**

- 3.10 Every option is explored to recover outstanding debts and staff work with individuals to try to find suitable solutions. In some cases pursuing a debt is going to lead to such hardship that a write off is the only option. However, cases are re-opened if circumstances change.

**Customer / Equalities and Diversity Implications**

3.11. No direct implications.

**4. RISK MANAGEMENT**

4.1 Poor management of debt recovery can lead to failure to recover money owed to the authority. Aggressive recovery action can cause severe financial hardship and lead to a poor reputation. A balance must be struck to ensure a proportionate and supportive approach.

**5. APPENDICES**

Appendix 1- Write offs 1<sup>st</sup> July – 30<sup>th</sup> September 2014

Appendix 2- Aged Debt Profile for Sundry Debts Arrears as at 30<sup>th</sup> September 2014

Appendix 3 - Council Tax and Non Domestic Rates Arrears Analysis

Appendix 4 – Write off trends data

**6. BACKGROUND PAPERS**

There are no background papers to this report.

**AUTHORS OF REPORT**

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**Appendix 1**

**Write Offs 1<sup>st</sup> July 2014 – 30<sup>th</sup> September 2014**

<b>Council Tax</b>	<b>Amount (£)</b>	<b>Number of Accounts</b>
Gone away	3,466.81	4
Deceased no funds in estate	737.12	1
Bankruptcy	4,089.20	4
Write Of Credit	-738.95	6
Statue Barred	9,099.31	8
Uneconomical to pursue	5,027.47	7
Other	3,361.43	4
Costs written off	1,863.71	21
Write off Under £10.00	13.57	3
Auto Balance Write Off (archived)	1,602.09	3
Conversion Error	0	0
<b>Total</b>	<b>28,521.76</b>	<b>61</b>

<b>NDR</b>	<b>Amount (£)</b>	<b>Number of Accounts</b>
Gone away	1,663.00	2
Liquidation	6,486.87	2
Small Balance	23.10	6
Other	437.14	1
Costs written off	264.00	3
<b>Total</b>	<b>8,874.11</b>	<b>14</b>

<b>Sundry Debts</b>	<b>Amount (£)</b>	<b>Number of Invoices</b>
No further Action due to value	255	6
Auto write off under £5.00	2	6
Deceased	249	1
Gone Away	188	2
<b>Total</b>	<b>664</b>	<b>15</b>

<b>Housing Benefit Write Offs</b>	<b>Amount</b>	<b>No. of cases</b>
Debt Relief Order	£1,055.86	1
Uneconomical to recover	£229.09	3
Cannot trace	£6,765.94	7
Old debt-recovery options ex	£824.95	1
<b>TOTAL</b>	<b>£8,875.84</b>	<b>12</b>

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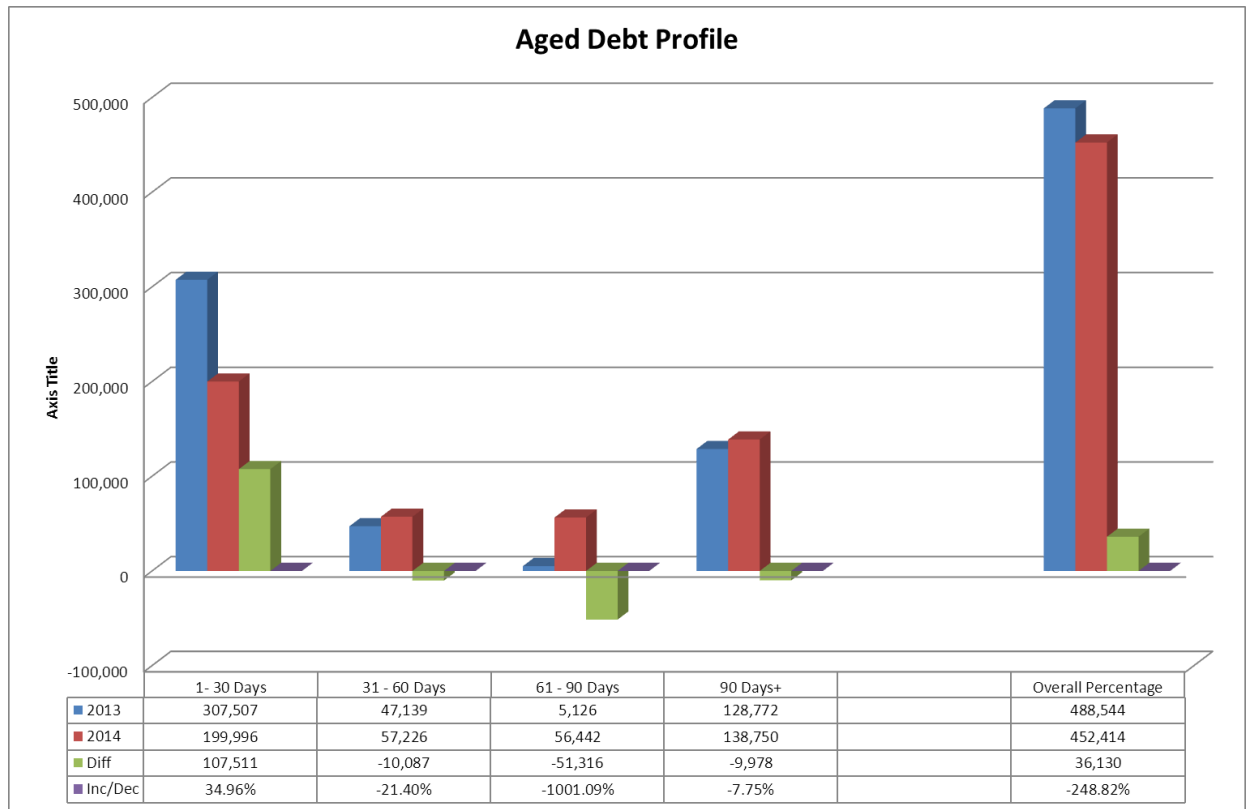
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**Appendix 2**

**Aged Debt profile for Sundry Debts -**

<b>Age</b>	<b>As at 30<sup>th</sup> September 2014</b>	<b>As at 30<sup>th</sup> September 2013</b>
1 – 30 days	199,996	307,507
31 - 60 days	57,226	47,139
61 – 90 days	56,442	5,126
90 days +	138,750	128,772
<b>Total</b>	<b>452,495</b>	<b>488,543</b>



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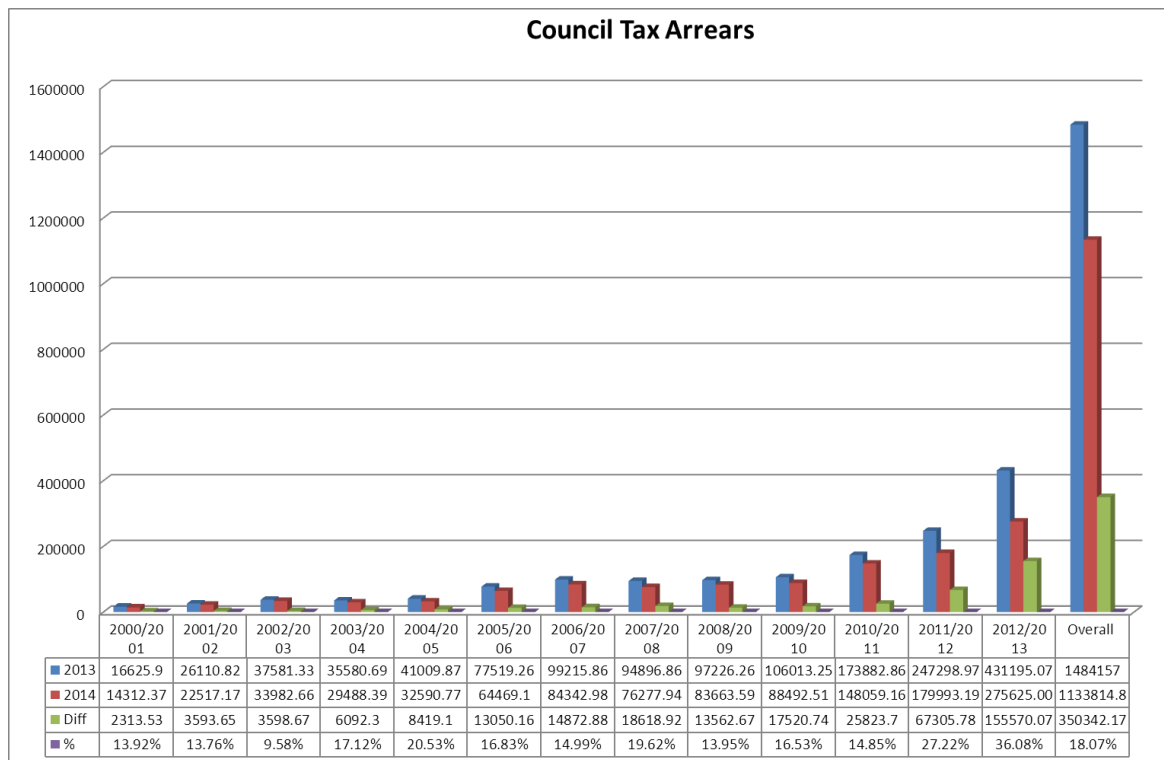
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**Appendix 3**

**Council Tax Arrears**

<b>Council Tax Arrears Analysis</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Annual debit</b>
<b>Year</b>	<b>£</b>	<b>£</b>			<b>£</b>
1999/00	9,869.03	8,847.90			25,836,407
2000/01	14,722.72	14,312.37			26,419,700
2001/02	23,350.36	22,517.17			29,487,929
2002/03	35,427.20	33,982.66			35,962,692
2003/04	32,054.31	29,488.39			40,922,548
2004/05	34,384.86	32,590.77			41,770,011
2005/06	68,403.58	64,469.10			44,059,868
2006/07	88,198.00	84,342.98			46,683,333
2007/08	79,731.62	76,277.94			49,061,780
2008/09	87,063.83	83,663.59			51,592,006
2009/10	92,186.06	88,492.51			53,577,097
2010/11	149,444.01	148,059.16			55,298,276
2011/12	187,955.74	179,993.19			55,399,069
2012/13	291,776.21	275,625.00			55,882,474
2013/14	636,847.28	570,750.95			56,565,040
2014/15	37,372,725.49	19,574,863.11			57,832,715
<b>Total</b>	<b>39,200,023.54</b>	<b>19,578,686.25</b>			



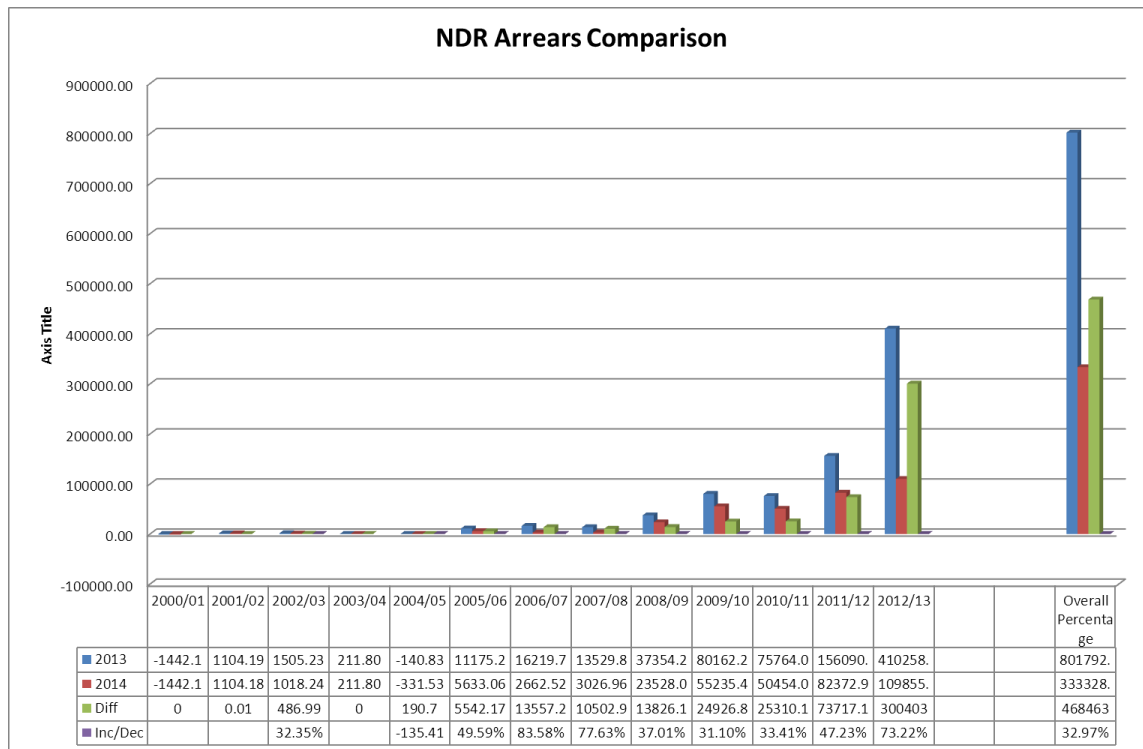
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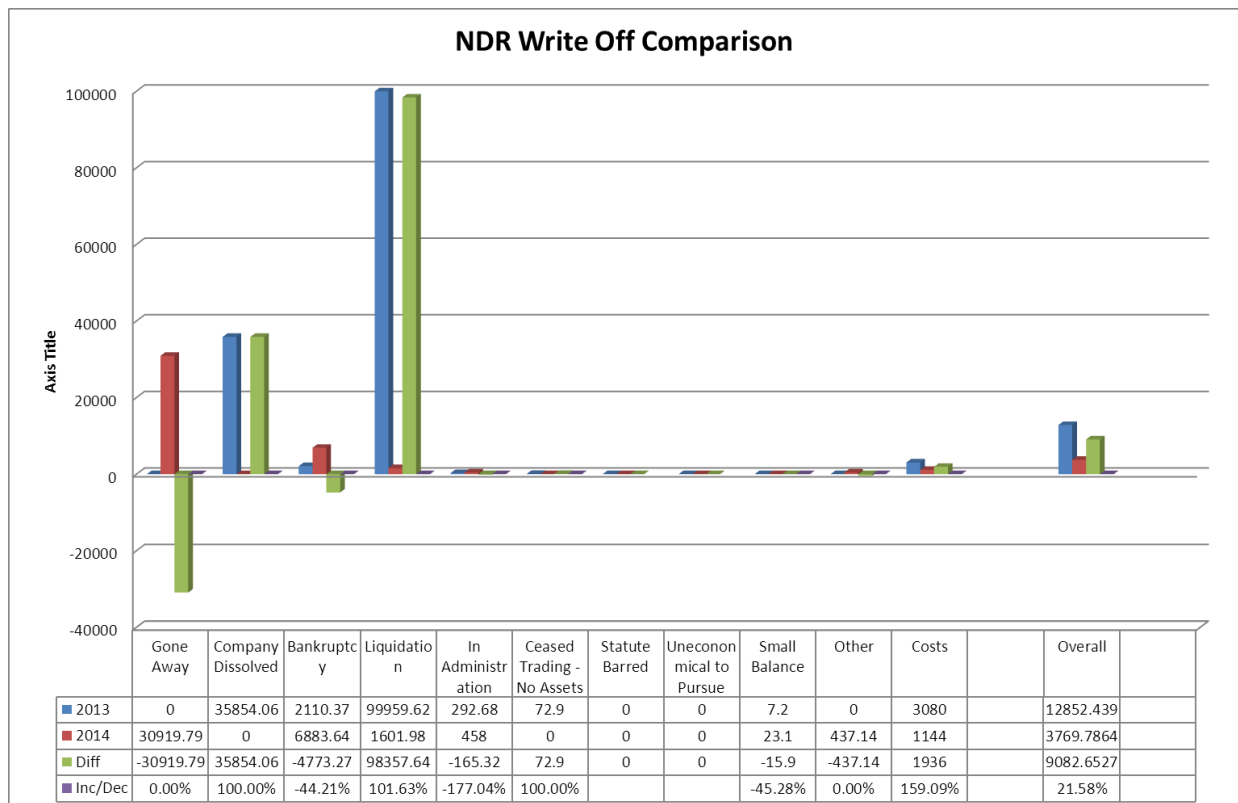
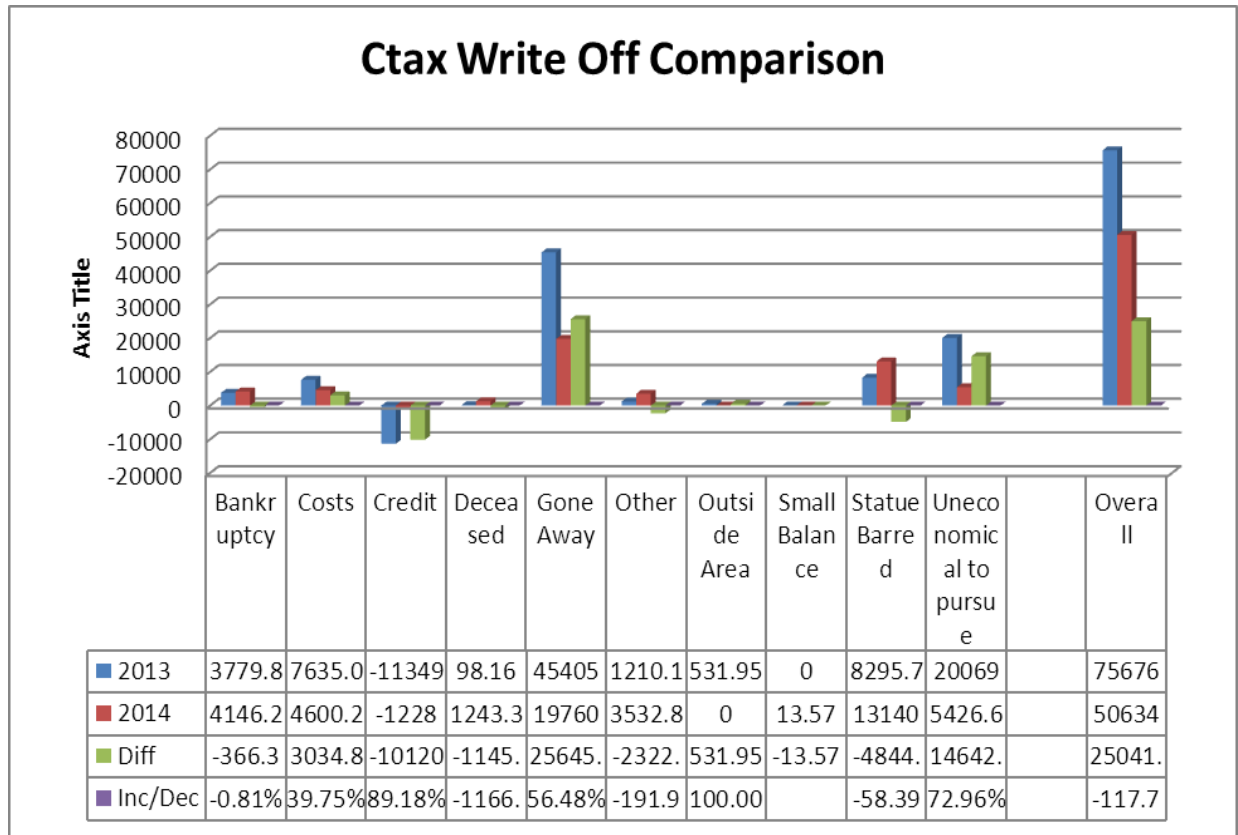
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**Non Domestic Rates Arrears**

Non Domestic Rates Arrears Analysis					
	Q1	Q2	Q3	Q4	
	Total	Total	Total	Total	Annual Debit
Year	£	£			£
2000/01	-1,442.12	-1,442.12			17,415,978
2001/02	656.81	1,018.24			17,232,868
2002/03	-1,665.72	1,018.24			17,175,162
2003/04	211.80	211.80			17,345,890
2004/05	-331.53	-331.53			17,854,642
2005/06	5,633.06	5,633.06			18,803,202
2006/07	3,562.52	2,662.52			19,823,744
2007/08	3,026.97	3,026.96			20,822,010
2008/09	23,528.11	23,528.11			23,586,234
2009/10	56,573.05	55,235.46			23,829,603
2010/11	55,886.01	50,454.00			23,233,864
2011/12	88,683.27	82,372.98			25,205,206
2012/13	131,380.32	109,855.14			26,984,821
2013/14	208,162.79	167,014.16			27,558,863
2014/15	18,890,661.55	10,764,819.27			28,185,165
<b>Totals</b>	<b>19,464,526.89</b>	<b>11,265,076.29</b>			



**Write Off Trends**





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