
Report of the Recovery and Exchequer Services Manager

Report to Deputy Chief Executive

Date: June 2014

Subject: Write Off of irrecoverable balances for Local Taxation 1st October 2013 to 31st March 2014

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. Provides details of accounts in respect of Council Tax and Business rates which during the period 1st October 2013 to 31st March 2014 have been determined that the amounts due to the City Council are not collectable and are now recommended to be written off.

Recommendations

2. Recommends that the accounts in respect the balances included in this report are approved for write off.

1 Purpose of this report

- 1.1 To outline the process which has been followed in attempting to collect the outstanding debts and also to make reference to the current collection performance to put the values of the write offs into context.

2 Background information

- 2.1 In relation to the 2013/14 financial year, the following statistics should be noted (as at 31st March 2014)
Table 1

Item	No. of Properties	Amount Collectable
Council Tax	342,153	£279.5M
Business Rates	27,359	£376.0M

The amounts detailed in the report below are amounts that have been written off during the period 1st October 2013 to 31st March 2014 with the majority of balances which are being written off relating to earlier years. For a breakdown of all write offs actioned during the current financial year by year of bill see tables 2 and 4 in section 3.2

2.2 Overall collection performance

Whilst the values reported are significant it is important to remember the large amount of income which is collected by the authority in respect of Council Tax and Business Rates.

Council Tax

At the end of March 2014, of the £279.5M which was due in respect of the 2013/14 financial year £267.5M (95.7%) had already been collected. In the cases where a balance remains outstanding collection efforts will obviously continue.

From continued monitoring of collection rates from previous years, the authority can demonstrate fullness of time collection rates in excess of 99%.

From the breakdown of the write offs by reason it can be seen that by far the majority of cases are as a result of a debtor leaving a property and despite various attempts we are unable to trace their current whereabouts. Whilst stringent checks are made to trace these individuals ultimately a point arrives where the balance on the account has to be written off reflecting proper accounting practice. However even in cases where accounts are written off, should we subsequently become aware of their current address further recovery action will be undertaken..

Business Rates

As at the end of March 2014, of the £376M which was due in respect of 2013/14 financial year £364.85M (97.1%) had already been collected. It is anticipated that in the fullness of time approximately 98.8% of the balance due will be collected

Of the write-offs processed during the period covered by the report 92.5% of the value was due to company failure (insolvency and dissolution) where the authority is unable to take any further action to pursue payment of the debt. As there is no discretion, these write-offs are authorised by the Business Rates Manager

3 Amounts deemed irrecoverable

During the period 1st October 2013 and 31st March 2014 the value of Council deemed irrecoverable amounts to £425,417.58, and relates to 13,401 transactions, and is detailed in table 2 below:

(Also shown within the table below are other categories of transactions which follow the same stringent controlled procedures as write-offs and include the write off of court costs and other manual amendments required to the Academy System)

Council Tax

Table 2

Category	Net Value of Write Off/On (£)	No. of transactions
Debtor - Gone Away	-301,990.20	1,376
Bankruptcy/Liquidation	-123,798.15	474
Dec'd Persons - No Assets	-34,392.36	192
Persons Exempt	-474.71	5
Other	-1,904.47	4
Uneconomical to collect	-2,467.04	175
Account Adjustments		
Transitional Relief correction	-1,870.82	36
Credit Balances Written On (net)	122,224.11	9,612
Costs Written Off	-80,743.54	1,349
Benefit Adjustments	-0.40	178
Totals	-£425,417.58	13,401

It is important to note that the values reported above relate to write offs actioned during the period in question, and mainly they will relate to liabilities from previous years Council Tax. To illustrate this, table 3 below shows the proportion of total write offs for the current year to 31st March 2014 for each Council Tax bill year.

Table 3

Year of CT account	%age of write offs processed in 2013/14
2013/14	9%
2012/13r	36%

2011/12	38%
Pre 2011/12	17%

During the period 1st October 2013 and 31st March 2014 the value of business rates deemed irrecoverable amounts to £1,883,372.31, and relates to 1,775 transactions, and is detailed in table 4 below:

Business Rates

Table 4

Category	Value	Number
Small Balance	-490.85	278
Other	-6,469.83	10
Absconded	-86,953.64	112
Insolvency	-1,476,720.03	647
Deceased	-32.99	3
Costs	-21,038.27	549
No Assets - Individual	-24,416.69	24
No Assets - Company	-267,250.01	152
Total	-£1,883,372.31	1,775

As with Council Tax the values reported above relate to write offs actioned during the period in question, and relate to liabilities from previous years Business Rates, to illustrate this the table below shows the proportion of total write offs for the current year to 31st March 2014 for each Business Rate bill year.

Table 4

Year of NDR account	%age of write offs processed in 2013/14
2013/14	46%
2012/13r	43%
2011/12	8%
Pre 2011/12	3%

4 Cases exceeding £5K requiring individual approval

Council Tax

Reference	Value	Reason
81219209	£8,336.28	Bankruptcy
80157969	£6,637.75	Bankruptcy
81537554	£6,426.66	Bankruptcy

Business Rates

Reference	Value	Reason
901294481	£22,502.76	Absconded
900315440	£7,392.00	Absconded
901187341	£6,925.00	Absconded

5 Corporate Considerations

5.1 Consultation and Engagement

The local taxation write offs as detailed above were discussed with members of FPG on 13th June 2014

No public consultation has taken place as the values reported in the report remain outstanding following consideration of all relevant recovery procedures in each case.

5.2 Equality and Diversity / Cohesion and integration

This is not relevant with regard to this decision as the amounts written off are based on the debtors circumstances, and lack of available effective recovery options.

5.3 Council policies and City priorities

No issues

5.4 Resources and Value for money

Whilst the values reported are significant the percentage of overall debt collection for both Council Tax and Business Rates in the fullness of time is in excess of 99% and compares favourable with other Core Cities.

5.5 Legal Implications. Access to information and call in

No issues

5.6 Risk Management

No issues

5 Conclusions / Recommendations

That considerable efforts and resources have been directed to recover the balances identified, and that the write off values details as above are approved.

6. Background Documents

No specific background documents, information extracted from the Council's Revenues and Benefits Computer system.