
Report of the Recovery and Exchequer Services Manager

Report to Chief Officer – Financial Services

Date: 1st June 2017

Subject: Write Off of irrecoverable balances for Local Taxation

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 April 2016 to 31st March 2017 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 2016/17 financial year, the following statistics should be noted (as at 31st March 2017)

Table 1

Item	No. of Properties	Amount Collectable
Council Tax	349,659	£316.3M
Business Rates	28,550	£389.8M

The amounts detailed in the report below are amounts that have been written off during the period 1st April 2016 and 31st March 2017 with the majority of balances which have been 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 3 and 5 in section 3.

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 2017, of the £316.3M which was due in respect of the 2016/17 financial year £303.9M (96.1%) has been collected.

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

The breakdown of the write offs by reason shows that by far the majority of cases are as a result of insolvency proceedings or the debtor leaving a property and 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 recovery action will be reinstated.

Business Rates

As at the end of March 2017, of the £389.8M which was due in respect of 2016/17 financial year £380.2M (97.5%) 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 87% 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

Council Tax

During the period 1st April 2016 and 31st March 2017 the value of Council Tax and costs deemed irrecoverable amounts to £1.7M, and relates to 21,598 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)

Table 2

Category	Net Value of Write Off/On (£)	No. of cases
Debtor - Gone Away	-783,255.76	3,053
Bankruptcy/Liquidation	-565,986.96	1,096
Dec'd Persons - No Assets	-72,383.18	287
Persons Exempt	-13,363.95	61
Uneconomical to collect	-11,591.80	632
Account Adjustments		
Transitional Relief correction	-52.20	4
Credit Balances Written On (net)	58,967.06	7,617
Costs Written Off	-270,702.43	3,288
Benefit Adjustments	-3.34	618
Totals	-£1,658,372.56	16,656

In addition to the amounts written off charges have additionally been cancelled as detailed below for exceptional circumstances:

Flood relief of £40,593.98 (75 cases), this amount has been reclaimed from Central Government in full in accordance with the Council Tax Flood Reconciliation Scheme 2015/16.

Awards in line with the provisions of the discretionary discount provisions Section 13A Local Government Finance Act 1992 £20,292.29 (57 cases) which are granted in exceptional cases as part of the on-going administration of Council Tax.

It is important to note that the values reported above relate to transactions processed during the 2016/17 financial year, and mainly they will relate to liabilities from earlier years Council Tax debts. Table 3 below shows the proportion of the total processed during 2016/17 for each Council Tax bill year.

Table 3

Year of CT account	%age of write offs processed in 2016/17
2016/17	17%
2015/16	17%
2014/15	29%
Pre 2014/15	37%

Business Rates

During the period 1st April 2016 and 31st March 2017 the value of business rates deemed irrecoverable amounts to £4.4M, and relates to 4,188 transactions, and is detailed in table 4 below:

Table 4

Category	Value (£)	Number
Small Balance	-15.56	736
Other	-5,953.78	10
Absconded	-286,086.86	112
Insolvency	-2,218,691.38	331
Costs	-53,596.07	557
No Assets - Individual	-223,955.36	89
No Assets - Company	-1,643,580.99	312
Deceased	-681.08	1
Total	-£4,432,561.08	2,148

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 for each Business Rate bill year.

Table 5

Year of NDR account	%age of write offs processed in 2016/17
2016/17	18%
2015/16	42%
2014/15	20%
Pre 2014/15	20%

Cases exceeding £5K requiring individual approval

Business Rates

Reference	Reason	Amount
900908572	No assets	£8,232.25
900909676/900916846	No assets	£45,101.35
901224785	No assets	£6,892.50
90118882X	No assets	£26,116.02
901203097	No assets	£66,348.31
901126208	No assets	£8,598.67
901205507/901205516	No assets	£209,600.37
901398058	No assets	£11,031.39
901401685	No assets	£8,980.69
901572274	Absconded	£7,186.96
901479939	Absconded	£12,465.83
901475024	Absconded	£5,597.81
90135611X	Absconded	£9,466.30
901457076	Absconded	£20,589.28
900710192	Absconded	£18,336.69
90160580X	Absconded	£5,332.75
900868938	Absconded	£5,966.01
901544765	Absconded	£10,171.56
901382826	Absconded	£66,730.55
901449347	Other	£6,556.38

4 Corporate Considerations

4.1 Consultation and Engagement

The local taxation write offs as detailed above were discussed with members of FPG on 19th May 2017

4.2 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.

4.3 Council policies and City priorities
No issues

4.4 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.

4.5 Legal Implications. Access to information and call in
No issues

4.6 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.

Version 1.1