

Sundry Debt Write offs

Sundry debt write-off's totalling £49k are requested for write off, the details of which can be seen in Table 1 below.

Actions taken to recover debt over £5,000 are as per the Council's Income and Debt Management Policy. If an invoice is raised and remains unpaid, the "dunning" process comes into play as follows:

- Level 1 – a reminder is sent after 21 days
- Level 2 – a second notice is sent after 35 days i.e. a further 14 days

The Income team have reviewed all Level 2 cases remaining outstanding greater than 49 days (allowing a further 14 days to pay after the Final Notice) to decide whether the debt recovery should proceed.

Depending on the type of debt, customers and circumstances, the use of debt collectors or issuing proceedings in the County Court is considered. Every case is treated individually, hence the circumstances of each debt is assessed prior to taking a decision on the recovery of the debt in conjunction with the delivery unit.

Table 1 – Write-offs in excess of £5,000

Sundry Debts - Write offs over £5k			
Account Reference	Amount	Invoice Date	Comments
1	£5,185.12	30/04/2009	Recovery action exhausted
2	£5,270.96	22/11/2012	Recovery action exhausted
3	£23,735.55	15/11/2013	Recovery action exhausted
4	£8,700.00	15/01/2014	Insufficient funds in estate
5	£6,440.16	14/12/2015	Insufficient funds in estate
Total	£49,331.79		

Council Tax and Non-Domestic Rates

The debts are within the council's existing bad debt provision including the GLA precept for council tax, and GLA and Government shares of retained business rates. The bad debt provision for Council Tax is currently £21.2m and for Business Rates is £6.4m.

Council Tax

Irrecoverable council tax debts of £45.5k are requested for write off. The individual debts, seven accounts, are all over £5,000 and cover the financial years from 2006/2007 to 2015/2016.

All the debts are in respect of closed accounts apart from one which relates to a bankruptcy. Most are in respect of debtors who have absconded, including some who are known to be abroad. Table 2 below provides a breakdown of the age profile of these debts with the total value for each year recommended for write off.

Attempts to trace absconders include searches of our internal revenues system, credit reference agencies, enquiry notices to owners, agents and new occupiers of properties and visit reports by our Inspection and Enforcement Agents. With regard to cost effectiveness, the extent of tracing activity will correspond to the amount of the individual debts with a greater intensity of checks being carried out in respect of these larger debts. It should be noted that where a debtor is traced following the write off of the debt then the debt will be reinstated and further attempts made to recover, subject to statutory limitation periods and it being economical to do so.

Table 2 – Council Tax write-offs in excess of £5,000

Sum of Write Off Amount for Council Tax			
Financial year debt raised	Liability	Cost	Total Value
	£'s	£'s	£'s
2006/2007	13	97	110
2007/2008	1,080		1,080
2008/2009	1,114	97	1,211
2009/2010	2,416	291	2,707
2010/2011	6,311	194	6,505
2011/2012	6,973	388	7,361
2012/2013	8,478	485	8,963
2013/2014	8,773	582	9,355
2014/2015	5,012	388	5,400
2015/2016	2,496	291	2,787
Grand Total	42,665	2,813	45,478

Non-Domestic Rates (NDR)

Irrecoverable National Non Domestic debts of £3.140m are requested for write off. The individual debts are all £5,000 or more and cover the financial years 2005/06 to 2016/17.

All the debts are in respect of closed accounts. Most are in respect of debtors who have become insolvent or absconded, including some who are known to be abroad. Other debts are either limited companies that have been dissolved or wound up, or companies registered abroad. Insolvency proceedings would not have generated sufficient income to clear these debts because non-domestic rate debts do not rank as a preferential debt. Therefore no further economical action can be taken.

Attempts to trace absconders include searches of internal systems, enquiries made with owners, agents and new occupiers of properties and visit reports by the council's enforcement agents. Having regard to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debts, with a greater number of checks being carried out in respect of larger debts. Although a rare event it should be noted that, if any of the debtors' whereabouts are discovered following write off, the debt will be re-raised and attempts made to recover it, subject to statutory limitation periods and it being economical to do so.

Table 3 – Non Domestic rates write-offs in excess of £5,000

Financial year debt raised	Liability £'s	Cost £'s	Total Value £'s
2005/2006	1,464		1,464
2006/2007	9,443		9,443
2007/2008	11,933	167	12,100
2008/2009	7,127	334	7,461
2009/2010	15,105	170	15,275
2010/2011	132,457	6,800	139,257
2011/2012	372,798	510	373,308
2012/2013	728,930	2,040	730,970
2013/2014	884,138	10,370	894,508
2014/2015	454,919	5,270	460,189
2015/2016	396,581	3,910	400,491
2016/2017	94,446	680	95,126
Grand Total	3,109,341	30,251	3,139,592

Housing

General Fund and HRA debt Write-offs

The aggregate of the requested scheduled write-offs, where the individual debt level is in excess of £5,000 is £0.179m, with £0.090m relating to the General Fund, temporary accommodation (table 4), and £0.089m relating to the Housing Revenue Account former tenants (table 5).

Recovery process for former tenants

Standard cases

- Week 1 – First Former Tenant warning letter is sent
- Week 2 – Second Former Tenant warning letter is sent
- Week 3 – The debt is either written off if its uneconomical to recover, or referred to a debt collection agency

Deceased cases

- Week 4 – First Former Tenant warning Letter is sent
- Week 5 – Second Former Tenant warning Letter is sent
- Week 6 – Third Former Tenant warning Letter is sent
- Week 7 – The debt is moved to probate for write off

Debts in excess of £5,000 most commonly relate to closed accounts, with the majority being statute barred. This occurs when the council is legally unable to recover any monies owed by tenants due to the recovery time permitted by law being exceeded. Debts which are not statute barred (statute barred – greater than 6 years and no longer collectable) are treated as irrecoverable as the debtor is either unable to be traced, deceased with no estate or the debt is of a non-material amount, thus is uneconomical to recover

Table 4 – Housing General Fund Write offs in excess of £5k

General Fund - Write offs over £5k			
Account Ref.	Amount	Termination Date	Comments
1	£15,989.68	22/11/09	Statute Barred
2	£6,294.42	30/11/09	Statute Barred
3	£6,379.35	20/12/09	Statute Barred
4	£7,020.97	17/05/09	Statute Barred
5	£6,892.68	10/05/09	Statute Barred
6	£8,175.43	12/10/09	Statute Barred
7	£8,524.88	08/11/09	Statute Barred
8	£5,619.42	26/07/09	Statute Barred
9	£5,334.85	26/07/09	Statute Barred
10	£11,470.11	16/08/09	Statute Barred
11	£7,878.88	20/09/09	Statute Barred
Total	£89,580.67		

The bad debt provision will cover the amount of debt proposed to be written off within the Housing General Fund; the current bad debt provision balance is £3.577m.

Table 5 – HRA Write-offs in excess of £5k

Housing Revenue Account - Write offs over £5k			
Account Ref.	Amount	Termination Date	Comments
1	£6,448.49	21/12/15	Deceased without estate
2	£6,032.23	05/03/12	Unrecoverable
3	£5,183.35	11/03/13	Unrecoverable
4	£6,916.71	17/08/15	Unable to Trace
5	£6,070.79	20/04/15	Unable to Trace
6	£6,001.88	24/08/15	Unable to Trace
7	£5,938.20	16/12/13	Unable to Trace
8	£5,310.42	06/07/15	Unable to Trace
9	£19,118.77	09/02/15	Unable to Trace
10	£8,271.43	08/02/16	Deceased without Estate
11	£5,175.08	08/09/14	Unable to Trace
12	£9,103.46	30/05/16	Unrecoverable
Total	£89,570.81		

The bad debt provision will cover the amount of debt proposed to be written off within the Housing Revenue Account (HRA); the current bad debt provision balance is £2.243m.