

ANGUS COUNCIL

RESOURCES AND CENTRAL SERVICES COMMITTEE

17 JUNE 2004

**SUBJECT: AUTHORITY TO WRITE OFF BAD DEBTS (COMMUNITY CHARGE,
COUNCIL TAX AND NON DOMESTIC RATES) FINANCIAL YEAR 2003/04**

REPORT BY DIRECTOR OF FINANCE

Abstract: This report seeks authority from the Council to write off the amounts detailed as bad debts in respect of Community Charge, Council Tax and Non Domestic Rates.

1 RECOMMENDATION

1.1 It is recommended that the Committee agree to write off amounts detailed.

2 BACKGROUND

2.1 The Accounts of the Council for the financial year 2003/04 are being closed and will be audited in due course. Debts have been identified which are deemed uncollectable and which, therefore, should be written off.

2.2 Details of the amounts for write off along with the reasons are shown. It should be noted that arrears in respect of Community Charge, Council Tax and Non Domestic Rates have either been in the hands of Sheriff Officers, Debt Recovery Agents or are untraced debtors. The amounts for Community Charge and Council Tax also include accounts where the outstanding balance is uneconomic to collect.

3 COMMUNITY CHARGE

3.1 Table 1 gives details of the proposed Community Charge write offs.

TABLE 1

YEAR	CHARGES LEVIED	PROPOSED WRITE OFF	PREVIOUS WRITE OFF	TOTAL WRITE OFF	CUMULATIVE
		£	£	£	%
1989/90	23,282,968	43,304	741,392	784,696	3.37
1990/91	24,124,274	67,020	855,462	922,482	3.82
1991/92	19,971,846	3,143	717,813	720,956	3.61
1992/93	21,700,790	51,987	815,061	867,048	4.00
TOTALS	89,079,878	165,454	3,129,728	3,295,182	3.7

3.2 Provisions for Community Charge bad debts exist within the accounts of Angus Council. The balance of those provisions amounted to £593,000 as at 31 March 2003 which were reduced by the previous in-year write off to £479,000. The write

offs proposed in table 1 are consequently adequately provided for in the Council's accounts.

- 3.3 For information the amount outstanding on Community Charge at 31 March 2004 after taking account of the proposed write off was £384k. In respect of this debt a provision has been made of £267k for bad debts.
- 3.4 The remainder of the outstanding debt is still being actively pursued.
- 3.5 The value of Community Charge accounts to be written off is further analysed in table 2:

TABLE 2

YEAR	UNDER £20 OUTSTANDING	UNTRACED DEBTORS	SEQUESTRATION/ BANKRUPTCY	DECEASED	IRRECOVERABLE	TOTAL
	£	£	£	£	£	£
1989/90	-	(159)	-	239	43,224	43,304
1990/91	(5)	55	-	128	66,842	67,020
1991/92	-	672	-	210	2,261	3,143
1992/93	(6)	840	-	904	50,249	51,987
TOTALS	(11)	1,408	-	1,481	162,576	165,454

4 COUNCIL TAX AND WATER SEWAGE

- 4.1 Table 3 gives details of the write offs:

TABLE 3

YEAR	CHARGES LEVIED	2003/04 WRITE OFF	PREVIOUS WRITE OFF	TOTAL WRITE OFF	CUMULATIVE	AMOUNT O/S @ 31/03/04 AFTER WRITE OFF
	£K	£	£	£	%	£
1993/94	20,938,841	8,492	282,472	290,964	1.38	20,905
1994/95	22,728,587	19,381	271,491	290,872	1.28	78,967
1995/96	24,371,226	30,706	246,411	277,117	1.14	139,792
1996/97	26,727,334	43,934	251,844	295,778	1.11	168,752
1997/98	29,097,713	14,437	227,878	242,315	0.83	212,429
1998/99	32,095,360	19,895	237,979	257,874	0.80	269,116
1999/00	34,900,170	30,418	232,788	263,206	0.75	393,267
2000/01	39,876,277	48,759	209,176	257,935	0.65	614,426
2001/02	43,644,460	78,039	116,565	194,604	0.45	924,914
2002/03	46,485,020	103,222	13,313	116,535	0.25	1,433,300
2003/04	49,406,985	21,691	-	21,691	0.04	2,338,105
TOTALS	370,271,973	418,974	2,089,917	2,508,891	0.68	6,593,973

- 4.2 The element of the write off for 2003/04 that relates to the General Fund (i.e. excluding Water and Sewerage) is £330,706.

- 4.3 Substantial provisions for bad debts exist within the accounts of Angus Council. The balance of those provisions, against which the General Fund write offs have been set, amounted to £2,902K as at 31 March 2003. The write offs proposed in table 3 are consequently adequately provided for the in the Council's accounts.
- 4.4 The remainder of the outstanding debt is still being actively pursued.
- 4.5 The value of Council Tax accounts to be written off is further analysed in table 4:

TABLE 4

YEAR	UNDER £20 OUTSTANDING	UNTRACED DEBTORS	SEQUESTRATION/ BANKRUPTCY	DECEASED	IRRECOVERABLE	TOTAL
	£	£	£	£	£	£
1993/94	-	339	112	731	7,310	8,492
1994/95	1	1,867	177	1,198	16,139	19,382
1995/96	-	6,077	(96)	2,929	21,795	30,705
1996/97	4	8,182	727	3,593	31,428	43,934
1997/98	4	11,279	959	2,195	-	14,437
1998/99	(2)	13,378	4,816	1,703	-	19,895
1999/00	(35)	18,463	8,371	3,619	-	30,418
2000/01	(8)	34,999	9,967	3,801	-	48,759
2001/02	(46)	56,890	15,806	5,388	-	78,038
2002/03	72	77,504	21,219	4,426	-	103,221
2003/04	-	18,222	3,070	400	-	21,692
TOTALS	(10)	247,200	65,128	29,983	76,672	418,973

5 NON-DOMESTIC RATES

- 5.1 Table 5 gives details of the proposed Non Domestic Rates write offs.

TABLE 5

CHARGE YEAR	PROPOSED WRITE OFF	BANKRUPTCIES INCLUDED IN TOTAL
	£	£
1995/96	(472)	(868)
1996/97	929	(109)
1997/98	1,038	-
1998/99	7,996	6,323
1999/00	86,980	80,542
2000/01	103,106	92,908
2001/02	78,584	65,913
2002/03	75,263	65,460
2003/04	3,971	3,293
TOTALS	357,395	313,462

- 5.2 Substantial provisions for bad debts exist within the accounts of Angus Council. The balance of those provisions, against which the above write offs would be set, amounted to £730,535 as at 31 March 2003. The write offs proposed in table 5 are consequently adequately provided for in the Council's accounts.

6 FINANCIAL IMPLICATIONS

- 6.1 There are no implications for the Council's budget in the current financial year as the write offs recommended in this report will be set against the balance of provisions already accrued in the accounts of Angus Council and which will adequately cover the sums involved.
- 6.2 **However I would stress that although these and previous accounts may be written off, the files remain open and every effort will be made to collect debts if circumstances change.**

7 HUMAN RIGHTS IMPLICATIONS

- 7.1 There are no human rights implications arising as a result of this report.

8 CONSULTATION

- 8.1 The Chief Executive and the Director of Law and Administration have been consulted in the preparation of this report.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

DSS/GR/TAB/JC/PH
04/06/04

David S. Sawers
Director of Finance