

ANGUS COUNCIL

RESOURCES AND CENTRAL SERVICES COMMITTEE – 16 June 2005

**SUBJECT: AUTHORITY TO WRITE OFF BAD DEBTS (COMMUNITY CHARGE, COUNCIL TAX, NON DOMESTIC RATES AND HOUSING BENEFIT OVERPAYMENTS)
FINANCIAL YEAR 2004/05**

REPORT BY THE 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, Non Domestic Rates and Housing Benefit Overpayments.

1. RECOMMENDATION(S)

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

2. BACKGROUND

The Accounts of the Council for the financial year 2004/05 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.

Details of the amounts for write off along with the reasons are shown. It should be noted that arrears proposed for write-off in respect of Community Charge, Council Tax, Non Domestic Rates and Housing Benefit and Overpayments 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 There are residual amounts outstanding in respect of Community Charge which was replaced by Council Tax in 1993/94. Those residual amounts relate to both the charge itself and also to associated statutory additions. The amounts outstanding at 1st April 2004 were as shown in Table 1.

Table 1	£
Community Charge	384678
Statutory Additions	356535
TOTAL	----- 741213 -----

- 3.2 It is proposed to write-off a total of £157,694 which will be attributed to the Statutory Additions outstanding as shown in the amounts.
- 3.3 The amount outstanding for Statutory Additions is covered either by a creditor provision reflecting sums that may become payable to Sheriff Officers or by a general provision.

3.4 Table 2 sets out the reasons for the write-off

TABLE 2

YEAR	UNDER £20 OUTSTANDING	UNTRACED DEBTORS	SEQUESTRATION/ BANKRUPTCY	DECEASED	IRRECOVERABLE	TOTAL
	£	£	£	£	£	£
1989/90	830	1556	656	300	2462	5804
1990/91	598	1723	855	670	3991	7837
1991/92	615	1615	995	923	61562	65710
1992/93	993	1522	894	956	73978	78343
TOTALS	3036	6416	3400	2849	141993	157694

4. COUNCIL TAX AND WATER SEWERAGE

4.1 Table 3 gives details of the write offs:

TABLE 3

YEAR	CHARGES LEVIED	2004/05 WRITE OFF	PREVIOUS WRITE OFF	TOTAL WRITE OFF	CUMULATIVE	AMOUNT O/S @ 31/03/05 AFTER WRITE OFF
	£K	£	£	£	%	£
1993/94	20,938,606	3805	290,964	294,769	1.41	15,282
1994/95	22,726,836	11847	290,872	302,719	1.33	57,271
1995/96	24,369,609	18840	277,117	295,957	1.21	105,413
1996/97	26,726,119	21246	295,778	317,024	1.19	131,741
1997/98	29,093,902	40878	242,315	283,193	0.97	146,771
1998/99	32,089,670	55489	257,874	313,363	0.98	183,496
1999/00	34,887,438	64761	263,206	327,967	0.94	280,758
2000/01	39,845,371	43146	257,935	301,081	0.76	490,360
2001/02	43,593,318	79518	194,604	274,122	0.63	692,817
2002/03	46,404,242	124010	116,535	240,545	0.52	995,532
2003/04	49,182,856	164449	21,691	186,140	0.38	1,289,368
2004/05	51,780,507	30760		30,760	0.06	2,029,028
TOTALS	421,638,474	658749	2,508,891	3,167,640		6,417,837

The element of the write off for 2004/05 that relates to the General Fund (i.e. excluding Water and Sewerage is £502,453.

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 £2,931,582 as at 31 March 2004. The write offs proposed in table 3 are consequently adequately provided for the in the Council's accounts.

The remainder of the outstanding debt is still being actively pursued.

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	4	1395	569	195	1642	3805
1994/95	3	5157	1149	687	4851	11847
1995/96	4	10289	1603	1513	5431	18840
1996/97	1	10568	1785	3004	5888	21246
1997/98	1	18269	1758	3229	17621	40878
1998/99	5	28387	1737	2965	22395	55489
1999/00	-42	35115	2188	3909	23591	64761
2000/01	-9	35799	3699	3657		43146
2001/02	1	67838	7202	4477		79518
2002/03	-17	104118	13657	6252		124010
2003/04	86	138470	20633	5260		164449
2004/05		25701	4226	833		30760
TOTALS	37	481106	60206	35981	81419	658749

5. NON-DOMESTIC RATES

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	115	115
1996/97	(26)	-26
1997/98	808	808
1998/99	925	925
1999/00	12257	12257
2000/01	16544	15174
2001/02	31205	27157
2002/03	34953	30388
2003/04	55671	47999
2004/05	39970	39075
TOTALS	192422	173872

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 £434,214 as at 31 March 2004. The write offs proposed in table 5 are consequently adequately provided for in the Council's accounts.

6. HOUSING BENEFIT OVERPAYMENTS

It is recommended that accounts relating to Housing Benefit Overpayments totalling £52,709, as summarised in table 6, are written off.

TABLE 6

UNECONOMICAL TO PURSUE	ALL AVENUES EXHAUSTED	UNTRACED DEBTORS	DECEASED	TOTAL
£	£	£	£	£
2,800	1,680	26,828	21,401	52,709

7. FINANCIAL IMPLICATIONS

In respect of Council Tax, Non-Domestic Rates and Community Charge the write-offs will be set against the balance of provisions already accrued in the accounts of Angus Council and which will adequately cover the sums involved.

In the case of Housing Benefit overpayments the write-offs will be charged to the Housing Benefits account within other Housing. The overall net charge including the write-off is within available budget.

Additionally 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.

8. CONSULTATION

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

9. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising as a result 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.

DAVID SAWERS
DIRECTOR OF FINANCE

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