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| Item No. | Classification: Open | Date: 24 July 2014 | Decision Taker: Cabinet Member for Finance, Strategy and Performance |
| Report title: | | Authorisation of Council Tax Debt Write-offs of £5,000 up to £50,000 for Revenues & Benefits Department | |
| Ward(s) or groups affected: | | All | |
| From: | | Assistant Director, Revenues & Benefits | |

RECOMMENDATIONS

1. That approval is given for the write off of £112,256.92 of debt detailed in Appendix 1 of the report (multiple write-offs)
2. That the cabinet member advises any further action they require on any write-offs not agreed within this report.

BACKGROUND INFORMATION

3. Under the council's constitution write-off of debts of £5,000 up to £50,000 has been delegated to individual members within their own service area. Debt write-off under £5,000 can be authorised by chief officers. Write-off of any debt of £50,000 or over must be referred to cabinet for authorisation.
4. There are a number of key reasons why the council may wish to write-off a debt. These are :
 - The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
 - The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
 - There has been a negotiated settlement as part of a complaint or dispute resolution which leaves a residual amount to be written off.
 - The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
 - The debtor is deceased and there is no likely settlement from the estate or next of kin.

- Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against and no likelihood of settlement.

KEY ISSUES FOR CONSIDERATION

Policy implications

5. The proposed write offs set out in this report are recommended in accordance with the council's agreed write off policies and procedures.
6. Appendix 1 includes 16 debts, with a total value of £112,256.92.
7. The revenues business unit have used a minimum of three tracing method and have conducted a 10% audit review to ensure that the correct procedures have been adhered to. In the cases referred to within Appendix 1 of this report the revenues business unit can confirm that the checking procedure has been followed.
 - The council tax write-offs are recommended by the council's revenues business unit. In each case the revenues business unit has attempted to trace council tax payers using standard procedures.
 - If a debtor has absconded, the business unit would use a number of tracing systems to attempt to locate the current address; these would include the council databases and internal/external agencies as appropriate according to the amount of the debt.
 - In the case of a deceased council tax payer and following confirmation that there are no funds in the estate to settle the debt, the debt will be submitted for write off.
 - Where the council tax payer is insolvent and confirmation is received there are no dividends available to pay creditors, the account is submitted for write off.

Community impact statement

8. All write-offs are considered with due regard to any potential community impact and on their own merits. This decision has been judged to have no or a very small impact on local people and communities

Resource implications

9. The total debt recommended for write off is £112,256.92 relating to Council Tax payers that have absconded, been made Bankrupt or deceased.
10. The debts in appendix 1 will be contained within the Council Tax bad debt provisions.
11. The schedule of write offs have been compiled in accordance with the Council's agreed policy and procedures.

12. Under the constitution, the write-off of debts below £50,000 but over £5,000 is delegated to the cabinet member within their own service area. The debt has arisen due to the non-payment of council tax.
13. The council's policy on write-off allow debts to be written off where the debtors have either absconded, been made bankrupt, deceased, or where it is uneconomical to pursue recovery of the debt,

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Legal Services

14. This report recommends that the debts as set out in Appendix 1, be written off in accordance with the council's procedure on debt write-off. Each debt is above £5,000 but below £50,000.
15. The report has set out circumstances whereby debts can lawfully be written off by the council and these include circumstances when a debtor has gone bankrupt, the debt is time barred, where the debtor is deceased or gone away. In such circumstances to pursue the debt would be a very difficult and costly exercise with little or no chances of success.
16. Approving write-off of debts between £5,000 to £50,000 is reserved, under the council's constitution, to Cabinet members where it is within their areas of responsibility. Responsibility for council tax collection falls within the portfolio of the cabinet member for finance, resources and community safety.
17. The Director of Legal Services considers the proposed write-offs to be in accordance with the council's procedures and lawful.

Strategic Director of Finance and Corporate Services

18. Each debt meets one or more of the criteria for write-off and the Finance Director consider that it would be uneconomic to make any further attempt at recovery the debt.
19. The cost of the write-offs will be met from the provision for bad debts referred to in the Resource Implications section of this report.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|-------------------------------|---------------------|--------------------------------|
| Council Tax Customer Accounts | Revenues & Benefits | Norman Lockie 020 7525 0928 |

APPENDICES

| No. | Title |
|------------|--------------------|
| Appendix 1 | Write off proforma |

AUDIT TRAIL

| | | |
|---|--|--------------------------|
| Lead Officer | Dominic Cain, Assistant Director Revenues & Benefits | |
| Report Author | Norman Lockie, Operations Manager (Revenues) | |
| Version | Final | |
| Dated | 24 July 2014 | |
| Key Decision? | Yes | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Director of Legal Services | Yes | Yes |
| Strategic Director of Finance and Corporate Services | Yes | Yes |
| Cabinet Member | Yes | No |
| Date final report sent to Constitutional Team | 27 July 2014 | |

APPENDIX 1

REQUEST FOR WRITE-OFF PRO-FORMA

This pro-forma is to be used for multiple write-offs of £5,000 up to £50,000 that are being passed for cabinet member individual decision making and approval in accordance with the council's constitution and financial standing orders. A separate sheet should be used for each service area. If only one item is being proposed for write off, this appendix is unnecessary, full details should be given in the key issues area. The closed appendix contains the reference number for identification of each debtor.

| Account End date | Reason for Write Off | Outstanding Debt |
|------------------|----------------------|------------------|
| 31/03/2014 | Bankruptcy | £6,828.35 |
| 07/08/2011 | Gone away | £5,234.06 |
| 26/04/2012 | Bankruptcy | £9,608.94 |
| 30/12/2010 | Gone away | £8,406.50 |
| 18/12/2011 | Gone away | £5,133.38 |
| 10/11/2013 | Gone away | £7,325.45 |
| 07/08/2012 | Gone away | £5,011.86 |
| 25/04/2012 | Bankruptcy | £8,548.02 |
| 19/05/2012 | Gone away | £6,237.91 |
| 22/04/2012 | Gone away | £7,687.99 |
| 31/03/2013 | Gone away | £5,616.74 |
| 15/10/2010 | Gone away | £6,342.40 |
| 28/02/2013 | Gone away | £5,468.10 |
| 22/12/2012 | Gone away | £9,873.97 |
| 09/09/2012 | Gone away | £9,752.50 |
| 31/10/2012 | Gone away | £5,180.75 |

£112,256.92