

REPORT TO: CABINET

DATE: 25 FEBRUARY 2016

TITLE: DEBT WRITE OFFS

PORTFOLIO HOLDER: COUNCILLOR MIKE DANVERS

LEAD OFFICER: SIMON FREEMAN, HEAD OF FINANCE,
(01279) 446228

CONTRIBUTING OFFICER: DONNA BEECHENER, REVENUES &
BENEFITS MANAGER, (01279) 446228

This is a Key Decision

It is on the Forward Plan as Decision number I004248

This decision is not subject to Call-in procedures for the following reasons:

The recommendations are in scope of the original budget as approved by Full Council

This decision will affect no ward specifically.

RECOMMENDED that:

- A** Irrecoverable Council Tax amounting to £106,688.99, as detailed in Table 1 of Appendix A, be written off.
- B** Irrecoverable Non Domestic Rates amounting to £50,307.94, as detailed in Table 2 of Appendix A, be written off. .
- C** Irrecoverable sundry debts amounting to £5,365.63, as detailed in Table 3 of Appendix A, be written off.
- D** Irrecoverable housing benefit overpayments amounting to £19,014.78, as detailed in Table 4 of Appendix A, be written off.

REASON FOR DECISION

- A** The Cabinet's approval is required to write off irrecoverable debts.

BACKGROUND

1. Harlow Council has an excellent record of recovering monies owed by customers. The Council collects 99% of Non-domestic Rates due and over 99% of Council Tax. Debts are only ever written off as a last resort and where recovery is deemed to be impossible. The amounts put forward for write-off in this report amount to less than 1% of the total collectable debts.

2. All efforts to recover debts are undertaken in accordance with the relevant legislation.
3. On-going review processes have identified –
 - a) 24 Council Tax account debit balance,
 - b) Three Non Domestic Rate debit balances,
 - c) One sundry debt account debit balance
 - d) Five Housing Benefit overpayment debit balances

requiring write off approval in line with the Council's Financial Regulations. The details for each are shown in Appendix A, Tables 1, 2, 3, and 4.

4. Write-off limits in the Financial Regulations require all write-off requests relating to Council Tax, Housing Benefit overpayments and sundry debts over £1,000, and Non-domestic Rates over £5,000 to be presented to the Cabinet for formal approval.
5. As the statutory billing authority, the Council sets the total Council Tax for the area, inclusive of the amounts set by the main precepting bodies, Essex County Council, Essex Police and Crime Commissioner and Essex Fire Authority. As part of the Council Tax setting process, through the tax-base calculation, the Council makes a provision for non-payment, which is incorporated into the Council Tax amounts set by the Council and the three precepting authorities. The Council holds the total provision, which it applies to write-off the gross amount of Council Tax debts.
6. It should be noted that Harlow Council does not apportion Council Tax write-offs on an individual account basis to each precepting authority, as this is done on an annual basis, as a percentage of the collection fund balance. Whilst the Council's element of the Council Tax has varied from year to year, it is 16.8% for the current financial year.
7. Table 5 in Appendix A shows how the costs of Council Tax write-offs are shared between the Council and the precepting bodies, for the current year and for previous years.

IMPLICATIONS

Place Services

No specific implications within the report
Author: **Graeme Bloomer, Head of Place**

Finance

Debt write offs reflect a loss of income to the Council, but are only authorised after all attempts to recover debt are exhausted. Council tax write offs are shown

gross, with the majority of the cost being borne by the Essex Precepting Authorities. The cost of non-domestic rates write offs are partially met by the national Non Domestic Rate pool and partially by the billing and precepting authorities.

Author: **Simon Freeman, Head of Finance**

Housing

No specific implications within the report

Author: **Andrew Murray, Head of Housing**

Community & Wellbeing

No specific implications within the report, although issues around poverty may arise in discussion of individual cases.

Author: **Jane Greer, Head of Community & Wellbeing**

Governance

None beyond those contained in the report

Author: **Brian Keane, Head of Governance**

Background Papers

None

APPENDIX A

Table 1

Council Tax		
Reason for debt	Amount £	Time period of debts
Abscond	2,539.06	2001, 2002, 2003, 2006, 2007
Abscond	1,619.92	2007, 2008
Abscond	1,648.34	2008, 2009
Abscond	4,602.79	2010, 2011, 2012, 2013
Abscond	1,366.47	2013, 2014
Bankrupt	2,740.96	2004, 2005, 2006
Bankrupt	4,123.71	2008, 2009, 2010, 2011
Abscond	5,861.60	2009, 2010, 2011, 2012, 2013
Liquidation	1,634.77	2012, 2013
Liquidation	1,826.39	2012, 2013
Liquidation	1,528.60	2012, 2013
Liquidation	1,787.14	2012, 2013
Abscond	12,145.72	2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013
Abscond	5,270.21	2010, 2011, 2012, 2013
Abscond	5,110.01	2010, 2011, 2012, 2013, 2014
Abscond	5,882.93	2010, 2011, 2012, 2013
Abscond	3,256.48	2003, 2004, 2005, 2006
Abscond	7,808.95	2003, 2004, 2005, 2006, 2007, 2008, 2009
Abscond	3,394.21	2006, 2007
Bankrupt	8,958.95	2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014
No Estate	6,855.35	2006, 2007, 2008, 2009, 2010, 2011, 2015
Charging Order - No assets on sale of property	5,585.15	2010, 2011, 2012, 2013, 2014
Debt Relief Order	5,404.03	2009, 2010, 2011, 2012, 2013, 2014, 2015
Charging Order cancelled, HDC not advised, property sold.	5,737.25	2002, 2003, 2004, 2005, 2007, 2008, 2009, 2010, 2011
Total Council Tax write offs	106,688.99	

Table 2

Non Domestic Rates		
Reason for debt	Amount £	Time period of debts
Dissolved	18,616.56	2011, 2012, 2013
Dissolved	15,532.12	2013, 2014
Liquidation	16,159.26	2015
Total Non Domestic Rates write offs	50,307.94	0

Table 3

Sundry Debts		
Reason for debt	Amount £	Time period of debts
Other	5,365.63	2009
Total Sundry Debts write offs	5,365.63	

Table 4

Benefits Overpayment		
Reason for debt	Amount £	Time period of debts
Deceased	4,937.20	2010
Deceased	2,302.20	2010
Recovery exhausted	4,253.17	2004 - 2007
Recovery exhausted	2,384.27	2007 - 2009
Deceased	5,137.94	2012 - 2015
Total Benefits Overpayment write offs	19,014.78	

Table 5

Relevant Financial Year	Harlow Council %	Essex County Council %	Essex Police & Crime Commissioner %	Essex Fire Authority %	Total %
1995/96	28.9	64.1	7.0	0	100
1996/97	27.9	65.2	6.9	0	100
1997/98	23.4	68.9	7.7	0	100
1998/99	24.4	68.0	7.6	0	100
1999/00	24.0	68.6	7.4	0	100
2000/01	22.6	70.1	7.3	0	100
2002/03	20.3	72.4	7.3	0	100
2003/04	17.4	74.8	7.8	0	100
2004/05	17.1	70.6	7.8	4.5	100
2005/06	17.2	70.4	8.0	4.4	100
2006/07	17.0	70.6	8.1	4.3	100
2007/08	16.6	70.9	8.3	4.2	100
2008/09	16.4	71.1	8.3	4.2	100
2009/10	16.6	70.6	8.5	4.3	100
2010/11	16.4	70.7	8.6	4.3	100
2011/12	16.4	70.7	8.6	4.3	100
2012/13	16.32	70.5	8.87	4.31	100
2013/14	16.47	70.11	9.13	4.29	100
2014/15	16.39	70.04	9.3	4.27	100
2015/16	16.8	69.5	9.4	4.3	100