

AUDIT COMMITTEE - 10 JANUARY 2014

FINAL ACCOUNTS 2012/13 BAD DEBTS WRITE OFF

1. INTRODUCTION

- 1.1 This report informs Members of the total bad debts written off during the financial year 2012/13.
- 1.2 It is Council policy to take all practical steps to recover debts. The Council's accounting systems provide automated recovery procedures for the collection of the debts, followed where applicable, by court action.
- 1.3 This report is prepared in accordance with the Code of Practice for write offs approved by Cabinet.

2. WRITE OFFS

- 2.1 Debts have been written off in the following services;
 - Council Tax
 - National Non Domestic Rates (NNDR)
 - Overpaid Council Tax Benefit and Housing Benefit
 - Accounts Receivable
 - Housing and Garage Rents
 - Parking Penalty Charges
 - Stores
- 2.2. Criteria for write off included:
 - Abscond
 - Liquidations and bankruptcies
 - Deceased
 - Small balances
 - Bailiff unable to collect/levy
 - Foreign Vehicles
- 2.3 The total bad debt write off for 2012/13 was £780,304 (2011/12 £597,994). This represents 0.3% of the total income collected.
- # 2.4 The total written off by service is detailed in Appendix 1 (A comparison for values
written off during 2011/12 is detailed in Appendix 2). The appendix also includes the average value of accounts written off, the write off as a percentage of annual income collected and examples of write offs criteria.
- 2.5 The table below details the service and the value of write ons made during the 2012/13 year, together with comparative figures for 2011/12.

SERVICE	2012/13	2011/12
COUNCIL TAX	12,424	16,622
NDR	7,696	4,370
OVERPAID COUNCIL AND HOUSING BENEFIT	Nil	Nil
ACCOUNTS RECEIVABLE	802	248
HOUSING AND GARAGE RENTS	Nil	3,714
PARKING	Nil	Nil
STORES	Nil	Nil

2.6 Write ons are credited back where debtors have overpaid and they cannot be traced. All reasonable avenues are explored prior to the credit being written back on.

3. BAD DEBT PROVISION

3.1 Bad Debt Provision is made in the Council's annual accounts. This is calculated in accordance with Audit Commission Guidelines.

3.2 The provision made in the Council's annual accounts for each type of bad debt write off and the total arrears as at 31 March 2013 is also shown in Appendix 1.

4. AUTHORITY TO APPROVE

4.1 Heads of Service have authority to approve write offs up to certain limits and the Council's statutory financial officer has authority to approve all write offs without any limit, in accordance with the Code of Practice approved by Cabinet. Details of the approval limits are shown in Appendix 3.

5. RECOMMENDATIONS

5.1 That this report be noted.

For Further Information Please Contact:

Glynne Miles – Head of Service
 Tel: (023) 8028 5588
 Email: glynne.miles@nfdc.gov.uk

Bob Jackson – Executive Director
 Tel: (023) 8028 5588
 Email: bob.jackson@nfdc.gov.uk

Background Papers;

Accountancy Working Papers

APPENDIX 1 CATEGORIES OF WRITE OFFS 2012/13

Category of Debt	Total Write Off	No of Accounts	Average value of Account Written Off	Annual Income / Turnover	Provision Made 31/3/2013	Arrears Balance as at 31/3/2013	Write Off as % of Turnover	Reason for Write Off
	£		£	£	£	£		
Council Tax	129,426	812	159	100,002,000	1,192,180	2,804,000	0.1	Abscond, bailiff, deceased, other, small balances.
NNDR	378,994	160	2369	58,949,000	450,870	1,445,000	0.6	Abscond, insolvency, returned from bailiff, small balance.
Housing Benefit incl Overpaid Invoices	89,660	311	288	53,005,000	424,790	760,000	0.2	Abscond, bankruptcy, collection, deceased, LA/DWP error, small balance.
Accounts Receivable	113,470	352	322	6,433,000	710,490	1,395,000	1.8	Abscond, bankruptcy, deceased, other, over £1500, over 6 years old, small balance, uneconomical to pursue.
Housing and Garage Rents	53,194	197	270	25,388,000	400,000	620,000	0.2	Abandoned property, deceased, moved to nursing home, small balance, special circumstances, over 6 years old.

Parking Penalty Charges	15,475	254	61	2,643,000	-	-	0.6	Abscond, bailiff unable to collect/ no goods on which to levy, foreign vehicle.
Stores	85							Damaged/obsolete items, picking errors.
Total	780,304	2,086		246,420,000				

APPENDIX 2 CATEGORIES OF WRITE OFFS 2011/12

Category of Debt	Total Write Off £	No of Accounts	Average value of Account Written Off £	Annual Income / Turnover £	Provision Made 31/3/2012 £	Arrears Balance as at 31/3/2012 £	Write Off as % of Turnover	Reason for Write Off
Council Tax	199,710	1480	135	99,255,000	1,208,960	2,846,000	0.2	Abscond, deceased, bailiff, other, small balances.
NDR	289,866	106	2735	61,321,000	258,650	1,485,000	0.5	Abscond, insolvency, small balance.
Housing Benefit incl Overpaid Invoices	43,481	332	131	51,195,000	313,830	630,000	0.1	Abscond, bankruptcy, collection, deceased, LA/DWP error, small balance.
Accounts Receivable	44,707	387	116	7,180,000	836,670	1,390,000	0.6	Abscond, bankruptcy, deceased, over £1500, over 6 years old, small balance, uneconomical to pursue.
Housing and Garage Rents	0	0	0	24,189,000	368,000	553,000	0.0	

Parking Penalty Charges	16,700	277	60	2,341,000	-	-	0.7	Abscond, bankruptcy, bailiff unable to collect/no goods on which to levy, foreign vehicle.
Stores	3,531							Damaged/obsolete items, picking errors.
Total	597,994	2582	232	245,481,000				

BUSINESS UNIT	HOS RESPONSIBLE	WRITE OFF / ON CRITERIA	UPPER £ LIMIT PER DEBTOR*
Council Tax	Head of Customer and Financial Services	Bankruptcy Abscond Small Balance (up to £100) Deceased Bailiff unable to collect/no goods on which to levy	£3,500
Business Rates	Head of Customer and Financial Services	Bankruptcy/Liquidation Abscond Small Balance (up to £100) Deceased Bailiff unable to collect/no goods on which to levy	£5,000
Council Tax and Housing Benefit (including Fraudulent cases)	Head of Customer and Financial Services	Bankruptcy Abscond Small Balance (up to £100) Deceased LA Error DWP Error Collection Agency unable to collect	£3,000
Accounts Receivable	Head of Customer and Financial Services	Bankruptcy Abscond Small Balance (up to £100) Deceased Uneconomic to pursue through the court	£1,500
Penalty Charge Notices	Head of Customer and Financial Services	Bankruptcy Abscond Deceased Bailiff unable to collect/ no goods on which to levy Foreign Vehicle	£330
Housing Rents	Head of Housing	Bankruptcy Abscond Small Balance (£100) Deceased	£1,000
Garages	Head of Housing	Bankruptcy Abscond Small Balance (£100) Deceased	£1,000
Stores	Head of Property Services	Obsolete stock Damaged stock Picking Error	£100 (noted - debtor comment does not apply, therefore per product)
Health and Leisure Centres	Head of Leisure and Employment	Small Balance Missing Membership Proofs	£100 £500

All	Section 151 Officer	Any write off/on including; Partial write offs of live accounts, paying accounts, large balances, any other exceptional reason	NO LIMIT
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