

## FINAL ACCOUNTS 2018/19 BAD DEBTS WRITE OFF

### 1. INTRODUCTION

- 1.1 This report informs Members of the total bad debts written off during the financial year 2018/19.
- 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 Housing Benefit
  - Accounts Receivable
  - Housing and Garage Rents
  - Parking Penalty Charges
  - Stores
- 2.2 Criteria for write off include:
  - Abscond
  - Liquidations and bankruptcies
  - Deceased
  - Small balances
  - Enforcement Agent unable to collect/levy
  - Foreign Vehicles
  - Obsolete items
- 2.3 The total bad debt write off for 2018/19 was £618,169 (2017/18 £704,450). This represents 0.23% 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 2017/18 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 i.e. write back of credit balances made during the 2018/19 year, together with comparative figures for 2017/18.

<b>CATEGORY OF DEBT</b>	<b>2018/19 £</b>	<b>2017/18 £</b>
COUNCIL TAX	9,049	6,945
NNDR	687	1,788
HOUSING BENEFIT incl. OVERPAID INVOICES	14,969	2,103
ACCOUNTS RECEIVABLE	46	60
HOUSING AND GARAGE RENTS	435	7,389
PARKING PENALTY CHARGES	Nil	Nil
STORES	1,759	Nil

- 2.6 Write ons are credited where debtors have overpaid and they cannot be traced. All reasonable avenues are explored prior to the credit being written back on.
- 2.7 The increase in Housing Benefit write-ons is due to previous write-offs being reversed for recovery via the Housing Benefit Debt Service.

### **3. BAD DEBT PROVISION**

- 3.1 The Council has made allowances for doubtful debts in the accounts based on what it believes to be a prudent but realistic level. For 2018/19, the NFDC provision is £2,429m (£2.447m in 2017/18).
- 3.2 The total provision made for each type of bad debt write off and the total arrears as at 31 March 2019 is also shown in Appendix 1. Members should note, the total provision figures within Appendix 1 include the NFDC provision as outlined above, plus collection fund provisions which relate to other organisations (i.e. HCC).

### **4. AUTHORITY TO APPROVE**

- 4.1 Service Managers have authority to approve write offs up to certain limits and the Council's statutory financial officer has authority to approve write offs of 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:**

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APPENDIX 1 CATEGORIES OF WRITE OFFS 2018/19								
Category of Debt	Total Write Off £	Number of Accounts	Average value of Account Written Off £	Annual Income / Turnover £	Provision Made 31/3/2019 £	Arrears Balance as at 31/3/2019 £	Write Off as % of Turnover	Reason for Write Off
Council Tax1	242,448	1,315	184	121,305,000	1,161,370	2,902,000	0.2	Abscond, bankruptcy, deceased, no goods on which to levy, other, small balance.
NDR	186,335	78	2,389	66,811,000	245,000	760,000	0.3	Abscond, bankruptcy, no goods on which to levy, other, small balance.
Housing Benefit incl Overpaid Invoices	45,002	182	247	37,228,000	740,020	1,181,000	0.1	Abscond, bankruptcy, collection, deceased, Local Authority/DWP error, small balance.
Accounts Receivable	26,058	70	372	9,428,000	883,160	2,901,000	0.3	Abscond, bankruptcy, small balance, uneconomical to pursue.
Housing and Garage Rents	93,175	159	586	28,646,000	523,000	670,000	0.3	Abscond, bankruptcy, deceased, collection agency unable to collect, individual voluntary agreement/debt relief order, small balance.
Parking Penalty Charges	25,151	425	59	315,289	20,159	121,758.21	8.0	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, deceased, foreign vehicle.
<b>Total</b>	<b>618,169</b>	<b>2,229</b>		<b>263,733,289</b>				

**APPENDIX 2 CATEGORIES OF WRITE OFFS 2017/18**

<b>Category of Debt</b>	<b>Total Write Off £</b>	<b>Number of Accounts</b>	<b>Average value of Account Written Off £</b>	<b>Annual Income / Turnover £</b>	<b>Provision Made 31/3/2018 £</b>	<b>Arrears Balance as at 31/3/2018 £</b>	<b>Write Off as % of Turnover</b>	<b>Reason for Write Off</b>
<b>Council Tax</b>	144,450	574	252	114,098,000	1,165,090	2,768,000	0.1	Abscond, bankruptcy, debt relief order, deceased, no goods on which to levy, other, small balance.
<b>NNDR</b>	322,393	61	5285	65,951,000	329,000	1,134,000	0.5	Abscond, bankruptcy, no goods on which to levy, other, small balance.
<b>Housing Benefit incl Overpaid Invoices</b>	74,110	270	274	39,646,000	810,760	1,192,000	0.2	Abscond, bankruptcy, debt relief order, collection, deceased, Local Authority/DWP error, small balance.
<b>Accounts Receivable</b>	52,021	140	372	7,624,000	881,860	2,130,000	0.7	Abscond, bankruptcy, deceased, small balance, uneconomical to pursue.
<b>Housing and Garage Rents</b>	81,800	153	535	28,793,000	437,000	639,000	0.3	Abscond, deceased, debt relief order, small balance, unable to collect, uneconomic.
<b>Parking Penalty Charges</b>	28,888	452	64	280,418			10.3	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, foreign vehicle.
<b>Stores</b>	788							Picking errors.
<b>Total</b>	<b>704,450</b>	<b>1,650</b>		<b>256,392,418</b>				

SERVICE AREA	SERVICE MANAGER RESPONSIBLE	WRITE OFF / ON CRITERIA	UPPER £ LIMIT PER DEBTOR
Council Tax	Revenues & Benefits	Bankruptcy/Debt relief order Abscond Small Balance (up to £500) Deceased Bailiff unable to collect/no goods on which to levy	£3,500
Business Rates	Revenues & Benefits	Bankruptcy/Liquidation/Indiv vol agreement Abscond Small Balance (up to £500) Deceased Bailiff unable to collect/no goods on which to levy	£3,500
Housing Benefit (including Fraudulent cases)	Revenues & Benefits	Bankruptcy/Debt relief order Abscond Small Balance (up to £500) Deceased LA Error DWP Error Collection Agency unable to collect	£3,500
Housing Rents	Housing – Estates Management	Bankruptcy/Debt relief order Abscond Small Balance (£500) Deceased Collection Agency unable to collect	£3,500
Accounts Receivable	Revenues & Benefits	Bankruptcy/Indiv. Vol. Agreement / Debt Relief Order Abscond Small Balance (up to £500) Deceased Uneconomic to pursue through the court	£1,500
Penalty Charge Notices	Street Scene	Bankruptcy Abscond Deceased Bailiff unable to collect/ no goods on which to levy Foreign Vehicle	£1,500
Garages	Housing – Estates Management	Bankruptcy Abscond Small Balance Deceased	£1,500
Stores	Building Works	Obsolete stock / Damaged stock Picking Error	£1,500
Health and Leisure Centres	Health & Leisure	Small Balance (up to £500) Missing Membership Proofs	£1,500
Estates & Valuations	Legal / Estates	Bankruptcy Abscond Small Balance (up to £500) Deceased	£1,500
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