

FINAL ACCOUNTS 2014/15 BAD DEBTS WRITE OFF

1. INTRODUCTION

- 1.1 This report informs Members of the total bad debts written off during the financial year 2014/15.
- 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
 - Obsolete items
- 2.3 The total bad debt write off for 2014/15 was £769,749 (2013/14 £781,232). 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 2013/14 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.
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- 2.5 The table below details the service and the value of write ons i.e. write back of credit balances made during the 2014/15 year, together with comparative figures for 2013/14.

CATEGORY OF DEBT	2014/15 £	2013/14 £
COUNCIL TAX	18,286	15,484
NNDR	12,439	6,583
HOUSING BENEFIT incl. OVERPAID INVOICES	2,103	5,689
ACCOUNTS RECEIVABLE	1,265	55
HOUSING AND GARAGE RENTS	2,964	Nil
PARKING PENALTY CHARGES	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 2015 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.

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Background Papers;

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APPENDIX 1 CATEGORIES OF WRITE OFFS 2014/15								
Category of Debt	Total Write Off £	No of Accounts	Average value of Account Written £	Annual Income / Turnover £	Provision Made 31/3/2015 £	Arrears Balance as at 31/3/2015 £	Write Off as % of Turnover	Reason for Write Off
Council Tax	158,205	1,113	142	102,829,000	1,230,760	2,931,000	0.2	Abscond, bankruptcy, bailiff unable to collect, deceased, remitted by magistrates, year end, uneconomic.
NNDR	394,563	835	473	64,904,000	361,430	1,225,000	0.6	Abscond, deceased, bankruptcy/insolvency, other, returned from bailiff, small balance.
Housing Benefit incl Overpaid Invoices	77,745	213	365	43,295,000	564,180	878,000	0.2	Abscond, bankruptcy, collection, deceased, small balance.
Accounts Receivable	86,919	351	248	6,384,000	534,540	1,668,000	1.4	Abscond, bankruptcy, deceased, over 6 years old, small balance, uneconomical to pursue.
Housing and Garage Rents	30,867	80	386	28,557,000	458,000	668,000	0.1	Abandoned property, bankruptcy/debt relief order, deceased and no funds in estate, small balance/under £50, over 6 years old.
Parking Penalty Charges	19,767	337	59	2,830,000	-	-	0.7	Abscond, bailiff unable to collect/ no goods on which to levy, deceased, foreign vehicle.
Stores	1,683							Out of date/not used (i.e. obsolete items).
Total	769,749	2,929		248,799,000				

APPENDIX 2 CATEGORIES OF WRITE OFFS 2013/14								
Category of Debt	Total Write Off	No of Accounts	Average value of Account Written	Annual Income / Turnover	Provision Made 31/3/2014	Arrears Balance as at 31/3/2014	Write Off as % of Turnover	Reason for Write Off
	£		£	£	£	£		
Council Tax	181,938	1067	171	102,797,000	1,151,480	2,852,000	0.2	Abscond, bankruptcy, bailiff unable to collect, deceased, LA error, small balances.
NNDR	276,854	531	521	62,121,000	503,430	1,571,000	0.4	Abscond, deceased, insolvency, other.
Housing Benefit incl Overpaid Invoices	72,235	303	238	43,356,000	543,030	862,000	0.2	Abscond, bankruptcy, collection, deceased, LA/DWP error, small balance.
Accounts Receivable	145,449	364	400	6,574,000	596,210	1,021,000	2.2	Abscond, bankruptcy, deceased, over £1500, over 6 years old, small balance, uneconomical to pursue.
Housing and Garage Rents	71,798	212	339	25,709,000	408,000	607,000	0.3	Abandoned property, deceased, moved to nursing home, small balance, special circumstances, over 6 years old.
Parking Penalty Charges	14,254	232	61	2,731,000	-	-	0.5	Abscond, bailiff unable to collect/ no goods on which to levy, deceased, foreign vehicle.
Stores	18,704							Out of date/obsolete items, Agresso operating issues on stock takes, reline of fuel tanks.
Total	781,232	2,709		243,288,000				

APPENDIX 3

Category of Debt	2014/15	2013/14
	£	£
Council Tax	18,286	15,484
NNDR	12,439	6,583
Housing Benefit incl Overpaid Invoices	2,103	5,689
Accounts Receivable	1,265	55
Housing and Garage Rents	2,964	Nil
Parking Penalty Charges	Nil	Nil
Stores	Nil	Nil