

Audit Committee – 27 June 2025

Annual report of bad debts and write-offs

Purpose	For Review
Executive Summary	This annual report to the Audit Committee provides a summary of the sums written-off in 2024/25 and the bad debt provisions for each debt.
Recommendation(s)	That Audit Committee note the contents of this report
Reasons for recommendation(s)	That the Audit Committee have awareness of the contents of the report.
Portfolio Holder(s)	Cllr Jeremy Heron, Finance and Corporate
Strategic Director(s)	Richard Knott - Strategic Director Housing and Communities
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Introduction

1. This report is an annual report to inform Members of the total bad debts written-off during the financial year 2024/25.
2. The Council collects Council Tax, Business Rates, Sundry Income, Rent and Parking Charges and every effort is made to collect all sums by the most appropriate and efficient method. It is Council policy to take all practical steps to recover debts, including proactively working with households to provide support, advice and information, and we always encourage those in arrears to contact us so we can discuss their situation and circumstances. We continue to refer to, and work with, Citizens Advice New Forest.
3. The Council's accounting systems provide automated recovery procedures for the collection of the debts, followed where applicable, by appropriate recovery, and all methods of recovery are considered and where appropriate pursued in line with legislative provision before recommending that debts are written-off, for example enforcement agents, tracing services and through the court. Writing-off a debt is the

last resort after all avenues of recovery have been exhausted.

4. This report is prepared in accordance with the policy for write-offs approved by Council.

Write-offs

5. Debts have been written-off in the following services during 2024/25:
 - Council Tax
 - National Non-Domestic Rates (NNDR)
 - Housing Benefit
 - Sundry Income
 - Housing and Garage Rents
 - Parking Penalty Charges
 - Stores
6. The need to write-off debt can arise for a number of reasons, including:
 - Abscond
 - Liquidations and bankruptcies
 - Deceased
 - Small balances
 - Enforcement Agent unable to collect/levy
 - Foreign Vehicles
7. The total debt written off for 2024/25 was £1,422,912 (£995,619 for 2023/24). This represents 0.44% of the total income collected in 2024/25 of £317,287,000 (0.34% for 2023/24). Although some debts are written-off in 2024/25 they are not necessarily related to this year and are arrears from previous years due to the timescales involved in pursuing recovery of the debt, for example council tax, where the debt may be from a previous year, or years, and recovery has been exhausted.
8. The total written-off by each service is detailed in Appendix 1, with Appendix 2 providing comparison values for 2023/24. The appendix also includes the average value of the amount written-off, the write-off as a percentage of annual income collected, and examples of write-offs criteria.

Write-ons

9. 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. Housing Benefit write-ons are where a previous Housing Benefit overpayment debt which has been written-off is reversed to recover the amount.

10. The table below details the service and the value of accounts that have had a credit on an account which has been written-on, together with comparative figures for 2024/25. The increase in National Non-Domestic Rates write-ons is due reviewing historic accounts and being unable to trace the business.

CATEGORY OF DEBT	2024/25 £	2023/24 £
Council Tax	88,625	75,506
National Non-Domestic Rates	100,642	13,820
Housing Benefit overpayments	Nil	Nil
Sundry Income	776	792
Housing and Garage rents	Nil	3,145
TOTAL	190,043	90,118

Bad debt provisions

11. The Council has made allowances for doubtful debts in the accounts based on what it believes to be a prudent but realistic level of debt collection for each type of debt. For 2024/25, the Council's provision is £5,395,534 million (£3.077 million in 2023/24), as detailed in Appendix 1
12. The total provision made for each type of bad debt write off and the total arrears as at 31 March 2025 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. Hampshire County Council).
13. The bad debt provision for council tax and business rates are:

Stage	% for provision
Liability Order	50%
Final	25%
Reminder	10%
Bill	5%

14. For Housing Benefit overpayments, a provision of 100% is made for any debt which is greater than one year and 50% where the debt is being recovered by DWP. Where an overpayment is currently being recovered from ongoing entitlement, the migration to Universal Credit may result in an increase to the bad debt provision, socially as the recovery rates have reduced and there are priority debts which are recovered first.
15. For Sundry Income a provision is made for debts which are greater than one year with an adjusted provision for rent deposit schemes and rent in advance schemes where payment plans often exceed one year, and where we have more information, such as an agreed payment

plan.

16. For existing Housing and Garage tenants a provision is worked out as follows:

Arrears (£)	% of provision
0-100	0
100-250	10
250-500	25
500-750	50
750-1,000	75
1,000+	95

17. A provision of 95% is made for debts of former tenant arrears.
18. Due to the ongoing impact of the cost of living it is expected to be challenging in 2025/26 to recover arrears brought forward from 2024/25, especially with Business Rates where we have seen an increase in insolvency and subsequent debts being written-off in 2024/25.

Authority to approve

19. 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. Details of the current approval limits are shown in Appendix 4.
20. A quarterly report will be provided to the Strategic Director Resources and Corporate Services to detail the write-offs approved.

Options appraisal

21. There are none.

Consultation undertaken

22. There has been none.

Financial and resource implications

23. The Council is committed to maximising collection of sums due and will explore all available means before submitting a debt for write-off.

Legal implications

24. There are no legal implications arising from this report. All legal duties and processes with recovery of debts are followed.

Risk assessment

25. There are no risks relating directly from this report, however it is acknowledged that the impact of the cost of living, economic factors, and reduced court hearing dates for Council Tax and National Non-Domestic Rates, may impact on collection for 2025/26.

Environmental and climate and nature implications

26. There are no environmental and climate implications arising from this report.

Equalities implications

27. There are no equalities impact arising from this report. The recovery of debt is supported by the Revenues and Benefits Fair Collection and Debt Recovery policy.

Crime and disorder implications

28. There are no significant crime and disorder implications arising from this report.

Data protection, information governance and ICT implications

29. There are no significant data protection implications arising from this report.

Appendices:

Appendix 1 - Write-offs in 2024/25
Appendix 2 – Write offs in 2023/24
Appendix 3 – Revenues bad debt workings
Appendix 4 - Write-off authorisations

Background Papers:

There are none

APPENDIX 1 WRITE-OFFS 2024/25								
Category of Debt	Total Write-off	Number of Accounts	Average value of write-off	Annual Income / Turnover	Provision Made 31/3/2025	Arrears balance as at 31/3/2025	Write-off as % of Turnover	Reasons for write-off
	£		£	£	£	£		
Council Tax	398,051	1,016	392	160,401,000	2,516,930	5,996,000	0.2	Abscond, bankruptcy, deceased, enforcement agent unable to collect, other, small balance.
NNDR	553,220	87	6,359	74,885,000	351,850	1,350,000	0.7	Abscond, bankruptcy, no goods on which to levy, other, small balance.
Housing Benefit Overpayments	89,359	162	52	27,682,000	646,310	1,000,000	0.3	Abscond, bankruptcy, collection agency unable to collect, deceased, Local Authority/DWP error, small balance.
Sundry Income	239,154	271	882	13,946,000	819,650	4,401,000	1.7	Abscond, bankruptcy, small balance, deceased, uneconomical to pursue.
Housing and Garage Rents	137,705	289	476	35,705,000	1,030,000	1,644,000	0.4	Abscond, bankruptcy, deceased, collection agency unable to collect, individual voluntary agreement/debt relief order, old, small balance.
Parking Penalty Charges	5,325	101	53	4,668,000	30,794	89,907	0.1	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, foreign vehicle.
Stores	98							Change in law, obsolete
Total	1,422,912	1,926		317,287,000	5,395,534	14,480,907		

APPENDIX 2 WRITE-OFFS 2023/24

Category of Debt	Total Write-off	Number of Accounts	Average value of write-off	Annual Income / Turnover	Provision Made 31/3/2024	Arrears balance as at 31/3/2024	Write-off as % of Turnover	Reasons for write-off
	£		£	£	£	£		
Council Tax	363,213	1,902	191	152,269,000	2,425,960	5,669,000	0.2	Abscond, bankruptcy, deceased, enforcement agent unable to collect, other, small balance.
NNDR	274,622	96	2,861	65,219,000	411,440	1,724,000	0.4	Abscond, bankruptcy, no goods on which to levy, other, small balance.
Housing Benefit Overpayments	74,937	305	246	27,386,000	683,120	1,098,000	0.3	Abscond, bankruptcy, collection agency unable to collect, deceased, Local Authority/DWP error, small balance.
Sundry Income	130,401	314	415	10,491,000	856,080	3,742,000	1.2	Abscond, bankruptcy, small balance, deceased, uneconomical to pursue.
Housing and Garage Rents	131,867	214	616	31,453,000	850,000	1,233,000	0.4	Abscond, bankruptcy, deceased, collection agency unable to collect, individual voluntary agreement/debt relief order, old, small balance.
Parking Penalty Charges	12,841	214	60	3,985,000	23,644	77,943	0.3	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, foreign vehicle.
Stores	7,738							Change in law, obsolete
Total	995,619	3,045		290,803,000	5,260,244	13,543,943		

Revenues bad debt workings

Council Tax Arrears by Recovery Stage			
	Arrears	Provision	Provision
	£'000	%	£'000
At Liability Order Stage	4,978	50	2,489
At Final Notice Stage	63	25	16
At Reminder Stage	490	10	49
At Bill Stage (by deduction)	465	5	23
Total	5,996		2,577
Reduction for Court Cost Arrears			60
Total			2,517

There is a provision for court costs outstanding.

NNDR Arrears by Recovery Stage			
	Arrears	Provision	Provision
	£'000	%	£'000
At Liability Order Stage	508	60	304
At Reminder Stage	333	10	33
At Bill Stage (by deduction)	552	5	28
Total	1,393		365
Reduction for Court Cost Arrears			14
Total			351

Write-off authorisations

SERVICE AREA	SERVICE MANAGER RESPONSIBLE	WRITE OFF / ON CRITERIA	UPPER £ LIMIT PER DEBTOR
Council Tax	Revenues, Benefits and Customer Services	Bankruptcy/Debt relief order Abscond Small Balance (up to £500) Deceased Enforcement Agent unable to collect/no goods on which to levy	£10,000
Business Rates	Revenues, Benefits and Customer Services	Bankruptcy/Liquidation/Indiv vol agreement Abscond Small Balance (up to £500) Deceased Enforcement Agent unable to collect/no goods on which to levy	£10,000
Housing Benefit (including Fraudulent cases)	Revenues, Benefits and Customer Services	Bankruptcy/Debt relief order Abscond Small Balance (up to £500) Deceased LA Error DWP Error Collection Agency unable to collect	£10,000
Sundry Income	Revenues, Benefits and Customer Services	Bankruptcy/IVA/Debt Relief Order Abscond Small Balance (£500) Deceased Collection Agency unable to collect Uneconomic to pursue through the court	£10,000
Housing Rents	Housing	Bankruptcy/Indiv. Vol. Agreement / Debt Relief Order Abscond Small Balance (up to £500) Deceased Collection Agency unable to collect	£10,000
Garages	Housing	Bankruptcy Abscond Small Balance Deceased	£10,000
Penalty Charge Notices	Street Scene	Bankruptcy Abscond Deceased Bailiff unable to collect/ no goods on which to levy Foreign Vehicle	£1,500
Stores	Building Works	Obsolete stock / Damaged stock Picking Error	£1,500
Estates & Valuations	Estates	Bankruptcy Abscond Small Balance (up to £500) Deceased	£1,500
	Section 151 Officer	Any write off/on including; Partial write offs of live accounts, paying accounts, large balances, any other exceptional reason	No Limit