

FINAL ACCOUNTS 2015/16 BAD DEBTS WRITE OFF

1. INTRODUCTION

- 1.1 This report informs Members of the total bad debts written off during the financial year 2015/16.
- 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 2015/16 was £645,221 (2014/15 £769,749). This represents 0.26% 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 2014/15 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 2015/16 year, together with comparative figures for 2014/15.

CATEGORY OF DEBT	2015/16 £	2014/15 £
COUNCIL TAX	27,441	18,286
NNDR	21,665	12,439
HOUSING BENEFIT incl. OVERPAID INVOICES	1,474	2,103
ACCOUNTS RECEIVABLE	4,509	1,265
HOUSING AND GARAGE RENTS	3,851	2,964
PARKING PENALTY CHARGES	Nil	Nil
STORES	1,603	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 based on an appropriate level of prudence, as well as allowing for specific items.

- # 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 2016 is also shown in Appendix 1.

4. AUTHORITY TO APPROVE

- 4.1 The majority of the written off bad debt during 2015/16 would have been approved by the relevant Heads of Service. Following the Senior Management restructure during the last quarter of 2015/16, at its meeting in April 2016, Council granted delegated authority to Service Managers, to the same extent as was previously granted to Heads of Service. The Council's statutory financial officer retains authority to approve all write offs without any limit, in accordance with the Code of Practice approved by Cabinet.

- # 4.2 Details of the approval limits included as Appendix 3 have been shown under the relevant Service Managers' posts, rather than the now defunct Heads of Service posts.

5. RECOMMENDATIONS

- 5.1 That this report be noted.

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Background Papers;

Accountancy Working Papers

APPENDIX 1 CATEGORIES OF WRITE OFFS 2015/16

Category of Debt	Total Write Off £	Number of Accounts	Average value of Account Written Off £	Annual Income / Turnover £	Provision Made 31/3/2016 £	Arrears Balance as at 31/3/2016 £	Write Off as % of Turnover	Reason for Write Off
Council Tax	233,556	959	244	103,946,000	1,182,520	2,782,000	0.2	Abscond, bankruptcy, deceased, no goods on which to levy, other, small balance.
NNDR	193,817	99	1958	63,593,000	396,000	1,335,000	0.3	Abscond, bankruptcy, deceased, no goods on which to levy, other, small balance.
Housing Benefit incl Overpaid Invoices	47,135	261	181	42,934,000	647,550	968,000	0.1	Abscond, bankruptcy, collection, deceased, Local Authority/DWP error, other, small balance.
Accounts Receivable	93,063	258	361	7,495,000	506,840	1,413,000	1.2	Abscond, bankruptcy, deceased, over 6 years old, small balance, uneconomical to pursue.
Housing and Garage Rents	59,533	387	154	29,230,000	463,000	677,000	0.2	Abandoned property, bankruptcy/debt relief order, deceased and no funds in estate, small balance/under £50, over 6 years old.
Parking Penalty Charges	15,057	247	61	2,866,000	-	-	0.5	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, foreign vehicle.
Stores	3,060							Picking errors, products past use-by date.
Total	645,221	2,211		250,064,000				

APPENDIX 2 CATEGORIES OF WRITE OFFS 2014/15

Category of Debt	Total Write Off £	Number of Accounts	Average value of Account Written Off £	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.
NDR	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 3

SERVICE AREA	SERVICE MANAGER RESPONSIBLE	WRITE OFF / ON CRITERIA	UPPER LIMIT PER DEBTOR
Council Tax	Community	Bankruptcy Abscond Small Balance (up to £100) Deceased Bailiff Unable to collect / no goods on which to levy	£3,500
Business Rates	Community	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)	Community	Bankruptcy Abscond Small Balance (up to £100) Deceased LA Error DWP Error Bailiff Unable to collect / no goods on which to levy	£3,000
Accounts Receivable	Community	Bankruptcy Abscond Small Balance (up to £100) Deceased Uneconomic to pursue through the court	£1,500
Housing Rents	Community	Bankruptcy Abscond Small Balance (up to £100) Deceased	£1,000
Garages	Housing	Bankruptcy Abscond Small Balance (up to £100) Deceased	£1,000
Penalty Charge Notices	Street Scene	Bankruptcy Abscond Deceased Bailiff Unable to collect / no goods on which to levy Foreign Vehicle	£330
Stores	Building Works	Obsolete / Damaged Stock Picking Error	£100
Health & Leisure Centres	Health & Leisure	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