

FINAL ACCOUNTS 2016/17 BAD DEBTS WRITE OFF

1. INTRODUCTION

- 1.1 This report informs Members of the total bad debts written off during the financial year 2016/17.
- 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 included:
 - 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 2016/17 was £780,398 (2015/16 £645,221). 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 2015/16 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 2016/17 year, together with comparative figures for 2015/16.

CATEGORY OF DEBT	2016/17 £	2015/16 £
COUNCIL TAX	17,998	27,441
NNDR	20,170	21,665
HOUSING BENEFIT incl. OVERPAID INVOICES	721	1,474
ACCOUNTS RECEIVABLE	2,744	4,509
HOUSING AND GARAGE RENTS	1,151	3,851
PARKING PENALTY CHARGES	Nil	Nil
STORES	Nil	1,603

- 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 The Council has made allowances for doubtful debts in the accounts based on what it believes to be a prudent but realistic level. For 2016/17, the NFDC provision is £2.238m (£2.249m in 2015/16).
- 3.2 The total provision made for each type of bad debt write off and the total arrears as at 31 March 2017 is also shown in Appendix 1.

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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Background Papers;

Accountancy Working Papers

APPENDIX 1 CATEGORIES OF WRITE OFFS 2016/17

Category of Debt	Total Write Off £	Number of Accounts	Average value of Account Written Off £	Annual Income / Turnover £	Provision Made 31/3/2017 £	Arrears Balance as at 31/3/2017 £	Write Off as % of Turnover	Reason for Write Off
Council Tax	247,653	859	288	108,437,000	1,148,700	2,704,000	0.2	Abscond, bankruptcy, debt relief order, deceased, no goods on which to levy, other, small balance.
NDR	252,791	86	2939	61,495,000	447,000	1,220,000	0.4	Abscond, bankruptcy, deceased, no goods on which to levy, other, small balance.
Housing Benefit incl Overpaid Invoices	52,631	198	266	43,159,000	693,230	1,000,000	0.1	Abscond, bankruptcy, debt relief order, collection agency unable to collect, deceased, Local Authority/DWP error, small balance.
Accounts Receivable	64,823	227	286	6,684,000	523,490	1,697,000	1.0	Abscond, bankruptcy, deceased, over 6 years old, small balance, uneconomical to pursue.
Housing and Garage Rents	148,662	323	460	29,061,000	380,000	572,000	0.5	Abscond, bankruptcy or debt relief order, collection agency unable to collect, deceased, small balance
Parking Penalty Charges	13,778	190	73	2,970,000	-	-	0.5	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, foreign vehicle.
Stores	60							Picking errors, products past use-by date.
Total	780,398	1,883		251,806,000				

APPENDIX 2 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, debt relief order, 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, debt relief order, collection agency unable to collect, deceased, Local Authority/DWP error, 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, small balance, 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, deceased, foreign vehicle.
Stores	3,060							Out of date/not used (i.e. obsolete items).
Total	645,221	2,211		250,064,000				

SERVICE AREA	SERVICE MANAGER RESPONSIBLE	WRITE OFF / ON CRITERIA	UPPER £ LIMIT PER DEBTOR
Council Tax	Housing & Community	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	Housing & Community	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)	Housing & Community	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 & Community	Bankruptcy/Debt relief order Abscond Small Balance (£500) Deceased Collection Agency unable to collect	£3,500
Accounts Receivable	Housing & Community	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 & Community	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