

FINAL ACCOUNTS 2017/18 BAD DEBTS WRITE OFF

1. INTRODUCTION

- 1.1 This report informs Members of the total bad debts written off during the financial year 2017/18.
- 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 2017/18 was £704,450 (2016/17 £780,398). This represents 0.27% 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 2016/17 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 2017/18 year, together with comparative figures for 2016/17.

CATEGORY OF DEBT	2017/18 £	2016/17 £
COUNCIL TAX	6,945	17,998
NNDR	1,788	20,170
HOUSING BENEFIT incl. OVERPAID INVOICES	2,103	721
ACCOUNTS RECEIVABLE	60	2,744
HOUSING AND GARAGE RENTS	7,389	1,151
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 The Council has made allowances for doubtful debts in the accounts based on what it believes to be a prudent but realistic level. For 2017/18, the NFDC provision is £2.447m (£2.238m in 2016/17).
- 3.2 The total provision made for each type of bad debt write off and the total arrears as at 31 March 2018 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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Background Papers;

Accountancy Working papers

APPENDIX 1 CATEGORIES OF WRITE OFFS 2017/18

Category of Debt	Total Write Off £	Number of Accounts	Average value of Account Written Off £	Annual Income / Turnover £	Provision Made 31/3/2018 £	Arrears Balance as at 31/3/2018 £	Write Off as % of Turnover	Reason for Write Off
Council Tax	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.
NNDR	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.
Housing Benefit incl Overpaid Invoices	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.
Accounts Receivable	52,021	140	372	7,624,000	881,860	2,130,000	0.7	Abscond, bankruptcy, deceased, small balance, uneconomical to pursue.
Housing and Garage Rents	81,800	153	535	28,793,000	437,000	639,000	0.3	Abscond, deceased, debt relief order, small balance, unable to collect, uneconomic.
Parking Penalty Charges	28,888	452	64	3,073,000			0.9	Abscond, bailiff unable to collect/no goods on which to levy, bankruptcy, foreign vehicle.
Stores	788							Picking errors.
Total	704,450	1,650		259,185,000				

APPENDIX 2 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.
NNDR	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				

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