

**EXECUTIVE
COMMITTEE**

11th July 2017

WRITE OFFS APRIL 2016 – MARCH 2017

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton - Head of Customer Access & Financial Support
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 The report sets out data in respect of the write off of unrecoverable debts in 2016/17.

2. RECOMMENDATIONS

The Executive is requested to note the report.

3. KEY ISSUES

Financial Implications

- 3.1 Provision is made within the Council's budget to allow for bad debts to be written off. The value of write off is well within the existing provisions. The current bad debts provisions are as follows:

	£'s
Council Tax	263,126
NDR	666,057
Housing Benefits Overpayment	1,090,814
Sundry Debtors	167,816
Housing Rents	469,093

The provisions above are set aside to reflect the costs associated with RBC element of the debt. The figures as provided within the Appendices show the total debt including that funding by the precepting partner agencies. Bad debt provisions are calculated each year based on total value and age of debt raised and are agreed by external auditors.

- 3.2 Details of written off debts during the period for Council Tax, Non Domestic Rates, Former Tenant Arrears and Overpaid Housing Benefit are attached at Appendix 1. A total of £597k of unrecoverable debt was written off during this financial year. This compares with £452k in 2015/16.

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- 3.3 Fluctuation in the value of write offs is due to the timing of write off action being taken and does not indicate a trend. A debt is only written off when officers are confident that there is no further economical action that can be taken to recover the debt, and as such there is no timetable for the write off of debt.
- 3.4 Due to challenges presented by the introduction of a new finance system there was no write off of sundry debts during 2015/16. Once it was possible to review the accounts officers established those where write off was appropriate and therefore there was a higher value of sundry debts written off during 2016/17. For comparative purposes £255,013 was written off in 2016/17 compared with £44,397 in 2014/15 which was the last full year of normal practice. As much of the debt written off in 16/17 related to the previous year for which there was a bad debt provision of £348,250 the provision was more than sufficient.
- 3.5 All Sundry Debtor accounts now been reviewed. The data conversion highlighted many very old debts on which further recovery action would not have been cost effective. Some of these had been carried forward for many years in the hope of recovery and have therefore been written off in accordance with the Council's policy.
- 3.6 The value of Aged Debt in the Sundry Debts system as at 31st March 2017 was £562,025 compares with a total debt recovered of over £10.3m. The Income Team are concentrating resources on collecting overdue debts. The team have reviewed all bad debts and in this coming financial year all process are to be reviewed to ensure we are using the most efficient method to collect outstanding debts
- 3.7 It is important to note that officers write back debts where information later comes to light that enables further recovery action to be taken.

Legal Implications

- 3.8 Legal advice is sought where appropriate in respect of the recovery of outstanding debts and action taken in accordance with procedures dependent on the debt in question.

Service / Operational Implications

- 3.9 All possible recovery action is taken in respect of debts before write off of the debt is considered.
- 3.10 The vast majority of write offs are agreed by officers of the Council, at a level appropriate to the value and nature of the debt.

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- 3.11 Two accounts with amounts outstanding of £538 and £2,095 were agreed for write off by the Director of Finance and Corporate Resources, in conjunction with the Portfolio Holder for Finance and Financial Support due to the customers suffering from extreme hardship.

Customer / Equalities and Diversity Implications

- 3.12 The Council's Write Off Policy makes provision for customers to be treated fairly and equally.
- 3.13 Officers endeavour to provide support to help the individual to become financially independent. Where a customer is identified as being in debt officers try to work with them to provide budgeting, money management and debt advice.

4. RISK MANAGEMENT

- 4.1 Failure to authorise the write off debts results in unrecoverable debts remaining on our financial systems. This is not in accordance with audit requirements

5. APPENDICES

Appendix 1 – Write offs April 2016 – March 2017

6. BACKGROUND PAPERS

There are no background papers in relation to this report.

AUTHORS OF REPORT

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Appendix 1

Write Offs of Council Tax - April 2016 – March 2017

Reason	
Gone away	2,113.63
Deceased no funds in estate	4,932.38
Bankruptcy	35,766.37
Uneconomical to pursue	3,514.77
Admin Order/IVA*	15,168.16
Automatic w/o +1/-1p	0.03
Balance under £5.00	20.42
Other	1,627.66
Credits - unable to refund	-9,488.98
Total	53,654.44

*IVA – Individual Voluntary Arrangement

Write Offs of Non-Domestic Rates - April 2016 – March 2017

Reason	
Gone away	1,177.78
Liquidation/Winding up	175,097.24
Uneconomical to pursue	6,028.12
CVA**	417.80
Credits - unable to refund	-6,040.58
TOTAL	176,680.36

** CVA – Company Voluntary Arrangement

**Write Offs of Former Tenant Arrears (HRA)
April 2016 – March 2017**

Reason	£
Gone away	25,552
Uneconomical to pursue	42,986
Tenant deceased	18,084
Total	86,623

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Write off of Sundry Debts – April 2016 to March 2017

Reason	Amount £
Gone Away	19,259
Deceased	8,769
Under £5.00	285
Bankruptcy	46,617
Hardship	2,633
Uneconomic to recover	94,537
In Prison	716
Out of our Jurisdiction	18,611
Out of time (6 years)	63,583
Total	255,013

Write off of Overpaid Housing Benefit – April 2016 to March 2017

Reason	Amount £	No. of cases
Deceased	1,603.02	2
Not reasonable to recover	22,398.00	99
Uneconomic to recover	4.11	2
No prospect of recovery	862.20	1
Compassionate	512.62	2
Totals	25,379.95	106