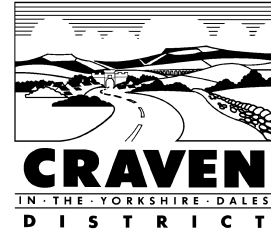


Policy Committee – 18th July 2017

Bad Debt Write Offs



Report of the Strategic Manager - Financial Services (s151 Officer)

Lead Member – Finance: Councillor Mulligan

Wards affected: All

1. **Purpose of Report** – In accordance with Financial Procedure Rules, to report to Members details of total bad debts written off during the 2016/17 financial year.
2. **Recommendations**
 - 2.1 This report is for information only. Members are recommended to note the bad debts written off during the 2016/17 financial year, as shown in Appendix A.
3. **Background**
 - 3.1 Customer and Benefit and Financial Services are responsible for the collection of council tax, non domestic rates and miscellaneous income.
 - 3.2 In order to focus resources on collectable accounts, thus minimising the cost of collection, it is from time to time important to write off accounts regarded as bad debts. This is generally accepted as good practice.
 - 3.3 The Council’s Chief Finance Officer has delegated authority to write off Council Tax, Non Domestic Rates and Miscellaneous Income debts; subject to first consulting the appropriate Ward Representative(s) on any debt exceeding £100 that is being considered for write-off. In all cases the option to write off the debt has been chosen as the last resort; wherever possible the debt is recovered. In cases where the debt is written off, the debtor may be bankrupt, has moved abroad or is incapacitated with no means to pay.
 - 3.4 The total write offs in the year to 31 March 2017 amount to £249,719 (31 March 2016: £281,190). This is split across the following debt types: Sundry Debtors: £12,282 (31 March 2016: £5,041); NNDR Debtors: £122,927 (31 March 2016: £140,864); Council Tax Debtors: £86,969 (31 March 2016: £87,822); Overpaid Housing Benefits: £27,541 (31 March 2016: £47,463). In terms of the total amount billed in 2016/17, the percentage of write-offs are as follows:

Council Tax:	0.24% (£87k out of £36,579k)
NNDR:	0.67% (£123k out of £18,374k)
Sundry Debtors:	0.32% (£12k out of £3,842k)
Overpaid Housing Benefits:	7.80% (£28k out of £353k)
 - 3.5 If, following approval for write off, new information regarding the whereabouts of a debtor comes to light, then the debt is re-raised and pursued accordingly.

3.6 Members may wish to place the writing off of these debts into context with the Council's successful collection record. In 2016/17 the Council had a collection rate of 98.57% (2015/16: 98.8%) for Council Tax and 98.77% (2015/16: 99%) for NNDR.

4 **Implications**

4.1 **Financial and Value for Money (vfm) Implications** – There is provision within the Council's budget for bad debt and writing off this amount will not cause that provision to be exceeded. The bad debt provisions for 2016/17 are Council Tax: £455,950 (2015/16: £446,350); Non Domestic Rates: £138,750 (2015/16: £133,700); Housing Benefit Overpayments: £328,371 (2015/16: £419,676) and General Provision: £151,424 (2015/16: £170,219).

4.2 **Legal Implications** – None.

4.3 **Contribution to Council Priorities** – None arising directly from this report.

4.4 **Risk Management** – Debt write offs are a financial risk to the Council risk. If there were to be an increase in the level of write-offs then this would pose an increased risk. Any large increases could also mean that the recovery procedures potentially have a weakness. The financial risk is mitigated by re-evaluating the bad debt provision each year and keeping it an appropriate level.

4.5 **Equality Analysis** - The Council's Equality Impact Assessment Procedure has not been followed. Therefore neither an Initial Screening nor an Equality Impact Assessment has been undertaken on the proposed policy, strategy, procedure or function to identify whether it has/does not have the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

5. **Consultations with Others** – Financial Services

6. **Access to Information** - Case files available for each write off proposed.

7. **Author of the Report** - James Anderson, Senior Accountant,
Telephone: 01756 706202. Email: janderson@cravendc.gov.uk

8 **Appendices**

Appendix A – Debts written off in 2016/17 by debt type.