

Debt Write Offs

- 1.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.
- 1.2 In recognition that some debts may not be collectable, councils are required on an annual basis to set aside a budget to fund potential debt write offs, this is known as a the expected credit losses provision. At the end of March 2023, this provision for general sundry debts is £11.0 million. In addition, the council makes a provision each year to fund any write offs in respect of Council Tax and Business Rates, at the end of March 2023, this provision was £30.7 million. Therefore, these debt write offs do not impact on the 2023-2024 forecast budget position.

Sundry Debtors

- 1.3 Income is due to the Council for a wide range of services provided to individuals and businesses. To reflect the fact that, despite the Council's best efforts, not all of this income will actually be collected, the Council makes provision for bad and doubtful debts, which it charges directly to the General Fund.
- 1.4 Overall, 56 debts write offs totalling £120,465.41 have been incurred. All but three valued at £52,439.32, which require approval of Cabinet (see Table 1), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

Table 1 – Sundry Debts write off

| Account Ref | Write-off Reason | Write-Off Amount £ |
|-------------|----------------------|--------------------|
| 16039423 | Deceased (no estate) | £17,339.32 |
| 16052960 | Unable to Trace | 28,000.00 |
| 16057804 | Unable to Trace | 7,100.00 |
| | Total | 52,439.32 |

The Collection Fund

- 1.5 The City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the receipt of council tax and business rates (non-domestic rates) income and payments to precepting authorities such as the Fire Authority and the Police. Within this account, provisions are made for bad and doubtful

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debts and any write offs are charged to the council tax or business rates provision as appropriate.

- 1.6 **Council Tax** – Overall, 578 debt write offs totalling £390,696.45 have been incurred. All but three valued at £18,361.33, which require approval of Cabinet (see Table 2), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

Table 2 – Council Tax write off

| Account Ref | Write-off Reason | Write-Off Amount £ |
|-------------|--------------------------------|--------------------|
| 07510124601 | Deceased (no estate) | 5,262.56 |
| 61234667109 | Deceased (no estate) | 7,573.60 |
| 52110005406 | Recovery Prohibited By Statute | 5,525.17 |
| | Total | 18,361.33 |

- 1.7 **Non-Domestic Rates (NDR)** – Overall, 39 debt write offs totalling £304,258.07 have been incurred. All but two valued at £61,936.77, which require approval of Cabinet (see Table 3), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

Table 3 – Non-Domestic Rates (NDR) write off

| Account Ref | Write-off Reason | Write-Off Amount £ |
|-------------|--------------------------------|--------------------|
| 5121109 | Recovery Prohibited By Statute | 7,249.75 |
| 5134608 | Recovery Prohibited By Statute | 54,687.02 |
| | Total | 61,936.77 |

Housing Benefits

- 1.8 Housing benefit overpayments occur when rent rebate or rent allowance awards exceed a recalculated entitlement. Whilst the Council aims to limit the incidence of overpayments, they may occur for a number of reasons including as a result of fraud or error. In general, overpaid benefit is written off in line with Government guidance where recovery would cause hardship, where the debtor has died or cannot be traced.
- 1.9 The Council receives Government subsidy in respect of overpaid housing benefit at rates of between 40% and 100% according to the circumstances in which the overpayment arose. The unsubsidised element of any overpayment is charged to the General Fund.
- 1.10 Overall, 24 overpayments totalling £20,345.70 have been incurred. All but one valued at £6,451.70, which require approval of Cabinet (see Table 4),

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have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

Table 4 –Housing Benefit write off

| Account Ref | Write-off Reason | Write-Off Amount £ |
|--------------------|-------------------------|---------------------------|
| 135861 | Deceased (no estate) | 6,451.70 |
| | Total | 6,451.70 |