

## 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 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 debts 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, 42 debts write offs totalling £39,792.59 have been incurred. All but one valued at £7,213.01, 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 £
16040817	Recovery Prohibited by Statute	£7,213.00
	<b>Total</b>	<b>7,213.00</b>

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

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- 1.6 **Council Tax** – Overall, 578 debt write offs totalling £390,854.27 have been incurred. All but two valued at £11,513.20, 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 £
61234690295	Deceased (no estate)	5,363.29
61234848456	Recovery Prohibited by Statute	5,789.91
	<b>Total</b>	<b>11,513.20</b>

- 1.7 **Non-Domestic Rates (NDR)** – Overall, 96 debt write offs totalling £659,354.33 have been incurred. All but two valued at £103,715.84, 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 £
5050437	Recovery Prohibited by Statute	21,215.19
5051921	Recovery Prohibited by Statute	10,649.38
5054103	Recovery Prohibited by Statute	5,444.00
5057079	Recovery Prohibited by Statute	5,506.96
5057629	Recovery Prohibited by Statute	25,971.14
5059042	Recovery Prohibited by Statute	8,251.49
5107018	Recovery Prohibited by Statute	8,933.32
5125235	Unable to Trace	17,744.36
	<b>Total</b>	<b>103,715.84</b>

### 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

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which the overpayment arose. The unsubsidised element of any overpayment is charged to the General Fund.

- 1.10 Overall, 11 overpayments totalling £5,879.92 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

### Housing Revenue Account (HRA) Recharges

- 1.11 Charges are raised when HRA tenants are liable for works carried out on properties that are not the responsibility of the landlord under the tenancy agreement. Often these are raised against former tenants and can be difficult to collect. Where considered not recoverable they are recommended for write off.
- 1.12 15 recharge accounts over £5,000 totalling £105,432.61 require approval of Cabinet (see Table 4)

Account Ref	Write-off Reason	Write-Off Amount £
1106812D	Collection Agent recommendation	5,797.13
1108465N	Collection Agent recommendation	9,790.36
1115431D	Collection Agent recommendation	5,474.12
1116940N	Collection Agent recommendation	5,984.54
1119512F	Collection Agent recommendation	8,452.55
1123873K	Collection Agent recommendation	6,189.45
1128605K	Collection Agent recommendation	5,034.74
1126158J	Unable to trace	8,683.98
1126539F	Unable to trace	10,594.58
1133987M	Unable to trace	6,016.41
11137954E	Unable to trace	5,183.83
1134920D	Prison	6,131.61
1130478B	Uneconomical to pursue	8,090.64
1115259A	No evidence	6,628.66
1124359J	No evidence	7,380.01
	<b>Total</b>	<b>105,432.61</b>

### Shop Accounts

- 1.13 The former HRA shops are managed by Wolverhampton Homes on behalf of the council. Where considered not recoverable they are recommended for write off. Overall, 23 shop account write offs totalling £59,155.70 have been incurred. All but 3 totalling £20,845.18 which require approval of Cabinet (see Table 5) have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

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**Table 5 – Shop Account write off**

<b>Account Ref</b>	<b>Write-off Reason</b>	<b>Write-Off Amount £</b>
1068411E	Legal Recommendation	5113.39
1068735A	Legal Recommendation	6713.89
1102831K	Legal Recommendation	9017.90
	<b>Total</b>	<b>20,845.18</b>