



Annual report on bad debt write-offs, 2024-25

Meeting	Corporate Governance and Audit Committee
Date	26 th September 2025
Cabinet Member (if applicable)	Cllr Graham Turner
Key Decision Eligible for Call In	No No – Information only
<p>Purpose of Report Financial Procedure Rules require the Service Director Finance, to prepare an annual consolidated report on all debts written off annually, for consideration by the Corporate Governance and Audit Committee. This report details the debts written off in the financial year 2024-25.</p>	
<p>Recommendations Corporate Governance and Audit Committee are recommended to note the information in the Appendices on bad debt write offs for 2024-25</p>	
<p>Resource Implication: Writing off debt is normal practice and will be funded by the provision set aside each year for that purpose</p>	
Date signed off by <u>Executive Director</u> & name	Rachel Spencer-Henshaw 2/09/25
Is it also signed off by the Service Director for Finance?	Kevin Mulvaney 10/09/25
Is it also signed off by the Service Director for Legal and Commissioning (Monitoring Officer)?	Samantha Lawton 8/09/25

Electoral wards affected: None

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes, no personal data included

1. Executive Summary

- 1.1 The Chief Financial Officer has, in accordance with Financial Procedure Rule 11.16, to prepare an annual consolidated report of all debts written off for consideration by the Corporate Governance and Audit Committee. This report includes summary detail on the Council's approach to debt recovery in **Appendix A** and a summary schedule of debts written-off over the past 12 months, in **Appendix B**.
- 1.2 The Council has a good record of collecting income due, including a range of supportive measures to help bill payers who may be struggling to pay their bills, as part of a broader suite of income collection and recovery measures to ensure that everyone who should pay, does. With the current cost of living crisis being faced by many households the Council is committed to supporting vulnerable households as part of the ongoing recovery action, including referring customers onto its local welfare provision team for support, alongside a range of ongoing significant national government support measures for households (ie Housing Support Fund (HSF) and other support for our businesses. We also offer additional local support via the Benefits team and through the Council Tax Reduction Scheme or offering discretionary support with accrued debts. Wherever possible payment by direct debit is encouraged and promoted. The write off figures within this report underline how important it is for everyone to pay their share of the charges to help fund essential Council services.

Last year was once again another challenging year financially due to the continued impact of the country's financial situation and subsequently the overall impact this continues to have economically through the local economy. This resulted in an increased number of customers having difficulties paying their bills. It is anticipated this will continue as the cost-of-living plays out over the coming month/years. This will likely mean that suppressed bad debt will increase, this will be debt that due to current circumstances will be harder to collect and will therefore take longer to recover moving forward. There will also be an element of this debt that will become irrecoverable in the future due to increased debts customers will face in the future.

- 1.3 Overall, debts written-off in 2024-25 totalled £5.22m; as a percentage of debt raised in the year, this is 0.87%. The previous year 2023-24 £5.363m was written off; equivalent to 0.92% of debt raised. The overall percentage written off in 2024-25 is slightly lower in % terms than 2023-24.

From an accounting perspective, the Council makes a regular assessment of the level of bad debt provision that is required in each service area and at the year provides an appropriate sum by charging that amount to the relevant service revenue account to ensure that the Council is reflecting the risk of uncollectable debt and that it is not exposed to significant write off pressure in any one year.

2. Information required to take a decision

- 2.1 Financial Procedure Rules authorise Directors to write off all individual bad debts subject to the approval of the Chief Financial Officer. A report on the details of all debts written off under delegated authority must be prepared and formally noted by the Director in consultation with the Cabinet Member. The Service Director - Finance must prepare an annual consolidated report of all debts written off for consideration by the Corporate Governance and Audit Committee.
- 2.2 Appendix A contains details of debts written off in 2024-25. The first table compares amounts written off in 2024-25 to those written off in 2023-24. The second table in

Appendix B shows a detailed analysis of the reasons for write off in 2024-25. In both tables, the amount of debt raised in the financial year is shown as a guide - the amount written off in the year is not directly related to this as it is likely to include ongoing debts outstanding from previous years.

- 2.3 The figures for write offs of Adult Social Care debt, Housing Benefit Overpayments recovery (Finance), Housing Revenue Account (HRA), Business Rates and Council Tax make up the top 5 areas for write offs (in order of value of write off) and demonstrate how important it is for everyone to pay their share of the local taxation and charges to help fund essential Council services.

Directorate	Debit for Year April 24-March 25	Write offs April 24-March 25	%
Adults Social Care (Client Financial Affairs)	71,779,327	150,339	0.21%
Housing Benefit Overpayment (Finance)	4,846,155	238,316	4.92%
HRA	97,786,459	393,768	0.4%
Council Tax	285,343,905	2,372, 408	0.83%
NNDR	103,532,416	1,122,039	1.08%

- 2.4 The write-offs for Client Financial Affairs (CFA) relate to the collection and recovery of Adult Social Care charges, which includes charges for long term and short-term care, home care services and Deferred Payment Agreements, amongst others. A key aim of the Adult Social Care Charging Policy is to ensure that where an adult is charged for care and support (including contributing to a personal budget following a financial assessment), that they are not charged more than they can reasonably afford to pay. CFA use a financial assessment form to assess contributions.

If a service user is assessed to pay a contribution towards their care costs but does not pay, the CFA, debt recovery team will review the case and chase collection of the charges. This is carried out using appropriate collection and recovery action as per the debt recovery policy and is always taken using the legal powers available; however, due to the characteristics of the client group not all charges are recoverable, and the debt recovery team are limited in their powers of collection dependant on the customers circumstances.

The debt recovery process has been challenging this year, due to unexpected absence and difficulties recruiting, the cost-of-living pressures and a rise in the number of customers accessing adult social care services. However, there is a dedicated team who continue to work on improvements in debt collection whilst ensuring they are sympathetic to the needs of our service users. The team work closely with adult social care, customers and advice partners, both internally and externally, to ensure all the relevant help and advice is available to help customers who are struggling financially. The team have continued to review each service user's arrears on a case-by-case basis and have used their knowledge and skills to ensure the best outcome is reached for all involved.

Whilst the team will try everything in their powers and in accordance with the Council's debt recovery policy to collect the outstanding arrears, there is still a need to

write off debts that may be uncollectable for several reasons including where the client has deceased without an estate, on compassionate grounds due to financial abuse and if the debt is no longer viable to pursue. The write off figures have decreased slightly compared to 2023-24, this is due to resource issues and will likely be countered by higher write off figures in 2025-26. It will always be necessary to write off unrecoverable debts to ensure that the debt recovery team is concentrating on the cases which are collectable.

- 2.5 The write offs for Finance relate mainly to Housing Benefit Overpayment recovery. The write off percentage figure is relatively high because the households concerned are the least able to pay and have potentially impacted the most through the increased cost of living. Housing Benefit Overpayments are fully funded by the Department for Work and Pensions meaning that the cost of the original payment does not fall on the authority, this has the effect that the authority keeps 100% of any monies recovered, writing off these debts is a last resort.

Aged non collectable debts are targeted for write off and a high proportion of these are deemed not viable to pursue. Recovery action is always pursued using all the recovery powers available for example deductions from ongoing benefit entitlement or direct attachments on welfare benefits; however, ability to pay in the current climate is also a consideration. These debts will also become more difficult to collect in the future as Housing Benefit administration is transferred to the Department of Works and Pensions (DWP) as the housing credit element of Universal Credit.

- 2.6 Kirklees Council's, Homes & Neighbourhoods service (H&N), manages the Council's social housing stock, and is responsible for the day-to-day management of 20,084 tenanted properties. In accordance with the council's Tenancy Agreements, any rent the tenant is liable for is managed and recovered by H&N's, Income Management Team. There are currently 8,424 tenancies that pay rent and/or arrears by Direct Debit, this is equivalent to 41.94% of all tenanted properties.

A tenant is in breach of a Tenancy Agreement if they fail to pay rent and charges due on a property. If rent arrears continue to escalate an application to seek possession of the property can be made in the County Court, and this may result in the tenant being evicted from the property.

In 2023-24 there were 31 evictions, and in 2024-25 there were 27 evictions for non-payment of rent/charges.

On average, evictions affect a small proportion of tenanted properties each year. Income and expenditure relating to the provision of landlord services is ring-fenced through the Council's Housing Revenue Account (HRA) and therefore any write offs do not affect the Council's General Fund. The HRA write-off figure includes former tenant arrears costs, for which there is an existing HRA bad debt provision set aside to account for unrecoverable debt. In 2024-25 debts totalling £431,149 were written off compared to £700,456 in 2023-24.

- 2.7 The Council aims to maximise its collection and recovery of all Council Tax and Business Rates debts. The recovery process ensures that all accounts in arrears are chased through issuing reminders, summonses, obtaining liability orders through the Magistrates Court, if needed, which allow the Council to recover debts through using the Enforcement Agents (bailiffs), attachments to earnings or benefits, instigating

insolvency proceedings, putting charging orders on the properties, or issuing committal to prison proceedings.

- 2.8 In 2024-25 the teams still had higher workloads due to the change to the Council Tax Reduction Scheme and also with customers facing financial difficulties due to ongoing cost of living pressures. With outstanding caseloads, as there has been a backlog of non-payers to pursue through the courts and take necessary recovery action against. Officers have continued to undertake exercises to review previous years' debts outstanding for both Council Tax and Business Rates and be realistic on what is collectable and what debts are not. Where accounts have been identified, with previous recovery action (some over several years) and no further action is viable or cost effective, the debts have been written off as unable to collect in line with the Council's bad debt provisions set aside for uncollectable debts.
- 2.9 The recovery action highlighted above will ensure that all collectable debts outstanding will be pursued through appropriate recovery action and support for the customer. Tighter processes and procedures continue to be put in place to maximise recovery of collectable debts earlier in the process. Also, more emphasis has been placed on supporting vulnerable customers who have or are now struggling financially through ensuring all the appropriate support is in place to support and advise customers better, earlier in the recovery process. The current collection levels which the service expects to eventually recover over the fullness of time, rather than in year, for Council Tax are 98.5%, and 97.5% Business Rates.

Council Tax – Fullness of time target 98.5%								
	2024	2023	2022	2021	2020	2019	2018	All years
Collection at 31 st March 2025	94.10%	96.81%	97.93%	98.22%	98.43%	98.34%	98.29%	98.33%
Collection at 31 st March 2024	n.a	96.41%	97.6%	97.98%	98.39%	98:24%	98.15%	98.33%

Business rates – Fullness of time target 97.5%								
	2024	2023	2022	2021	2020	2018	2018	All years 1993 to date
Collection at 31 st March 2025	96.17%	97.34%	97.74%	97.52%	97.30%	98.19%	98.59%	98.47%
Collection at 31 st March 2024	n.a	96.73%	97.52%	97.39%	97.09%	98.15%	98.59%	98.45%

2.10 Payment by direct debit is encouraged and is the Council's preferred method of payment. The Council currently has 135,156 charge payers paying by direct debit on Council Tax, we average around 70% of paying charge-payers making payment in this way. The more direct debit payers the Council has, the better the recovery rate, allowing staff to concentrate on more difficult recovery cases outstanding.

2.11 Kirklees is the sixth largest Metropolitan Council in the country in relation to the net debit raised for Council Tax, so for the Yorkshire and Humber Area we will always be towards the top of any monetary list. The Council currently has 193,532 properties liable for Council Tax (£305.916m net debit in 2025-26) and 16,513 properties for Business Rates (£112.59m net debit in 2025-2026) of which only 6772 or 41% are subject to a charge.

The Council Tax arrears increased in 2024-25 at £36.65m compared to £29.73m in 2023/24. Given the increase in net debit of £25m, a change to the Council Tax Reduction Scheme, a single person discount review at the end of the financial year and the overall fullness of time collection figure of 95.10% (not including write offs) recovery was robust. Collection is the fullness of time also continues to be strong Appendix B reflects that the majority of write offs are created in Council tax where debt is no longer viable to pursue, following attention to all possible recovery routes.

The table below shows other LA's Council Tax write offs to compare with Kirklees for 2024-25

Council Tax write offs 2024-25 for all years					
LA	Net debit 24-25	Collection 24/25	Collection %	All years write offs	% to net
Stockport	£232.7m	£226.7m	97.46%	£1.420m	0.6
Rotherham*	£164.6m	£159.6m	96.98%	£0.686m	0.4
Barnsley*	£147.7m	£142.4m	96.47%	£2.060m	1.2
Calderdale	£142.2m	£136.2m	95.77%	£0.806m	0.6
Wakefield*	£220.9m	£209.9m	95.03%	£2.572	1.2
Doncaster*	£177.9m	£167m	94.12%	£1.051	0.6
Kirklees*	£285.3m	£268.5m	94.10%	£2372408	0.8
Leeds	£501.9m	£472.1m	94.06%	£6.507	1.3
Bradford*	£307.9m	£289.6m	94.04%	£4.703	1.5
Leicester	£185.4m	£173.1m	93.37%	£3.273	1.8
Middlesbrough*	£88.5m	£82.3m	93.03%	£0.035	0.04
Sunderland	£151.2m	£140.5m	92.95%	£0.395	0.3
Sheffield	£348.1m	£333.8m	92.76%	£1,515	0.4
Wolverhampton	£156.6m	£145m	92.56%	£2.804	1.8
Hull*	£140.7m	£129.9m	92.36%	£1.337	1
Birmingham	£576.6m	£524.7m	91%	£2.202	0.4
Blackpool*	£93.2m	£82.68m	89.71%	£4.639	5
Manchester	£287.8m	£254.39m	88.38%	£0.636	0.2

- Statistically similar in terms of deprivation

2.12 Whilst all of the debts highlighted in the report have been formally written off in the accounts for 2024-25, this does not mean that the Council will not write the debts

back on the accounts and then pursue this debt if new information comes to light and the prospect for recovering outstanding debts changes in the future. At the end the financial year the value of the bad debt provision remaining for each area was as follows:

Directorate	Value of provision at 1 st April 2024	Value remaining at 31 st March 2025	Increase of provision in year	Write off amount	% total provision used
Adults Social Care (Client Financial Affairs)	2,714,381	3,553,915	994,136	154,602	4.16%
Housing Benefit Overpayment (Finance)					
HRA	3,225,135	3,351,229	443,320	317,226	8.65%
Council Tax	20,211,141	24,857,821	7019087	2,372,408	7.44%
NNDR	7,083,080	6,791,266	830224	1,122,039	14.18%

3. Implications for the Council

This report provides summarised information on debts written-off over the previous 12 months. The overall income due in the year (Debit) to which the report's financial performance relates, supports the delivery of the Council's objectives and priorities within available resources:

3.1 Council Plan

The debts are from various services charging for either providing a service or for raising annual charges through legislation ie Council Tax, and Business Rates. The Council work with customers to ensure that any debts outstanding are recovered in accordance with the payment terms, but if the customer is having financial problems these will be taken into consideration. In certain circumstances debts are written off as either not viable to pursue or on the grounds of hardship or vulnerability where appropriate. Consideration is given to any inequalities and poverty caused by charges raised, and where appropriate debts will be considered for write off.

The Council is working closely with voluntary and community groups (ie foodbanks), and contracted partners ie CAB, Money Advice etc or through the Local Welfare Provision Team (LWP) to both work towards prevention of debt and also provide immediate support for vulnerable households with income management, debt advice helping households pay their bills and prioritise debts to ensure customers can maintain a healthy living environment for themselves and their families.

3.2 Financial Implications

Write off's of debt can have an impact upon the Council's budget. However, it remains good practice for services to continually review their debt and regularly write off bad/uncollectable debt.

Each year , with support from Finance, an assessment is made on the level of bad debt provision that is needed is needed in the accounts. The movement in that provision will be either be a credit or debit to the revenue account depending if an increase / decrease is required to the provision.

As referenced above, there has been an increase / reduction * in the level of bad debt

provision required in the areas covered in this report and these were all reflected in the outturn position for 24/25.

4. Consultation

n.a

5. Engagement

n.a

6. Options

Corporate Governance and Audit Committee are recommended to note the information in the Appendices on bad debt write offs for 2024-25.

7. Contact officer

Sarah S Brown, Head of Welfare & Exchequer Services 01484 221000
Rebecca Reid/Bernadette Thorp, Senior Manager, Welfare & Exchequer Services

8. Next steps

Corporate Governance and Audit Committee are asked to note the summarised information set out in this report which is for information only

9. Background Papers and History of Decisions

Accounts & Audit regulations 2015, Local Audit & Accountability Act 2014

10. Appendices

Appendix A – Write off summary comparison 23-24 to 24-25
Appendix B – Write off summary 24-25

11. Service Director responsible

Kevin Mulvaney. Service Director - Finance

Appendix A

Write Off Summary Comparison 23-24 to 24-25

*Debit For Year Apr 23 - Mar 24	Write Offs Apr 23 - Mar 24		Directorate	*Debit For Year Apr 24 - Mar 25	Write Offs Apr 24 - Mar 25	
£	£	%		£	£	%
<u>Children & Families</u>						
13,383,536	7,896	0.06%	Learning & Early Support	13,513,670	3,555	0.03%
224,337	0	0.00%	Child Protection & Family Support	339,966	3,111	0.92%
<u>Adults & Health</u>						
68,570,941	257,508	0.38%	Adults Social Care	71,779,327	150,339	0.21%
1,519,668	-322	-0.02%	Communities & Access Services	1,567,933	8,796	0.56%
4,400,949	1,374	0.03%	Culture & Visitor Economy	4,630,301	20,070	0.43%
<u>Place</u>						
17,570,408	55,838	0.32%	Skills & Regeneration	19,485,947	13,329	0.07%
3,406,987	65,059	1.91%	Development	5,757,752	168,089	2.92%
13,092,105	70,281	0.54%	Highways & Streetscene	10,865,647	89,967	0.83%
<u>Public Health & Corporate Resources</u>						
1,843,193	0	0.00%	Strategy & Innovation	1,713,664	0	0.00%
4,175,153	8,712	0.21%	Public Health & People	779,613	15,851	2.03%
185,245	0	0.00%	Governance & Commissioning	588,020	0	0.00%
3,413,920	125,540	3.68%	Finance	4,846,155	238,316	4.92%
743,018	29,860	4.02%	Environmental Strategy & Climate Change	901,104	6,630	0.74%
<u>Housing Revenue Account</u>						
931,262	71	0.01%	HRA	923,051	1,331	0.14%
133,460,721	621,816	0.47%	General Fund Services	137,692,150	719,384	0.52%
89,967,474	627,449	0.70%	HRA (excl those on benefits)	97,786,459	393,768	0.40%

260,813,827	2,945,886	1.13%	Council Tax	285,343,905	2,372,408	0.91%
95,368,184	1,164,717	1.22%	NDR (Business Rates)	103,532,417	1,122,039	1.08%
579,610,206	5,359,867	0.92%	Grand Total	599,824,852	4,607,598	0.77%

Appendix B

Write Off Summary 24-25

Directorate	*Debit For Year Apr 24 - Mar 25	Write Offs Apr 24 - Mar 25	%	Compassionate Grounds	Deceased (No Estate)	Liquidation/ Bankruptcy	Not Viable to Pursue	Unable to Trace	Statute Barred	Write Back - Credit Unclaimed	Total
<u>Children & Families</u>											
Child Protection & Family Support	339,966	3,111	0.92%	0	0	0	3,111	0	0	0	3,111
Learning & Early Support	13,513,670	3,555	0.03%	477	0	0	12,084	0	0	-9,006	3,555
<u>Adults & Health</u>											
Adults Social Care	71,779,327	150,339	0.21%	11,696	78,108	0	55,874	0	180	4,481	150,339
Communities & Access Services	1,567,933	8,796	0.56%	0	0	0	8,062	1,248	0	-515	8,796
Culture & Visitor Economy	4,630,301	20,070	0.43%	0	0	0	19,787	2,385	248	-2,350	20,070
<u>Growth & Regeneration</u>											
Skills & Regeneration	19,485,947	13,329	0.07%	0	0	0	14,340	0	0	-1,011	13,329
Development	5,757,752	168,089	2.92%	0	998	46,526	121,738	4,288	6,295	-11,756	168,089
Highways & Streetscene	10,865,647	89,967	0.83%	0	0	63,907	30,083	0	531	-4,554	89,967
<u>Corporate Strategy, Commissioning & Public Health</u>											
Strategy & Innovation	1,713,664	0	0.00%	0	0	0	0	0	0	0	0
Public Health & People	779,613	15,851	2.03%	0	0	0	12,348	0	3,503	0	15,851
Governance & Commissioning	588,020	0	0.00%	0	0	0	0	0	0	0	0
Finance	4,846,155	238,316	4.92%	21,609	103,842	5,021	47,411	48,977	12,035	-578	238,316
Environmental Strategy & Climate Change	901,104	6,630	0.74%	0	0	0	9,635	-227	0	-2,778	6,630

Housing Revenue Account											
HRA	923,051	1,331	0.14%	0	0	0	1,390	0	270	-330	1,331
General Fund Services	137,692,150	719,384	0.52%	33,782	182,948	115,453	335,864	56,670	23,062	-28,396	719,384
HRA (Excl those on benefits)	97,786,459	393,768	0.40%	5,553	133,039	26,340	229,807	-963	-9	0	393,768
Council Tax	260,813,827	2,372,408	0.91%	0	19,663	367,285	1,916,928	68,532	0	0	2,372,408
NNDR	103,532,417	1,122,039	1.08%	0	8,000	187,121	842,318	84,600	0	0	1,122,039
Grand Total	599,824,852	4,607,598	0	39,335	343,650	696,199	3,324,917	208,840	23,053	-28,396	4,607,598