

## Write Off of Irrecoverable Revenues Bad Debts

### Summary

To approve the write-off of irrecoverable revenues bad debts over £1,500

### Portfolio - Finance

Date signed off: 18 February 2016

### Wards Affected

All

### Recommendation

The Executive is asked to **RESOLVE** that bad debts totalling **£47,722.84** in respect of Council Tax and **£156,215.47** in respect of Non-Domestic Rates to be written-off in 2015-16.

#### 1. Resource Implications and Key Issues

- 1.1 Attached at Annex A is a schedule of bad debts for Council Tax and Business Rates, the individual amounts of which are greater than £1,500. Financial Regulation 26.1 requires that any bad debt in excess of £1,500 shall only be written-off with the approval of the Executive.
- 1.2 All of the debts have been subject to the relevant recovery action and tracing enquiries have been undertaken.
- 1.3 The Council's enforcement agents (bailiffs) have also been unable to recover the debts from any forwarding address obtained from the tracing undertaken and the debt is now considered irrecoverable.
- 1.4 In respect of the Council Tax write offs, the Council bears 13% of the total, namely £6,203.97. The precepting authorities bear the remainder of the costs. In respect of the business rate write offs, the Council bears 40% of the total, namely £62,486.19.
- 1.5 To put into context the value of the debts that are being submitted for write off, this needs to be compared to the net collectable debits for 2015/16, which are:

Council Tax	£ 63.8m therefore write off is 0.075% of the net collectable debit for 2015/16
Business Rates	£ 37.6m therefore write off is 0.164% of the net collectable debit for 2015/16
- 1.6 The Council Tax arrears as at 31 March 2015 for all years from 1993 were £1.78m. During 2015/16 we have collected over £580k to reduce the previous all year arrears to £1.2m.

- 1.7 The reduction in the Council Tax arrears has been achieved by the judicious use of all the recovery options made available to the Council by the Council Tax (Administration and Enforcement) Regulations. The recovery options available include making special payment arrangements, direct deduction from a debtor's wages or benefits and in cases where all other options are not available or have failed the use of Enforcement Agents.
- 1.8 Business Rates had arrears of £707k as at 31 March 2015. Monitoring arrears on Business Rates is affected by the addition to the list of new properties on a retrospective basis. Two recent developments added £330k to the collectable amount. Whilst this is excellent for our income it does distort the monitoring.
- 1.9 Previous year arrears, excluding fluctuations due to rateable value changes, have reduced by £172k. Again, we use all the legal methods available to us carefully to ensure that we maximise collection but allow viable businesses to continue trading.

## **2. Options**

- 2.1 The debts are now deemed to be irrecoverable and therefore should be written off. The only other option would be to leave them in the accounts which would show a false situation.

## **3. Proposals**

- 3.1 It is proposed that the debts as set out in Annexe A, having been deemed irrecoverable, be written off.

## **4. Supporting Information**

- 4.1 Attached in Annex A is a listing of the individual debts for write-off showing the name of the debtor, year the debt arose, the reason for the write-off and the amount of the debt.

## **5. Legal Issues**

- 5.1 In accordance with advice from the Information Commissioner's office personal details of debtors subject to write-off can only be made public if a full risk analysis as regards possible vulnerability has been undertaken. In all cases being recommended for write-off the authority holds insufficient information as to the debtor's circumstances e.g. age group or possible disability, to perform a proper risk assessment and therefore all cases should remain on the confidential part of the agenda.

## **6. Risk Management**

- 6.1 As some of these debtors may be vulnerable, if any of their personal details were placed in the public domain the Council could be subject to legal action.

## 7. Human Rights

7.1 See Paragraph 6.1

## 8. Officer Comments

8.1 None in addition to the matters raised above.

<b>ANNEXES</b>	<b>Annex A Council Tax Write-offs and NDR Write-offs</b>
<b>BACKGROUND PAPERS</b>	<b>None</b>
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## CONSULTATIONS, IMPLICATIONS AND ISSUES ADDRESSED

	<b>Required</b>	<b>Consulted</b>	<b>Date</b>
<b>Resources</b>			
Revenue	N/A		
Capital	N/A		
Human Resources	N/A		
Asset Management	N/A		
IT	N/A		
<b>Other Issues</b>			
Portfolio Holder	Yes		
Corporate Objectives & Key Priorities	N/A		
Policy Framework	N/A		
Legal	Yes		
Governance	N/A		
Sustainability	N/A		
Risk Management	N/A		
Equalities Impact Assessment	N/A		
Community Safety	N/A		
Human Rights	N/A		
Consultation	N/A		
P R & Marketing	N/A		

Review Date:

Version: