

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: 21 August 2020

Wards Affected

All

Recommendation

The Executive is asked to **RESOLVE** that bad debts totalling £98,916.38 in respect of Council Tax and £41,569.98 in respect of Non-Domestic Rates be approved for write off.

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. In the future if a Council Tax payer's address is found the debt can be written back on for the debt to be pursued.
- 1.4 In respect of Council Tax a total of £98,916.38 is being written off in the current financial year to date with the cost being shared between all preceptors. This compares with a total of £130,470.00 for 2019/20. The reasons for writing off are given in the attached annex and the amount written off represents 0.1% of the total collectable debt. A further schedule of write offs will be submitted to the Executive for consideration later in the year.
- 1.5 In respect of business rates £41,569.98 is being written off to date compared with £478,333.89 in total for 2019/20. The cost is shared amongst all the preceptors and represents 0.09% of the total collectable debt. The reasons for writing off balances are listed on the attached annexe. A further schedule of write offs will be submitted to the Executive for consideration later in the year.

- 1.6 Since March 2020 we have not carried out normal recovery on outstanding debts for arrears or the 2020/21 balance. This has given us an opportunity to carry out a cleansing exercise on old balances to try to trace them. If this has not been successful we have submitted them for write off.
- 1.7 This has increased the level of write offs but does ensure that the level of debt outstanding for previous years is more reflective of the collectable debt. Full detailed are given in the attached annex.
- 1.8 The continued collection of the Council Tax arrears has been achieved by the judicious use of all the recovery options made available to us 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.
- 1.9 We use all the legal methods available to us carefully to ensure that we maximise collection but allow viable businesses to continue trading.
- 1.10 In respect of Council Tax, the Council's in year collection rate was 5th nationally for 2019/20 and for Business Rates 9th nationally.

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 Annex 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.

Annexes	Annex A Council Tax Write-offs and NDR Write-offs
Background papers	None
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