

**Surrey Heath Borough Council**  
**Executive**  
**20 September 2022**

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**Write off of Irrecoverable Bad Debts**

<b>Portfolio Holder:</b>	Cllr Robin Perry – Finance Portfolio Holder
<b>Strategic Director/Head of Service</b>	Bob Watson – Strategic Director Finance Customer Services
<b>Report Author:</b>	Robert Fox – Revenues and Benefits Manager
<b>Key Decision:</b>	No
<b>Date Portfolio Holder signed off the report</b>	30 August 2022
<b>Wards Affected:</b>	All wards

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**Summary and purpose**

To approve the write-off of irrecoverable bad debts for Council Tax and Business Rates over £1,500.

**Recommendation**

The Executive is advised to RESOLVE that bad debts totalling £55,333.86 in respect of Council Tax and £64,291.21 in respect of Non-Domestic Rates be approved for write off.

**1. Background and Supporting Information**

- 1.1 Surrey Heath Borough Council, Revenues Team have consistently maintained in year collection rates for Council Tax and Business Rates. For 2021/22 in year collection for Business Rates was 99.7% of the debit. For Council Tax in year collection was 98.4%
- 1.2 Whilst the Revenues Team maintain high collection rates there are debts which cannot be recovered in full due to circumstances of the debtor.
- 1.3 Irrecoverable debts are put forward for write off twice in the financial year. This is the first report for the financial year.
- 1.4 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 Regulations 26.1 requires that any bad debt in excess of £1,500 shall only be written off with the approval of the Executive.

- 1.5 All of the debts have been subject to the relevant recovery action and tracing enquiries have been undertaken.
- 1.6 The Council's enforcement agents have also been unable to recover the debts from the 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.
- 1.7 In respect of Council Tax a total of £55,333.86 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 £142,534.63 for 2021/22. The net collectable debt for 2022/23 is £97,394,022.21 and the amount written off represents 0.06% of the total collectable debt. The reasons for writing off are given in the attached annex.
- 1.8 In respect of business rates £64,291.21 is being written off to date compared to £200,206.98 in total for 2021/22. The cost is shared amongst all the preceptors. The net collectable debt for 2022/23 is £43,963,861.45 and represents 0.1% of the total collectable debt. The reasons for writing off the balances are listed on attached annex.
- 1.9 During 2020, due to the restrictions imposed by the Government we did not carry out normal recovery action on outstanding debts. This gave us the opportunity to carry out a cleansing exercise on old balance to trace them. Where all tracing options were exhausted we out them to write off, this increased the write off figure for 2020/21. Also recovery on 2020/21 balances were delayed therefore any potential write offs will be delayed.
- 1.10 The continued collection of the Council Tax arrears has been achieved by judicious use of all the recovery options made available to us by the Council Tax (Administration and Enforcement) Regulations. The recovery options available including making special arrangements, direct deductions 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.
- 1.11 We use all legal methods available to us carefully to ensure that we maximise collection but allow viable businesses to continue trading.

## **2. Reasons for Recommendation**

- 2.1 These debts are deemed as irrecoverable after exhausting all available recovery methods therefore requesting for them to be written off. We then have a clear representation of all the remaining debts to collect.

## **3. Proposal and Alternative Options**

- 3.1 It is proposed that the debits as set out in Annex A, having deemed irrecoverable, be written off. The only other option would be to leave them on the accounts which would show a false situation.

#### **4. Contribution to the Council's Five Year Strategy**

4.1 N/A

#### **5. Resource Implications**

5.1 N/A

#### **6. Section 151 Officer Comments:**

6.1 None in addition to the matters raised within the report

#### **7. Legal and Governance Issues**

7.1 In accordance with the advice from the Information Commissioner's office, personal details of the debtor's subject write-off can only be made public if a full risk analysis as regards possible vulnerability has been undertaken. In 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

#### **8. Monitoring Officer Comments:**

8.1 None in addition to the matters raised within the report

#### **9. Other Considerations and Impacts**

##### **Environment and Climate Change**

9.1 N/A

##### **Equalities and Human Rights**

9.2 As some of the debtors maybe vulnerable, if any of their personal details were place in the public domain the Council could be subject to legal action.

##### **Risk Management**

9.3 As some of the debtors maybe vulnerable, if any of their personal details were place in the public domain the Council could be subject to legal action.

##### **Community Engagement**

9.4 N/A

#### **Annexes**

Annex A – list of the individual debts for write-off showing the name of the debtor or business name, year the debt arose, the reason for the write-off and

the amount of the debt.

**Background Papers**

None