

Surrey Heath Borough Council

Executive

19th September 2023

Write off of Irrecoverable Bad Debts

Portfolio Holder:	Cllr Leanne Macintyre – Finance Portfolio Holder
Strategic Director/Head of Service	Bob Watson – Strategic Director Finance Customer Services
Report Author:	Robert Fox – Revenues and Benefits Manager
Key Decision:	No
Date Portfolio Holder signed off the report	
Wards Affected:	All wards

Summary and purpose

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

Recommendation

- (i) The Executive is advised to RESOLVE that bad debts totalling **£72,599.88** in respect of Council Tax, **£85,486.56** in respect of Non-Domestic Rates and **£3,555.86** in respect of Sundry Debts be approved for write off.
- (ii) The Executive is asked to note the removal of **32** sundry debts totalling **£24,357.65** that has been carried out under the scheme of delegated authority by the Strategic Director Finance and Customer Services; these debts are no longer recoverable under the Limitation Act 1980.

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 2022/23 in year collection for Business Rates was 99.9% 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 (Exempt)** is a schedule of bad debts for Council Tax and Business Rates, the individual amounts of which are greater than £1,500. Financial Regulations 6.6.2 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 **£72,599.88** 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 £198,025.99 for 2022/23. The net collectable debt for 2023/24 is £101,421,845.20 and the amount written off represents 0.07% of the total collectable debt. The reasons for writing off are given in the attached annex.
- 1.8 In respect of business rates **£85,486.56** is being written off to date compared to £242,835.10 in total for 2022/23. The cost is shared amongst all the preceptors. The net collectable debt for 2023/24 is £49,000,829.05 and represents 0.17% of the total collectable debt. The reasons for writing off the balances are listed on attached annex.
- 1.9 During 2020, due to the recovery limitations imposed by the Government, the Council did not carry out normal recovery action on outstanding debts. This allowed the opportunity to carry out a cleansing exercise on old balances to trace them. Where all tracing options were exhausted, the service proposed them to write off, this increased the write off figure for 2020/21. Recovery on 2020/21 balances were also delayed and consequently 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 On business rates, the Council will use all legal methods available to carefully to ensure that we maximise collection but also allow viable businesses to continue trading.
- 1.12 A two sundry debts individually at **£1,803.73** and **£1,748.13** are requested to be written off. The first balance was accrued by an individual who did not have access to public funds when the bed and breakfast homeless prevention

placement was made, so therefore was not able to meet her financial obligations. The second amount is an outstanding debtor that it has not proved possible to trace. As these debts both exceed £1,500, then the Executive is asked to consider and approve them for write-off action. The write off recommendation from the Housing service is at **Annex B1 (Exempt)** and from the Strategic Director Finance and Customer Services is at **Annex B2 (Exempt)**.

- 1.13 Under the Council's Constitution Part 4 Section H Para 6.6.1, the Strategic Director Finance and Customer Service has delegated authority to remove debts that are no longer considered legitimate debts. This delegated decision is detailed at **Annex C** and removes 32 debts to a combined value of £24.357.65. Details of the individual debts are at **Annex D (Exempt)**.

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 debts as set out in Annexes A and B, having been deemed irrecoverable, be written off. The only other option would be to leave them on the accounts which would show a false situation.
- 3.2 The write-offs under Annexes C,D and E are for noting having been approved under delegation.

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 In addition to the sundry debt listed above the Executive is advised that the Council's Strategic Director Finance and Customer Services has written off nine debts, all under £1,500, to the value of **£7,666.82**, under the delegation provided in the Constitution Part 4 Section H paragraph 6.6.2. These debts are listed for information purposes at **Annex E (Exempt)**.

7. Legal and Governance Issues

- 7.1 In accordance with the advice from the Information Commissioner's Office (ICO), personal details of the debtor's that are 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, listed under the Exempt Annexes A, B, D and E.

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 (Exempt – see below)

Annex B – sundry debt write-off form from Housing (Exempt – see below)

Annex C – Delegated decision form

Annex D – Debts deemed not legally collectable (Exempt – see below)

Annex E – Debts below £1,500 written off under delegation (Exempt – see below)

Exempt Annexes show the name of the debtor or business name and are not for publication

Background Papers

None