

**Surrey Heath Borough Council**  
**Executive**  
**19 March 2024**

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**Write-off of Irrecoverable Bad Debts**

<b>Portfolio Holder:</b>	Cllr Leanne Macintyre – Finance Portfolio Holder
<b>Strategic Director/Head of Service</b>	Bob Watson – Strategic Director Finance Customer Services
<b>Report Author:</b>	Ellie White – Revenues Manager
<b>Key Decision:</b>	No
<b>Date Portfolio Holder signed off the report</b>	26 February 2024
<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, Business Rates and Sundry Debtors over £1,500.

**Recommendation**

The Executive is advised to RESOLVE that

- (i) bad debts in respect of Council Tax for **£130,393.93** and those in respect of Business Rates for **£160,983.92**, totalling **£291,377.85** be approved for write off;
- (ii) bad debts in respect of sundry debts for **£3,320.20** be approved for write off;
- (iii) the removal of **10** housing and sundry debts totalling **£5,343.26** that has been carried out under the scheme of delegated authority by the Strategic Director Finance and Customer Services be noted, as the debts are no longer recoverable under the Limitation Act 198;
- (iv) the write-off of **58** sundry debts totalling **£27,322.86**, which are individually below £1,500, carried out under the scheme of delegated authority by the Strategic Director Finance and Customer Services be noted;
- (v) bad debts in respect of **15** property debts totalling **£338,115.24** be approved for write off.

## 1. Background and Supporting Information

- 1.1 Surrey Heath Borough Council's 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 either in full or in part due to the circumstances of the debtor.
- 1.3 Irrecoverable debts are put forward for write off twice in the financial year. This is the second report for the financial year 2023/24.
- 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 and reinstated for debt recovery to be further pursued.
- 1.7 In respect of Council Tax, a total of **£130,393.93** is being written off in the current financial year to date with the cost being shared between all preceptors. A total of £202,993.81 will have been written off for 2023/24. The net collectable debt for 2023/24 is £101,421,845.20 and the amount requested for write off represents 0.13% of the total collectable debt. The reasons for writing off are given on **Annex A**.
- 1.8 In respect of Business Rates, a total of **£160,983.92** is being written off. A total of £246,470.48 to be written off for 2023/24. The net collectable debt for 2023/24 is **£49,000,829** (reducing to £37,223,463 after reliefs) and the amount requested for write off represents 0.33% of the total collectable debt. The reasons for writing off the balances are listed on **Annex A**.
- 1.9 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.

- 1.10 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.
- 1.11 The Housing Sundry Debts total of **£25,753.41** is being written off. Where the debt is no longer legally considered legitimate debts and debt written off under delegation of Financial Regulations 6.6.1. The write off recommendation from the Housing service is at **Annex B and Annex B1 (Exempt)**.
- 1.12 Sundry Debts total **£10,232.91** is being written off. Where the debt is no longer legally considered legitimate debts and debt written off under delegation of Financial Regulations 6.6.1. The write off recommendation from the Finance service is at **Annex C, Annex C1 and Annex C2 (Exempt)**.
- 1.13 Commercial property, light industrial and office debt total **£39,898.34** are to be written off. The write-off recommendation from the Property and Economic Development Service is at **Annex D (exempt)**.
- 1.14 Retail debts total **£298,276.90** are to be written off. The write-off recommendation from the Property and Economic Development Service is at **Annex E (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. The Council will then have a clear representation of all the remaining debts to collect.
- 2.2 Some debts have exceeded the statute of limitations for recovery in accordance with the Limitations Act 1980 and are therefore consider to no longer be valid debts and are irrecoverable under law.

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

- 3.1 It is proposed that the debts as set out in Annexes A, D and E, 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 B and C are for noting having been approved under delegation in the Council's Constitution.

## **4. Contribution to the Council's New Strategy**

- 4.1 Proper management of debtor accounts contributes to stabilising the Council's finances and production of robust accounts.

## **5. Resource Implications**

- 5.1 Although these debts are being written-off, the likelihood of recovery is so low that it will not be relevant to the accounts and resources. Wherever possible recovery costs are reclaimed from debtors.

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

- 6.1 It is sound financial management to represent debts in the accounts accurately and the deletion of debtors that are not recoverable is a routine practice to ensure a true and fair view in the accounts.
- 6.2 In the case of Council Tax debts and Business Rate debts, the write-offs will be against the 'collection fund'. Provision is made in the annual forecast of collectable taxes for an element of non-collectible ('bad') debts. The amounts above are within the expected tolerances.
- 6.3 The Council makes provision in the accounts for an element of 'bad debt' in accordance with proper accounting practices. Sundry debts will either be charged back to the relevant service or charged against this provision.

## **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, C, 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.
- 9.3 The recoveries team works with the other services in the Council to ensure the Council is not pursuing vulnerable residents unnecessarily.

## **Risk Management**

- 9.4 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**

- 9.5 N/A

## **Annexes**

Annex A	Council Tax and Business Rates individual debts for write-off	Exempt
Annex B	Housing sundry debt write-off form	Exempt
Annex C	Accounts receivable sundry debt write-off form from Finance	Exempt
Annex D	Commercial property, light industrial and office sundry debt write-off form from Property and Economic Development	Exempt
Annex E	Retail property sundry debt write-off form from Property and Economic Development	Exempt

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

## **Background Papers**

None