

<b>SIGNED OFF BY:</b>	Chief Finance Officer
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<b>TO:</b>	Executive
<b>DATE:</b>	Thursday 23 March 2023
<b>EXECUTIVE MEMBER:</b>	Deputy Leader and Portfolio Holder for Finance and Governance

<b>KEY DECISION REQUIRED:</b>	NO
<b>WARD (S) AFFECTED:</b>	ALL

<b>SUBJECT:</b>	<b>DEBT WRITE OFF &amp; RECOVERY 2022/23</b>
<b>RECOMMENDATIONS:</b>	
<b>Executive is recommended to approve:</b>	
(i) That six irrecoverable debts totalling £203,770.73 (Annex 1) be written out of the Council's accounts.	
<b>REASONS FOR RECOMMENDATIONS:</b>	
The six debts relate to National Non Domestic Rates (NNDR). All possible action has been taken to recover these amounts. This report is seeking approval to write them out of the Council's accounts.	
<b>EXECUTIVE SUMMARY:</b>	
This report explains the action and the reasons for recommending that six debts proposed for write-off totalling £203,770.73. It also provides an overview of debt recovery performance for 2022/23	
<b>The Executive has authority to approve the above recommendation.</b>	

## **STATUTORY POWERS**

1. The Council has the powers under various Acts of Parliament and Statutory Regulations to charge for the services it provides and for collection of taxation monies e.g. the *Local Government Finance Act 1992*.
2. The powers to waive the collection of properly determined and levied debts are set out within the Financial Procedures Rules in the Council's Constitution. Under the Constitution all debts valued over £10,000 require approval of the Executive.
3. The debt write off is requested in order for the Council to show the true position in its accounts. All possible action has been taken to recover these amounts and this report is seeking approval to technically write them out of the accounts.
4. In addition, irrecoverable bad debts have been approved under delegated authority by:
  - (i) The Head of Benefits and Fraud:
    - 81 debts valued under £1,000 totalling £24,772.45 relating to NNDR, council tax and benefit overpayments
  - (ii) The Chief Finance Officer
    - 27 debts valued under £1,000 totalling £2,581.75 relating to sundry debts
    - 82 debts valued between £1,000 and £10,000 totalling £333,858.12 relating to NNDR, council tax, benefit overpayments and sundry debts.

## **Debt Recovery Performance**

5. A schedule of performance information relating to the Debt Management function is set out at Annex 2. It confirms that the Council continues to perform well and remains in the top quartile nationally for its low write-off levels.

## **OPTIONS**

### **The Executive has three options:**

- |          |                                                                                                                                                                                                                                  |
|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Option 1 | To approve the recommendations in this report so that the write-offs can be updated in the authority's statement of accounts This is the recommended option.                                                                     |
| Option 2 | To defer a decision and ask officers to provide more information and/or clarification on any specific points This would potentially mean that the write-offs are not reflected in the authority's 2022/23 statement of accounts. |
| Option 3 | To reject the recommended write-offs. This would potentially mean that assets (debtors) are over-stated in the authority's statement of accounts                                                                                 |

## **LEGAL IMPLICATIONS**

6. There are no additional legal implications associated with this report.

## **FINANCIAL IMPLICATIONS**

7. The total value of the debts is approximately 0.8% of the Council's gross budget and is the equivalent of 18% of the provision that has previously been set aside for bad debts in the Council's accounts.

## **COMMUNICATIONS IMPLICATIONS**

8. There are no additional communications implications associated with this report.

### **EQUALITIES IMPLICATIONS**

9. All recovery processes are carried out in the same way for all persons and companies that owe money to the Council, ensuring a consistent and fair approach.

### **RISK MANAGEMENT CONSIDERATIONS**

10. There are no additional risk management implications.

### **CONSULTATION**

11. The Portfolio Holder for Finance & Governance has been consulted on the proposals in this report.

### **POLICY FRAMEWORK**

12. Debt recovery is operated within the framework set out in the Financial Procedure Rules within the Constitution.

**Background papers:** None

Annex 1 Debts Recommended for Write-Off

Annex 2 Debt Recovery Performance

## NDR write offs over £10,000

Account No	Taxpayer's name(s) and address	Period of Liability		Reason for recommendation for write off	Liability		Outstanding £
		From	To		Due £	Paid £	
2438651	Croydon Coaches (UK) Ltd In Liquidation	11/03/2019	04/04/2022	The company went into liquidation in March 2022 so recovery can no longer continue.	84,286.71	0.00	84,286.71
2422268	Redefine Omnibus Reigate Limited	17/05/2017	09/05/2019	The company was dissolved in September 2021 so recovery can no longer continue.	11,275.09	0.00	11,275.09
2222652	Mr Milton Ofalan	01/04/2012	31/03/2017	Debtor has absconded with no trace.	18,487.25	0.00	18,487.25
2396829	Executors Of Mr Brendan Sheridan, Mr Norbert O'Reilly, Mr Fearghal O'Nolan, Mr Gerard Pierse	29/09/2014	23/07/2015	The debt is over 6 years old and one of the ratepayers is deceased.	32,714.00	0.00	32,714.00
236663X	Executors Of Mr Brendan Sheridan, Mr Norbert O'Reilly, Mr Fearghal O'Nolan, Mr Gerard Pierse	01/04/2014	24/11/2015	The debt is over 6 years old and one of the ratepayers is deceased .	68,219.70	24,582.00	43,637.70
2415436	Mak Retail Management Ltd	12/10/2016	23/09/2018	The company was dissolved in January 2022 so recovery can no longer continue.	16,691.88	3,322.30	13,369.58
<b>Total for write off</b>							<b>£203,770.73</b>

**Table 1: Debt Write Off Performance, 1 April 2022 to 7 March 2023**

Performance 2021/22 %	Category	Debt Raised £	Write-Off Target 2022/23 [Less than] %	Performance 2022/23 %
0.07%	Council Tax	137.7m	1%	0.06%
0.19%	Business Rates	50.2m	1%	0.72%
6.77%	Housing Benefit Overpayments	£606,837	2%	4.61% <sup>1</sup>
0.17%	Sundry Debts	£8.1m	1%	0.06%

<sup>1</sup> The total value of debts recommended for write off for Housing Benefit Overpayments includes debts raised in previous years. The total current debt outstanding and in recovery is £2.6m – the recommended write off value (£120k) represents 4.61% of debt outstanding and in recovery.

**Table 2: Debt Collection Performance, 1 April 2022 to 7 March 2023**

Performance 2021/22 %	Category	Collection Target 2022/23 %	Performance 2022/23 %
97.2%	Council Tax	99.0%	97.63% <sup>2</sup>
99.6%	Business Rates	99.8%	99.26% <sup>2</sup>
96.19%	Housing Benefit Overpayments	55.0%	95.11% <sup>2, 3</sup>
99.1%	Sundry Debts	97.0%	92.87% <sup>2</sup>

<sup>2</sup> Performance is on track to meet the annual collection target.

<sup>3</sup> Performance to the end of Q3