

<b>SIGNED OFF BY:</b>	Interim Head of Finance
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<b>TO:</b>	Executive
<b>DATE:</b>	Thursday 24 March 2022
<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 2021/22</b>
<p><b>RECOMMENDATIONS:</b></p> <p><b>Executive is recommended to approve:</b></p> <p>(i) That thirteen irrecoverable debts totalling £148,119.89 (Annex 1) be written out of the Council's accounts.</p>	
<p><b>REASONS FOR RECOMMENDATIONS:</b></p> <p>Five of these debts relate to National Non Domestic Rates (NNDR or Business Rates), three debts relate to Council Tax, four relate to debts for Benefit overpayments, and one relates to sundry debts.</p> <p>All possible action has been taken to recover these amounts. This report is seeking approval to write them out of the Council's accounts.</p>	
<p><b>EXECUTIVE SUMMARY:</b></p> <p>This report explains the action and the reasons for recommending that thirteen debts proposed for write-off totalling £148,119.89. It also provides an overview of debt recovery performance for 2021/22.</p>	
<p><b>The Executive has authority to approve the above recommendation.</b></p>	

## 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 £5,000 require approval of the Executive.
3. The debt write off is requested in order for the Council to represent an accurate 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 Revenues, Benefits and Fraud:
    - 46 debts valued under £500 totalling £9,983.74 relating to NNDR, Council Tax and Benefit overpayments
  - (ii) The Chief Finance Officer
    - 16 debts valued under £500 totalling £2,023.99 relating to sundry debts;
    - 87 debts valued between £501 and £5,000 totalling £168,629.00 relating to Council Tax, NNDR, 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**

**Option 1** – Approve the recommendations in this report so that the write-offs can be updated in the authority's 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 2021/22 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 0.4% of the Council's gross budget and is the equivalent of 9% 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 and Governance has been consulted on 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

## ANNEX 1.1

## NNDR Write Offs Over £5,000

Account No	Taxpayer	Period of Liability		Reason for recommendation for Write Off	Liability (£)		Outstanding (£)
		From	To		Due	Paid	
2414038	Gatwick Residential Limited 30 Balcombe Road, Horley, Surrey, RH6 9AA	27/10/2016	29/03/2021	The company was dissolved on 30.3.21 and debt is no longer recoverable	28,778.34	0.00	28,778.34
2360637	Mr Saed Ogoni 11 High Road, Chipstead, Coulsdon, Surrey, CR5 3QN	04/11/2008	12/11/2017	The ratepayer has absconded and all traces negative. The property has since been sold and removed from the rating list.	16,379.72	0.00	16,379.72
2439165	Sara Alexander Ltd 39 Bell Street, Reigate, Surrey, RH2 7AQ	11/09/2018	06/11/2019	The company was dissolved on 30.3.21 and can no longer be recovered.	11,496.00	0.00	11,496.00
2442718	Bowland Snails Lancashire (4) Ltd 3rd Floor Reigate Place, 43 London Road, Reigate, RH2 9PW	06/01/2020	01/06/2020	The company was dissolved on 23.3.21 and recovery can no longer continue.	9,106.60	0.00	9,106.60
2439684	Bon Marche Limited 4 High Street, Redhill, Surrey, RH1 1RH	01/14/2019	21/09/2021	The company went into liquidation on 22.9.21 and recovery can no longer continue.	22,258.57	(13,658.26)	8,600.31
				<b>Total</b>			<b>74,360.97</b>

## ANNEX 1.2

## Council Tax Write Offs Over £5,000

Account No	Taxpayer	Period of Liability		Reason for Recommendation for Write Off	Liability (£)		Outstanding (£)
		From	To		Due	Paid	
45484155	Mr E	13/10/2014	21/11/2020	Absconded and all traces negative	12,222.81	(45.00)	12,177.81
45548813	Mr A	11/07/2015	31/03/2021	Bankruptcy 23/03/2021 - debt cannot be recovered	10,683.25	(250.00)	10,433.25
44431076	Exors of Mr S	01/04/2006	16/07/2012	Deceased - no funds within estate	5,810.27	(155.30)	5,654.97
				<b>Total</b>			<b>28,266.03</b>

## ANNEX 1.3

## Benefit Overpayments Write Offs Over £5,000

Account No	Claimant	Period of Liability		Reason for Recommendation for Write Off	Liability (£)		Outstanding (£)
		From	To		Due	Paid	
516263	Mrs P	07/04/2008	08/03/2015	Claimant deceased, no response from Next of Kin and no probate or will found.	13,654.89	(1,354.89)	12,300.00
516393	Mrs B	01/10/2007	21/09/2018	Claimant declared bankrupt therefore cannot pursue debt.	8,186.34	0.00	8,186.34
523234	Miss A	01/10/2018	01/11/2020	Claimant had Debt Relief Order approved on 24th January 2022 therefore cannot pursue the debt.	6,939.82	(339.82)	6,600.00
529957	Mr L	22/07/2013	12/01/2020	Claimant filed for Debt Relief Order on 15/09/2021 therefore cannot pursue the debt.	6,219.48	0.00	6,219.48
Total							33,305.82

## ANNEX 1.4

## Sundry Debt write offs over £5,000

Ref	Customer	Service or Goods Supplied	Reason for Recommendation for Write Off	Date of invoice	Liability (£)		Outstanding (£)
					Due	Paid	
354683	Mrs P	Statutory recovery of works and officer time	A Notice of Discontinuance has been served on both the Court and the debtor on 20 September 2021. Recovery of the debt is therefore not possible.	12/08/2020	12,187.07	0.00	12,187.07
				<b>Total</b>			<b>12,187.07</b>

**ANNEX 2****Debt Write-Offs: 1 April 2020 to 4 March 2022**

<b>Performance 2020/21 %</b>	<b>Category</b>	<b>Debt Raised £</b>	<b>Write-Off Target 2021/22 [Less than] %</b>	<b>Performance 2021/22 %</b>
0.13%	Council Tax	129.5m	1%	0.07%
0.0002%	Business Rates	49.6m	1%	0.19%
2.38%	Benefit Overpayments <sup>1</sup>	0.58m	2%	6.77%
0.00%	Sundry Debts	10.4m	1%	0.17%

Note 1: Benefit Overpayment Debt Raised is the most recent available information – to the end of Q3 2021/22.  
Benefit write offs reflect two financial years – 2020/21 and 2021/22.

**Debt Collection Performance: 1 April 2021 to 4 March 2022**

<b>Performance 2020/21 %</b>	<b>Category</b>	<b>Collection Target 2021/22 %</b>	<b>Performance 2021/22 %</b>
98.06%	Council Tax	99.0%	97.2%
99.99%	Business Rates	99.7%	99.6%
102.37%	Benefit Overpayments	55.0%	96.19%
97.0%	Sundry Debts	97.0%	99.1%