

<b>SIGNED OFF BY:</b>	Chief Finance Officer
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<b>TO:</b>	Executive
<b>DATE:</b>	Thursday 21 March 2024
<b>EXECUTIVE MEMBER:</b>	Deputy Leader and Portfolio Holder for Finance and Governance

<b>KEY DECISION REQUIRED</b>	N
<b>WARD (S) AFFECTED</b>	(All Wards)

<b>SUBJECT</b>	<b>DEBT WRITE OFF &amp; RECOVERY 2023/24</b>
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<b>RECOMMENDATIONS</b>
<p><b>Executive is recommended to approve:</b></p> <p>(i) That nine irrecoverable debts totalling £206,919.56 (Annex 1) be written out of the Council's accounts.</p>
<b>REASONS FOR RECOMMENDATIONS</b>
<p>Six debts relate to National Non Domestic Rates (NNDR), and three debts relate to Benefit overpayments.</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>
<b>EXECUTIVE SUMMARY</b>
<p>This report explains the action and the reasons for recommending six debts for write-off totalling £206,919.56. It also provides an overview of debt recovery performance for 2023/24.</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 £10,000 require approval of the Executive.

## **BACKGROUND**

3. The debt write off is recommended 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, the write-off of irrecoverable debts has been approved under delegated authority by:
  - (i) The Head of Benefits and Fraud:
    - 129 debts valued under £1,000 totalling £25,621.54 relating to business rates (NNDR), council tax and benefit overpayments
  - (ii) The Chief Finance Officer
    - 94 debts valued under £1,000 totalling £9,327.03 relating to sundry debts
    - 86 debts valued £1,000 - £10,000 totalling £272,623.55 relating to business rates (NNDR), council tax, and benefit overpayments.

## **KEY INFORMATION**

### 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**

6. 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 is not recommended as it would potentially mean that the write-offs are not reflected in the authority's 2023/24 statement of accounts.

**Option 3** To reject the recommended write-offs.

This is not recommended as it would potentially mean that assets (debtors) are over-stated in the authority's statement of accounts.

## **LEGAL IMPLICATIONS**

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

## **FINANCIAL IMPLICATIONS**

8. The total value of the debts is approximately 0.8% of the Council's gross budget and is the equivalent of 17% of the provision that has previously been set aside for bad debts in the Council's accounts.

## **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.

## **ENVIRONMENTAL SUSTAINABILITY IMPLICATIONS**

10. There are no additional environmental sustainability implications.

## **COMMUNICATION IMPLICATIONS**

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

## **RISK MANAGEMENT CONSIDERATIONS**

12. There are no additional risk management implications.

## **CONSULTATION**

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

## **POLICY FRAMEWORK**

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

## **BACKGROUND PAPERS**

None

## **ANNEXES**

- |         |                                 |
|---------|---------------------------------|
| Annex 1 | Debts Recommended for Write-Off |
| Annex 2 | Debt Recovery Performance       |

**Business Rates (NNDR) 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 £	
241018X	Gulf International (Uk) Limited (Dissolved)	01/04/2021	03/11/2022	The company was dissolved on 9.5.23, therefore recovery can no longer continue.	15,618.84	0.00	15,618.84
2356122	Wilko Limited - (In Administration)	01/04/2023	09/08/2023	The company went into administration on the 10.08.2023 and recovery can no longer continue.	21,807.56	10,158.00	11,649.56
2476364	Mrs R	09/07/2019	16/01/2023	The debtor is deceased.	14,792.93	0.00	14,792.93
244525X	Montreaux Redhill Limited (in Administration)	01/04/2020	31/01/2023	The company went into administration on 10.8.23 and recovery can no longer continue.	177,440.96	166,617.21	10,823.75
2474087 and 2468466	The Armoured Duck Ltd (Dissolved)	21/01/2022	11/12/2023	The company was dissolved on 12.12.23 and recovery can no longer continue.	11,976.05	24,582.00	11,976.05
2439414	Outsourced Fulfilment Services Limited	01/04/2019	13/01/2022	The company is based in Hong Kong and it has not been possible to make contact.	40,469.69	0.00	40,469.69
<b>Total for write off</b>							<b>£105,330.82</b>

## Housing Benefit Overpayment Write Offs Over £10,000

Claim/Account no	Taxpayer's name(s) and address	Period of Liability		Reason for recommendation for write off	Liability		Outstanding £
		From	To		Due £	Paid £	
471493	Mr M	15/09/2008	24/06/2012	Debtor is subject to a Bankruptcy Order, therefore cannot pursue the debt.	28,807.00	270.00	28,537.00
514070	Mrs D	07/04/2008	16/07/2017	The debtor is deceased.	27,211.00	2,411.10	24,799.90
520795	Mrs W	01/10/2010	16/07/2023	The debtor is deceased.	63,869.10	15,617.26	48,251.84
<b>Total for write off</b>							<b>£101,588.74</b>

**Table 1: Debt Write Off Performance, 1 April 2023 to 22 February 2024**

Performance 2022/23 %	Category	Debt Raised £	Write-Off Target 2022/23 [Less than] %	Performance 2022/23 %
0.06%	Council Tax	143.7m	1%	0.0002%
0.72%	Business Rates	51.7m	1%	0.0008%
4.61%	Housing Benefit Overpayments	£649,228 <sup>1</sup>	2%	7.65% <sup>1</sup>
0.06%	Sundry Debts	£9.8m	1%	0.11%

Note 1: The total value of debts recommended for write off for Housing Benefit Overpayments raised in the current year is £49,672.

This equates to write offs of 7.65% on the benefit overpayments totaling £649,228 that had been raised to the end of December 2023.

The reason for the above target level of write off this year is that an overpayment of £64,668 was raised on the 14/9/23 and, unfortunately, the debtor died on the 17/10/23. The debt was partially reduced by monies recovered from the deceased's estate, but this still left an outstanding sum of £48,251 which is now to be written off as unrecoverable.

The current total debt outstanding and in recovery for Housing Benefit Overpayments is £2.5m.

**Table 2: Debt Collection Performance, 1 April 2023 to 22 February 2024**

Performance 2022/23 %	Category	Collection Target 2023/24 %	Performance 2023/24 %
98.6%	Council Tax	99.0%	95.84% <sup>1</sup>
99.95%	Business Rates	99.8%	96.03% <sup>1</sup>
87.33%	Housing Benefit Overpayments	55.0%	76.97% <sup>2</sup>
92.87%	Sundry Debts	97.0%	94.9% <sup>1</sup>

Note 1: Performance at 22 February 2024; and is on track to meet the annual collection target.

Note 2: Performance to the end of December 2023.