

COMMITTEE	Finance, Policy and Resources
DATE	20 September 2017
REPORT TITLE	Unrecoverable Debt
REPORT NUMBER	CG/17/098
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**1. PURPOSE OF REPORT:-**

- 1.1 To advise numbers and values of Council Tax, Business Rates and Housing Benefit Overpayments made unrecoverable during 2016/17 as required in terms of Financial Regulations 5.3.4.

**2. RECOMMENDATION(S)**

- 2.1 The Committee is asked to:
- a. Note the value of Council Tax, Business Rates and Housing Benefit Overpayments deemed by the Head of Finance as unrecoverable and shown in Appendices 1 to 4.
  - b. Approve the Business Rates debts in excess of £25,000 shown in Appendix 4 are unrecoverable and be written off.

**3. BACKGROUND**

- 3.1 In accordance with the Council's Financial Regulations, it is policy to report annually on the levels of Council Tax, Business Rates and Housing Benefit Overpayments deemed unrecoverable.
- 3.2 The figures included within this report relate to those debts treated as unrecoverable during the financial year 2016/17. Apart from Sequestrations, debts are not deemed unrecoverable where there is on-going liability. The sums mostly relate to previous years where all approved recovery procedures have been followed. Full bad debt provision has been made in the accounts.
- 3.3 It must be emphasised that prior to completing the list, full advice, where appropriate, has been received from the Council's Debt Recovery Agents (Sheriff Officers) in determining that debts are indeed unrecoverable.

3.4 It should be noted that despite being deemed unrecoverable at this time, should the debtor be subsequently located, the debt will be reinstated and pursued. During 2016/17, Council Tax debts previously written off with a value of £74,052.03 were reinstated or recovered, for example by finding new addresses for the debtors.

### **3.5 Council Tax:**

3.5.1 In total 8,166 debts were deemed unrecoverable with a value of £1,075,916.81. After allowing for £74,052.03 in recoveries and reinstatements, the net amount is £1,001,864.78. This is compared with the previous year where 6,649 debts were deemed unrecoverable with a net value of £830,859.71.

3.5.2 A breakdown over the years and reasons is shown in Appendix 1.

### **3.6 Housing Benefit Overpayments:**

3.6.1 In total 1,775 debts were deemed unrecoverable with a value of £231,218.17. This is compared with the previous year where 1,673 debts were deemed unrecoverable with a value of £103,469.02.

3.6.2 A breakdown of the reasons is shown in Appendix 2.

### **3.7 Business Rates:**

3.7.1 In total 286 debts were deemed unrecoverable with a value of £1,326,842.50. This is compared with the previous year where 89 debts were deemed unrecoverable with a net value of £683,117.37.

3.7.2 A breakdown over the years and reasons are shown in Appendix 3.

3.7.3 Appendix 4 shows 14 debts with values above £25,000 and reasons are shown. The Committee is asked to deem the value of £603,994.80 as unrecoverable (totals also included in Appendix 3).

## **4. FINANCIAL IMPLICATIONS**

4.1 The sums deemed as unrecoverable are fully provided for in terms of bad debt provision.

4.2 To put the level of unrecoverable debt into context, the annual sums raised in 2016/17 for Council Tax (including water charges) and Business Rates were £146.5m and £215.2m respectively. The sums deemed unrecoverable cover a number of financial years.

## **5. LEGAL IMPLICATIONS**

5.1 There are no direct legal implications arising from the recommendations of this report.

## **6. MANAGEMENT OF RISK**

### **6.1 Customer/Citizen and Reputation**

6.1.1 There is the possibility of a negative perception of the decision to write off debt due. However, it should be known that debts are pursued vigorously but there is no option but to class debts as unrecoverable when businesses fail and when individuals are sequestrated (made bankrupt). This Council only writes-off debts in exceptional circumstances but reinstates amounts owed regularly when further information becomes available.

### **6.2 Financial**

6.2.1 There is no financial risk as sums deemed unrecoverable are fully provided for in terms of bad debt provision.

### **6.3 Employee, Environmental, Technological and Legal**

6.3 There are no employees, environmental, technological or legal risks arising from the recommendations of this report

## **7. IMPACT SECTION**

### **7.1 Economy**

7.1.1 Managing debt in accordance with the Council's Financial Regulations promotes good practice in the administration of local taxes and the economy by writing off debt that has become uncollectable. The non-collection of the amounts owed will have no affect because full account has been taken in budgets.

### **7.2 People, Place and Technology**

7.2.1 There are no direct implications on people, place and technology arising from the recommendations of this report.

## **8. BACKGROUND PAPERS**

None

## **9. APPENDICES (if applicable)**

Appendix 1 – Council Tax Write Offs 2016/17

Appendix 2 – Housing Benefit Overpayments Write Offs 2016/17

Appendix 3 – Business Rates Write Offs 2016/17

Appendix 4 - Business Rates Write Offs 2016/17 over £25,000

## **10. REPORT AUTHOR DETAILS**

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