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Subject: Revenues Write Off Report

**Report to: Executive Leadership Team – 21st September 2022
Policy and Resources Committee – 1 November 2022**

Report by: Stuart Brabben, Revenue & Benefits Service Manager

SUBJECT MATTER

This report seeks the approval and authorisation of a schedule of individual Business Rate and Sundry Debt accounts where the debt is recommended for write off.

RECOMMENDATIONS

That Committee:

- 1) Approve and authorise individual write offs as detailed within the Schedule 1 (Business Rates) and Schedule 2 (Sundry Debt)

1. INTRODUCTION

- 1.1 Members of the Committee are asked to note that the committee last considered the Revenues Write off report and schedules of debt in September 2021.
- 1.2 Consideration for writing off a debt is given where it is held to be uneconomical to recover, is time barred or is legally unenforceable.
- 1.3 All debts to be written off will be processed in accordance with the Council's Financial Procedure Rules.
- 1.4 The Council will always be flexible in its approach to recovery of arrears. Each case will be considered on its own merits.
- 1.4 The Council has a duty to minimise any loss to public funds. In seeking to recover arrears it will have regard to:
 - the period of time that the debt may take to be recovered;
 - the effect of recovery on the affected person from whom recovery is sought.
 - the ability to repay of the affected person from whom recovery is sought; and
 - the practicality of recovery of the debt and the cost of doing so.
- 1.5 Under the law, there is an obligation to take reasonable steps to collect debts. There are

however many situations where there is justification for writing off debts, provided reasonable steps have been taken regarding each individual case.

1.6 The scheme of delegation for the write off of uncollectable debt is as follows;

- (i) Council Tax and Benefits Manager and the Business Rates and Recovery Manager- up to £500
- (ii) Revenue & Benefits Service Manager - £501 to £5,000
- (iii) Revenues & Benefits Service Manager and Head of Customer Services - £5,001 to £7,500
- (iv) Head of Customer Services and Section 151 Officer - £7,501 to £10,000
- (v) Policy and Resources Committee - £10,001 and above

Only account numbers with debts over £10,000 are referred for member approval, some debtors can have more than one account in arrears where the scheme of delegation for debts up to £10,000 will apply.

1.7 The main circumstances where an unrecoverable debt will be considered for write off and their applicable codes are listed below:

Table 1

Write Off Code	Reason for Write Off
WO1	Where the person is made insolvent (bankruptcies, Liquidations, insolvencies and administration orders).
WO2	The person dies and there are no funds within the estate to pay the debt.
WO3	We are unable to trace the person's whereabouts.
WO4	Where the cost of collection will be greater than the amount of the debt (e.g. recommendations from our Legal representatives).
WO5	Hardship cases where the individual circumstances of the debtor may lead to a decision to write off a debt.
WO6	Company ceased trading/dissolved and has no assets
WO7	Company is registered abroad. No recourse to any recovery actions within UK.
WO8	We are not able to make a legal claim for debt older than six years. This is laid down in the Limitation Act 1980 section 19 which states that "no action shall be brought to first recover arrears after the expiration of six years from the date on which the arrears became due."
WO9	After negotiations with the debtor and as part of an agreed revised payment plan to ensure that the revised outstanding debt is able to be paid.

2. RECOVERY PROCEDURES

2.1 Business Rates

- 2.1.1 The National Non-Domestic Rates recovery procedures are laid down by statute in the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 and subsequent amendments.
- 2.1.2 If after a reminder or final notice has been issued payment is not made in full or an appropriate arrangement has not been set up, enforcement action is taken. A summons will be issued giving the date that the case will be heard at the magistrate's court.
- 2.1.3 After the court hearing a liability order will be issued. If the ratepayer then contacts the council and discusses the reasons why their account is in arrears, the council will if appropriate set up an arrangement to clear the arrears. This will be at the discretion of the council.
- 2.1.4 Where appropriate, the council will provide support or provide information to the ratepayer.
- 2.1.5 If an arrangement cannot be set up the authority may look to recovery by enforcement agents.
- 2.1.6 If the authority is unable to recover the debt by any of the above methods it may look to use other methods of recovery which may include charging orders, bankruptcy or winding up of the business. However, before any further action is taken checks will be carried out.
- 2.1.7 During the recovery process, if appropriate the council will consider entitlement to the different forms of rate relief to reduce the debt.
- 2.1.8 Reminder Notices are normally issued within 14 days of a missed instalment and if the instalment continued to be unpaid a court summons would normally be issued within a further 28 days in order to obtain a Liability Order.

2.2 Sundry Debts

- 2.2.1 If after a reminder and a final notice has been issued and payment is not made in full or an appropriate arrangement has not been set up, recovery action is taken.
- 2.2.2 A decision is then taken on the form of enforcement to recover the debt outstanding. This could be the use of collection agents or passed to NPLaw to enforce the debt through the County Court. If the ratepayer then contacts the council and discusses the reasons why their account is in arrears, the council will if appropriate set up an arrangement to clear the arrears. This will be at the discretion of the council.
- 2.2.3 Where appropriate, the council will provide support or provide information to the ratepayer.
- 2.2.4 Ultimately, If the authority is unable to recover the debt by any of the above methods it may look to use other methods of recovery which may include, bankruptcy or winding up of a business. However, before any further action is taken appropriate checks will be carried out.
- 2.2.5 Reminder Notices are normally issued within 28 days of the initial invoice and if the invoice continues to be unpaid a Final Notice would normally be issued within a further 14 days.

3. FURTHER INFORMATION

- 3.1 The table below shows by each financial year the total value of Business Rates write offs that are in Schedule 1 of this write off report. It also shows the current collection rate for these financial years, the amount still to be collected and the potential eventual collection rate.

Table 2 - Value by Year

Year	Total Amount Written Off by year to 31 August 2022 (£)	% collected for that year as at 31 August 2022	Still to be collected after these write offs (£)	% still outstanding after these write offs	Potential overall Collection rate
2015	281,653	98.9%	47,830	0.1%	99%
2016	288,209	98.9%	61,897	0.2%	99.1%
2017	238,745	98.7%	145,867	0.5%	99.2%
2018	153,502	98.6%	285,522	0.9%	99.5%
2019	69,060	98.4%	444,924	1.4%	99.8%
2020	2,332	97.1%	418,865	2.8%	99.9%
2021	1,231	98%	473,061	2%	100%

- 3.2 The table shows all the above years have a potential to reach over 99%, as we continue to pursue the debts outstanding.

4. FINANCIAL IMPLICATIONS

- 4.1 Where a debt is irrecoverable, prompt and regular write off of such debts is important, so that the Council can budget for bad debts. An integral part of debt recovery is the effective management of bad debts, to ensure resources are applied efficiently to the collection of monies outstanding which can reasonably be expected to be collected.
- 4.2 The Council has a bad debt provision within its financial accounts as part of its monitoring process and the amount of this provision is reviewed annually.
- 4.3 Where the Council writes off a debt and then later finds there has been a change in the customer's circumstances, it will reinstate and pursue recovery of the monies owed.

5. RECOMMENDATIONS

- 5.1 Approve and authorise the individual write offs as detailed within the Schedule 1 (Business Rates) and Schedule 2 (Sundry Debt).

Area for consideration	Comment
Monitoring Officer Consultation:	As part of ELT
Section 151 Officer Consultation:	As part of ELT
Existing Council Policies:	Debt Recovery Guidelines
Financial Implications:	As outlined in report, Bad Debt Provision

Legal Implications (including human rights):	No
Risk Implications:	No
Equality Issues/EQIA assessment:	No
Crime & Disorder:	No
Every Child Matters:	No

Schedule 1

Business Rates Committee Write Offs – Batch 352

Case No	Debtors name and Business Address in Great Yarmouth	Type of Business and VOA Property Description	Period of Debt	Amount to be Written Off	Reason for Write Off
1 77xxxxx52x	Pound Stretcher Ltd North Quay, Great Yarmouth	Shop & Premises	2019/20	£5,166.00	WO1 - Poundstretcher Limited occupied two shops in the borough – 115 Regent Road which is the premises that was occupied by BHS and the property at North Quay which has been previously occupied by Comet and more recently Staples.
77xxxxx76x	Pound Stretcher Ltd 115 Regent Road, Great Yarmouth	Shop & Premises	2019/20	£7,634.00	In order to avoid liquidation or administration the company entered into a voluntary arrangement on the 3 July 2020.
				Combined Total: £12,800.00	Prior to this date the only arrears in respect of the business rates on either property was the 12 th and final instalment of the 2019/20 liability which was due in March 2020. The instalment being £5,166 and £7,634 for the North Quay and Regent Road properties respectively.
				Dividend: -£1,536.00	
				Balance Total: £11,264.00	Recovery action on those arrears was delayed due to the suspension on recovery during COVID-19. The failure of the supervisors of the CVA to notify us as creditors of the voluntary arrangement meant that a proof of debt was not made until the 24 February 2021.
					The annual report dated 2 July 2021 advised that the adjudication of claims was likely to take at least a further 12 months with a maximum dividend set at 12%. The major creditors that were able to vote agreed to the dividend.
					On the 30 March 2022 the supervisors agreed our claim of £12,800. Meaning the expected dividend is £1,536.00 leaving a balance of £11,264.00. It is

					<p>recommended the Committee agrees to the write off of £11,264.00.</p> <p>The company has paid the business rates due on the properties for subsequent periods.</p>
2 77xxxxx83x	KSD Fabrications Ltd Gapton Hall Road, Bradwell	Workshop & Premises	2019/20 2020/21	<p>£16,429.00</p> <p><u>£5,630.21</u></p> <p>Combined Total: £22,059.21</p>	<p>WO1 – Company occupied workshop and premises at Gapton Hall from the 1 December 2019. They subsequently paid their 2019/20 Business Rates liability of £9,240 as well as the monthly instalments for 2020/21 until September 2020. The 2020/21 payments totalled £11,731.00.</p> <p>Due to suspended recovery action the company was not contacted until 4 December 2020.</p> <p>No further payments were made. Payment terms and remedy were discussed with the company in May 2021. The company advised at that time that had been and were in financial difficulty.</p> <p>The company went into administration on the 12 July 2021 and the administrators report at the time advised that creditors exceeded assets by £371k with no prospect of a dividend for non-preferential creditors.</p> <p>The administrators latest report dated 5 January 2022 confirms that the administration is continuing but as some categories of preferential creditors are unlikely to get a dividend it is not anticipated that non-preferential creditors will have a dividend paid.</p> <p>This remains the situation, therefore, it is recommended the Committee agree to the write off of the amount £22,059.21.</p>

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77xxxxx07x	Harwood Holdings LLP	Landlords	2016/17 to	£9,291.70	<p>WO6 - Harwood Holdings LLP were the owners of a set of small industrial units/offices in a block based at a building known as North Side of Main Cross Road, Great Yarmouth.</p> <p>The units/offices became empty in June 2016 but the Business Rates Team were not made aware of this until September 2019. We had been billing different ratepayers at all three properties prior to the period of billing Harwood Holdings. Each of these ratepayers were in receipt of 100% Small Business Rates Relief. As neither the owners of the properties or the rate payers notified us of a change of occupier, together with the fact that no rates were payable because of the rate relief and therefore not picked up by our recovery actions for non-payment of business rates, there was a delay in billing the owners (Harwood Holdings) for empty property rate.</p> <p>As owners, Harwood Holdings LLP became liable to empty business rates on the vacation of the units/offices. They remained empty throughout the remainder of Harwood Holdings LLP's ownership of them.</p> <p>Harwood Holdings LLP failed to pay the empty business rates billed and on the 30 January 2020 the Council obtained Liability Orders for all years up to and including the year 2019/20.</p> <p>On further investigation Harwood Holdings LLP was clearly in financial difficulty with identification of appointment of a Law of Property Act as Receiver on the 8 December 2017. The units/offices were listed for auction on the 28 October 2019 but did not sell at that time (guide price of £140k to £150k).</p>
77xxxxx08x	Chapman Avenue	Units Main Cross	2019/20	£6,739.05	
	Caister, Great Yarmouth	Road, Great		£5,916.94	
77xxxxx05x		Yarmouth		Combined	
				Total: £21,947.69	

					<p>During contact with the LPA Receiver the Business Rates Team were advised at the time that an offer in excess of the guide price would be needed to secure any equity in the property for the LLP.</p> <p>The eventual sale price of the units/offices in January 2020 was for £81,000 – significantly lower than the previous guide price.</p> <p>The LLP was dissolved via a compulsory strike off on the 30 March 2021. To date, no payments of business rates have been made. It is therefore recommended the Committee agree to the write off of the amount £21,947.69.</p>
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Schedule 2

Sundry Debts Committee Write Offs – Batch 271

Case No	Debtors	Nature of Debt	Period of Debt	Amount to be Written Off	Reason for Write Off
1	Debtor	Overpayment of Housing Benefit	Various periods arising over 04.04.2011 to 27.10.2019 £13,594.88	£13,247.84	<p>Write Off Code: WO2</p> <p>The debtor had an overpayment of Housing Benefit which was created through their failure to make DWP aware of all income. The amount overpaid was established as £16,154.76. This was initially being recovered by deduction from an ongoing claim to housing benefit.</p> <p>Customer passed away in November 2021 aged 85. As no Housing Benefit being paid from the date of death an invoice was raised on the executors for the amount of the overpayment that had yet to be recovered - £13,594.88.</p> <p>Contact was made with granddaughter and stepdaughter of the deceased. They advised that deceased lived in a council property and left no will or savings/assets. GYBC Rent department confirmed tenant was in arrears.</p> <p>Recommended write off is £13,247.84 which represents the amount invoiced on the 19 November 2021 less a credit of £347.00 which was on the customer's council tax account.</p>