

Subject: REVENUES WRITE OFF REPORT

Report to: Policy & Resources Committee 23<sup>rd</sup> July 2019

Report by: Stuart Brabben - Revenues Manager

<b>SUBJECT MATTER/RECOMMENDATIONS</b>
---------------------------------------

- |   |
|---|
| <p><b>(i) To seek Committee approval to authorise individual write offs as detailed within the Schedule 1 (Business Rates) and Schedule 2 (Sundry Debt)</b></p> |
|---|

**1. INTRODUCTION/BACKGROUND**

- 1.1 Consideration for writing off a debt is given where it is held to be uneconomical to recover, is time barred or is legally unenforceable.
- 1.2 All debts to be written off will be processed in accordance with the Council's Financial Procedure Rules.
- 1.3 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 Business Rates Team Leader and the Sundry Debt and Recovery Team Leader - up to £500
  - (ii) Revenues Manager - £501 to £5,000
  - (iii) Revenues 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 £10,001 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:

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.

## 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

#### **Value by Year**

Year	Total Amount Written Off by year to 15 May 2019 (£)	% collected for that year as at 15 May 2019	Still to be collected after these write offs (£)	% still outstanding after these write offs	Potential overall Collection rate
2013	169,588	99.2%	38,005	0.1%	99.3%
2014	166,804	99.2%	42,923	0.2%	99.4%
2015	255,019	98.9%	78,942	0.3%	99.2%
2016	227,898	98.8%	73,250	0.3%	99.1%
2017	159,790	98.4%	250,332	0.8%	99.2%

- 3.2 The table shows that the overall collection rates for Business Rates in respect of the financial years 2013 and 2014 is over 99%. 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

- (i) To seek Committee approval to authorise individual write offs as detailed within the Schedule 1 (Business Rates) and Schedule 2 (Sundry Debt)

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	No
Existing Council Policies:	Debt Recovery Guidelines
Financial Implications:	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 320**

<b>Case No</b>	<b>Debtors name and Business Address in Great Yarmouth</b>	<b>Type of Business and VOA Property Description</b>	<b>Period of Debt</b>	<b>Amount to be Written Off</b>	<b>Reason for Write Off</b>
7710095665	Blue Inc (UK) Ltd 2A Market Gates, Great Yarmouth	Type of Business: Retail  VOA Property Description: Shop & Premises	01.04.2018 – 09.12.2018	£10358.82	Write Off Code: W01  03.07.18 – A Liability Order was obtained 27.07.18 – A Company Voluntary Arrangement proposal was approved for term of 6 years  As the debt is now included in a Company Voluntary Arrangement we are unable to pursue further therefore write off requested. This debt was referred for write off in May 2019 and with no other enforcement actions available a decision was made to continue with the write off of this debt.
7710122038	Saturn Trading Ltd 18 Market Gates, Great Yarmouth	Type of Business: Retail  VOA Property Description: Shop & Premises	01.09.2017 – 28.06.2018	£18123.63	Write Off Code: W01  01.11.18 – An email was received from the Landlord advising us that a company called Saturn Trading Ltd had a tenancy agreement and had occupied the premises from 01.09.17.  01.11.18 – A Bill was issued 24.12.18 – A Reminder was issued 22.01.19 – A Cancellation was issued 07.02.19 – We received notification of a Company Voluntary Arrangement approval  As the debt is now included in a Company Voluntary Arrangement we are unable to pursue this further and therefore a write off is requested.  This debt was referred for write off in May 2019 and with no other enforcement actions

					available a decision was made to continue with the write off of this debt.
7710041812	Shunar Panni Ltd 25A-26 King Street Great Yarmouth	Type of Business: Food Restaurant  VOA Property Description: Restaurant & Premises	01.04.2016 – 23.10.2017	£12346.58	Write Off Code: W06 21.06.16 – A Liability Order was obtained 11.07.16 – The debt was referred to Enforcement Agents to collect.  Regular payments were received from the Enforcement Agents until 23.10.17 when payments stopped. On 30.01.18 – The debt was returned from Rundles as insufficient effects and no other means of collection. Continued checks with Companies House resulted in showing that Shunar Panni Ltd was dissolved via a 'striking off'.  This debt was referred for write off in May 2019 and with no other enforcement actions available a decision was made to write off the debt.
7710111724	Proti Ltd 180 King Street Great Yarmouth	Type of Business: Retail  VOA Property Description: Shop & Premises	02.10.2017 – 03.02.2018	£13364.15	Write Off Code: WO6  13.02.18 – A Liability Order was obtained 16.03.18 – The debt was referred to Enforcement Agents to collect. 27.07.18 – The debt was returned from the Enforcement Agent as the debtor had gone away with no trace. 30.07.18 – The debt was referred to a tracing company for action 10.08.18 – The debt was returned from the tracing company as the debtor had been found to have gone into Liquidation. 14.09.18 – A letter was received from CMB Partners advising that the company was in liquidation and had no assets to pay creditors.  This debt was referred for write off in May 2019 and with no other enforcement actions

					available a decision was made to write off the debt.
7710119988	ATM modes Ltd 180 King Street	Type of Business: Retail  VOA Property Description: Shop & Premises	01.04.2018 – 30.09.2018	£17179.98	Write Off Code: W01  20.11.18 – A Liability Order was obtained  30.01.19 – Notification was received that the company was in liquidation with no likely prospect of a dividend.  This debt was referred for write off in May 2019 and with no other enforcement actions available a decision was made to write off of this debt.
			<b>Total</b>	<b>£71,373.16</b>	

## Schedule 2 – Sundry Debt

### Sundry Debts Committee Write Offs – Batch 243

Case No	Debtors	Nature of Debt	Period of Overpayment	Amount to be Written Off	Reason for Write Off
1	Debtor	Overpayment of Housing Benefit	Various periods arising over 14.08.06 to 26.03.17	£17,025.43	<p>Write Off Code: WO2</p> <p>The debtor had an overpayment of Housing Benefit caused by failing to notify a material change in circumstances. The original overpayment of £17,559.26 was being recovered from ongoing benefit at a rate of £11.10 a week.</p> <p>In February 2016 the debtor was granted a Debt Relief Order. (DRO) however, this was subsequently withdrawn as it was established that the total debts exceeded £20k.</p> <p>The debtor passed away in March 2017. Correspondence addressed to the executors at the last known address of the debtor has been returned. The Landlord of the address has advised that he does not have forwarding contact details for the executors.</p> <p>There is no record of Probate being granted indicating a low value of any estate.</p> <p>There is no further action that can be taken. Decision to write off the debt.</p>



Case No	Debtors	Nature of Debt	Period of Overpayment	Amount to be Written Off	Reason for Write Off
2	Debtor	Overpayment of Housing Benefit	02/07/2007 until 08/12/2013	£11689.62	<p>Write Off Code W02</p> <p>The debtor had an overpayment of Housing Benefit caused by failing to notify a material change in circumstances.</p> <p>The debtor absconded but was traced and multiple methods of recovery have been implemented to collect the debt, including the use of collection agents and attempts to attach the debt to DWP benefits.</p> <p>Notification was received from the Registrars in November 2018 that the debtor had passed away in May 2018. The address provided by Registrars was not the debtors last known address and next of kin details are unknown.</p> <p>There is no record of Probate being granted which indicating a low value of any estate.</p> <p>There is no further action that can be taken. Decision to write off the debt.</p>

Case No	Debtors	Nature of Debt	Period of overpayment	Amount to be written off	Reason for write off
3	Debtor	Overpayment of Housing Benefit	12/04/2004 until 15/07/2007	£12202.82	<p>Write Off Code W02</p> <p>The debtor had an overpayment of Housing Benefit caused by failing to notify a material change in circumstances.</p> <p>The debtor made payments of £5.00 per week as agreed in 2009. Payments were maintained until the debtor passed away in December 2014. The spouse of the debtor contacted the council to explain they had no funds to continue to make the repayment. Whilst this was a joint claim for housing benefit the overpayment was generated following actions from the debtor without any knowledge to the spouse. The case has been on hold pending any changes to circumstances which may have provided funds to pay this debt.</p> <p>There is no record of Probate being granted and the spouse remains on a basic income.</p> <p>There is no further action that can be taken. Decision to write off the debt.</p>