

Subject: REVENUES WRITE OFF REPORT

Report to: ELT Management Team 12 November 2018
Policy & Resources Committee 27 November 2018

Report by: Stuart Brabben - Revenues Manager

SUBJECT MATTER/RECOMMENDATIONS

- (i) To seek Committee approval to authorise individual write offs as detailed within the Schedule 1 (Business Rates)**
- (ii) To update on the recovery of Business Rates regarding the former BHS Store at 115 Regent Road and seek approval for write off**
- (iii) To update on the recovery of Business Rates in respect of the Cliff Hotel**

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.

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	Amount Written Off by year to November 2018 (£)	% collected for that year as at November 2018	Still to be collected after write offs (£)	% still outstanding after write off	Potential overall Collection rate
2013/14	169,588	99.2%	50,679	0.2%	99.4%
2014/15	166,496	99.2%	52,491	0.2%	99.4%
2015/16	254,396	98.7%	114,745	0.4%	99.1%
2016/17	226,384	98.5%	207,495	0.7%	99.2%
2017/18	130,411	97.9%	460,763	1.5%	99.4%

- 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 of 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)
- (ii) To update on the recovery of Business Rates regarding the former BHS Store at 115 Regent Road and seek approval for write off
- (iii) To update on the recovery of Business Rates in respect of the Cliff Hotel

6 Update on the position on the Former BHS Store 115 Regent Road Great Yarmouth – Write Off of Business Rates

- 6.1. See Appendix 1

7 Update of the position of recovering the Business Rates at the Cliff Hotel


- 7.1 See Appendix 2

Area for consideration	Comment
Monitoring Officer Consultation:	No
Section 151 Officer Consultation:	Yes
Existing Council Policies:	Debt Recovery Guidelines
Financial Implications:	Bad Debt Provision
Legal Implications (including human rights):	Yes
Risk Implications:	Yes
Equality Issues/EQIA	No

assessment:	
Crime & Disorder:	No
Every Child Matters:	No

Schedule 1

Business Rates Committee Write Offs – Batch 308

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
7710094957	Genus UK Ltd 2 Market Gates Great Yarmouth	Type of Business: Retail VOA Property Description: Shop & Premises	01.04.2017 – 31.03.2019	£59022.95	Write Off Code: WO1 Regular payments were being made and a total of £37651.07 was paid towards 2017/18 debt. 13.03.18 – Liability Order obtained 13.04.18 – Company went into CVA on the 13 April 2018. Proof of debt made for £59,087.65. This debt was reviewed in July 2018 and with no other enforcement actions available a decision was made to write off the debt.
7710101322	Choules Retail & Leisure Ltd Ground Floor 28 Market Place Great Yarmouth	Type of Business: Retail VOA Property Description: Shop & Premises	01.04.2017 – 29.01.2018	£11576.64	Write Off Code: W06 A payment of £1282.84 was received on 24.4.17 toward the 2017/18 debt  24.10.17 – Liability Order obtained 15.11.17 – Check on Companies House shows active proposal to strike company off 24.04.18 – Check on Companies House shows company struck off This debt was reviewed in July 2018 and with no other enforcement actions available a decision was made to write off the debt.