

URN: 20-009

Subject: Revenues Write Off Report

**Report to: Executive Leadership Team – Wednesday 24th February 2021
Policy and Resources Committee – Tuesday 23 March 2021**

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 this report is in relation to debts and recovery actions that pre-date the Covid-19 pandemic and should not be recognised as any reflection on any financial impacts on businesses as a result of the pandemic.
- 1.2 The committee last considered the Revenues Write off report and schedules of debt in July 2019.
- 1.3 Consideration for writing off a debt is given where it is held to be uneconomical to recover, is time barred or is legally unenforceable.
- 1.4 All debts to be written off will be processed in accordance with the Council's Financial Procedure Rules.
- 1.5 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) 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 £10,001 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:

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 January 2021 (£)	% collected for that year as at 31 January 2021	Still to be collected after these write offs (£)	% still outstanding after these write offs	Potential overall Collection rate
2015	255,019	98.9%	55,795	0.2%	99.1%
2016	227,898	98.8%	92,294	0.3%	99.1%
2017	159,790	98.7%	191,128	0.6%	99.3%
2018	45,205	98.5%	370,277	1.2%	99.7%
2019	0	97.6%	752,186	2.3%	99.9%

- 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

- 1) Approve and 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

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
77xxxxxxx	Mr T T/A The Oakwood 72 Howard Street South Great Yarmouth	Public House & Premises	2012/13 to 2018/19	£21,522.86	<p>Write Off Code: WO6</p> <p>Outstanding balance is made up of liability arising in years 2015/16 to 2018/19.</p> <p>Business experiencing trading difficulties and debtor advised that in early 2016 the roof had collapsed and premises suffering from water damage. Unlikely to be used as a public house for the foreseeable future.</p> <p>Enforcement agent visit in March 2016 confirmed that the premises were not in use and boarded up.</p> <p>Enforcement agent visit to home address of debtor in August 2016 established that no goods to take control of. debtor unemployed and on disability benefit.</p> <p>Debtor had attempted unsuccessfully to take the business out of the Rating List.</p> <p>Property sold in January 2019 for £130,000. Statement made by debtor in April 2018 that a sale of £135,000 would leave him with negative equity of £15,000 on top of other debts.</p> <p>Last Enforcement Agent action on the case was in May 2019 when the last live debt with them was returned as irrecoverable.</p> <p>No change in personal circumstances of debtor</p>

77xxxxxxx	Mrs & Mrs T/A The Gallon Pot Market Place, Great Yarmouth	Public House & Premises	10/11/2014 to 01/11/2015	£10,199.13	<p>Write Off Code: WO6</p> <p>Advised by Enterprise Inns of new licensees taking occupation from 10/11/2014. The licensees left the premises on the 02/11/2015.</p> <p>Both licensees were made bankrupt on the 17/02/2015. The 2014/15 formed part of the bankruptcy and the 2015/16 Business Rates was unpaid.</p> <p>Liability Order obtained on the 14 July 2015 and the case referred to Enforcement Agents on the 12 August 2015.</p> <p>Last Enforcement Agent action on the case was in May 2019 when the last live debt with them was returned as irrecoverable.</p>
77xxxxxxx	Mrs & Mrs T/A Allens Bar, 2 Greyfriars Way, Great Yarmouth	Public House & Premises	2015/16 to 07/02/2017	£10,878	<p>Write Off Code: WO6</p> <p>Same debtor as case above.</p> <p>Both licensees were made bankrupt on the 17/02/2015.</p> <p>Liability Order obtained on the 14 July 2015 for the debt not part of the bankruptcy order and the case was referred to Enforcement Agents on the 12 August 2015.</p> <p>Last Enforcement Agent action on the case was in May 2019 when the last live debt with them was returned as irrecoverable.</p>
77xxxxxxx	One Stop Music Ltd 54/55 Market Place, Great Yarmouth	Shop & Premises	07/01/2107 to 13/08/2018	£32,391.98	<p>Write Off Code: WO6</p> <p>Notified by agents for property that from the 7 January 2017 it was let to One Stop Music Ltd.</p>

					<p>Liability Order obtained for 2016/17, 2017/18 and 2018/19 on the 21/11/2017, 21/11/2017 and 03/07/2018.</p> <p>12/12/2017 Company House notified that company was to be compulsory struck off. The Council's Recovery Team put in an objection.</p> <p>Statutory Demand issued to Enforcement Agents on the 9 August 2018 to serve on company.</p> <p>Unable to serve Statutory Demand as registered office address had been vacated.</p> <p>Lease on 54/55 Market Place was terminated on the 14/08/2018. No further correspondence addresses held for company.</p> <p>Company dissolved via compulsory strike off on 04/09/2018.</p>
77xxxxxxx	Smart Menswear Ltd 21 Market Gates Great Yarmouth	Shop & Premises	16/10/2015 to 26/10/2017	£15,665.45	<p>Write Off Code: WO6</p> <p>Business occupied 21 Market Gates from 16 October 2015 to 12 March 2017. They continued to be liable as they remained leaseholders until 16 October 2017.</p> <p>Liability Orders obtained for 2015/16, 2016/17 and 2017/18 on the 30/08/2016, 30/08/2016 and 13/02/2108.</p> <p>In respect of this debt Enforcement Agents visited premises of another outlet being used by directors of company in May 2017. Unable to take control of any goods belonging to company. No assets identified and company to be wound up.</p> <p>Company was dissolved on 22 May 2018.</p>

77xxxxxxx	East Anglia Entertainment Ltd Fallen Angels 83 Marine Parade Great Yarmouth	East Anglia Entertainment Ltd Fallen Angels 83 Marine Parade Great Yarmouth	01.04.2015 – 01.01.2017	£13,468.90	<p>Write Off Code: WO6</p> <p>Payments were being made until February 2018 when they stopped. A total of £15,201.95 was paid towards 2015/16 debt.</p> <p>13.03.18 – A Liability Order was obtained 30.05.18 – The debt was referred to Enforcement Agents to collect. 18.07.18 – The debt was returned from the Enforcement Agent as they were unable to get access</p> <p>29.09.18 – A check was made on Companies House which showed the company had been dissolved.</p> <p>This debt was reviewed in May 2019 and with no other enforcement actions available a decision was made to write off the debt.</p> <p>New company liable from 2/1/2017</p>
77xxxxxxx	Scandalous Clubs Ltd Caesars Bar 33 Marine Parade	Public House & Premises	02.10.16 to 06.10.17	£13,907.97	<p>W06</p> <p>Informed by landlord that company commenced occupation on the 02/10/2016. No payments made in response to bills and reminders.</p> <p>2016/17 Billed 24/02/2107 2017/18 Billed 10/03/2017</p> <p>Liability Orders obtained 23/05/2017 and 20/06/2017 for years 2016/17 and 2017/18.</p> <p>Amounts outstanding referred to Enforcement Agents 10 /07/2017.</p> <p>Director and controlling shareholder's address at Companies House given as 33 Marine Parade, Great Yarmouth. No other contact address known.</p>

					<p>09/01/2018 Companies notified intention to compulsory strike company off.</p> <p>Objection made by Recovery Team to allow Enforcement Agents to continue recovery</p> <p>Despite visits to registered office in London and business premises Enforcement Agents unable to obtain payment or make contact with director.</p> <p>Case returned from Enforcement Agents on 28/08/2018.</p> <p>04/09/2018 Company dissolved via compulsory strike off.</p>
77xxxxxxx	Amav Holdings Ltd Mission Bar 30A Marine Parade Great Yarmouth	Public House & Premises	2017/18 to 05.02.19	£12,228.54	<p>Write Off Code: WO6</p> <p>Property at 30A Marine Parade leased by Mr M who subleased bar to company. Mr M was controlling shareholder and director of the tenant company – Amav Holdings Ltd.</p> <p>Company in occupation from 26/01/2016 and paid business rates up until later part of 2017/18 when business experiencing difficult trading conditions.</p> <p>2017/18 Liability Order obtained 21/11/2017</p> <p>2018/19 Liability Order obtained 31/07/2018</p> <p>2017/18 Debt referred to Enforcement Agents on 11 December 2017 and returned without recovery in May 2018</p> <p>Other business rate debts of non-incorporated businesses ran by Mr M under discussion with Recovery. Mr M undertook significant personal refinancing and</p>

					<p>funds arising from this allowed him to clear personal business rates and Property Service debts at the time.</p> <p>24/04/2018 Companies House notified intention to strike off company.</p> <p>Striking off objected to by Recovery Team</p> <p>No further contact received from Companies House and company was dissolved on 05/02/2019.</p> <p>Position raised with Mr M on 20.03.19 who advised that decision made by his accountant to allow company to dissolve as submission of the trading accounts would prejudice the refinancing arrangement with the bank. The re-financing had allowed Mr M's businesses in his own name to continue and his outstanding balances at that time to be paid (in February & March 2019).</p> <p>Option to seek reinstatement of company through Companies House not considered cost effective – company a tenant and running a loss making business with no assets to realise.</p>
77xxxxxxx	Remixx Limited 180 King Street, Great Yarmouth	Shop & Premises	01.10.2018 to 04.02.2019	£12,926.52	<p>Write Off Code: WO6</p> <p>Company notified Business Rates that they occupied 180 King Street from 01/10/2018.</p> <p>Billed for 2018/19 on 18/10/2018</p> <p>No payments despite reminder and cancellation notices.</p> <p>Liability Order obtained 12 February 2019</p> <p>Companies House announced on 09/01/2019 of an application to strike the company off.</p> <p>10/01/2019 Recovery Team objected to striking off.</p>

					<p>14/01/2109 Statutory Demand served on company at their registered office in Enfield. Unable to personally serve to directors – left at premises instead.</p> <p>Company vacated premises at 180 King Street during w/c 14/01/2019 and forfeited their lease there on the 15/02/2109.</p> <p>Propensity to Pay Report obtained from Wilkin Chapman obtained to steer next Recovery action after the service of the Statutory Demand – In view of age of company and absence of assets recovery was considered unlikely. Further legal action was not recommended.</p> <p>17/12/2109 Company dissolved via informal strike off.</p>
77xxxxxxx	Tech Minerals Ltd Gapton Hall Road Great Yarmouth	Workshop & premises	01.06.2018 to 12.06.2019	£28,112.31	Write Off Code: WO6
77xxxxxxx	Tech Mineral Ltd Unit 12, Brinell Way, Great Yarmouth	Warehouse & Premises	19/10/2018 to 12/06/2019	£3,998.44	<p>2018/19 billed on the 24/09/2018 and 2019/20 billed on the 11/03/2019</p> <p>No payments received after reminders and cancellations.</p> <p>Liability Orders obtained for 2018/19 and 2019/20 on the 15/01/2019 and 02/07/2019 respectively.</p> <p>Statutory Demand served on company on 29/01/2019.</p> <p>Petition for winding up of company served on 16.04.2019 by GYBC</p> <p>Company went into administration on the 13/06/2019. Sale of the business and assets were made to a connected company but the expected sale proceeds have failed to be made and the guarantor to the sale was made bankrupt on the 21/02/2020.</p>

					Latest Administration report dated 12/12/20 advises that it is unlikely that a dividend will be paid to creditors.
--	--	--	--	--	--

Schedule 2 – Sundry Debt

Sundry Debts Committee Write Offs – Batch 243

Case No	Debtor/Business	Nature of Debt	Period of Debt	Amount to be Written Off	Reason for Write Off
1.	Debtor -	Pitch Fees	2011/12 to 2013/14	£11,810.62	<p>Write Off Code: WO8</p> <p>A total debt of £37,867.72 has accumulated since 2011/12. 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 recover arrears of rent, or damages in respect of arrears of rent, after the expiration of six years from the date on which the arrears became due.”</p> <p>Therefore, it is recommended this historic debt is subject to write off, which totals £11,810.62. This would reduce the remaining debt to £26,057.10. A bad debt provision was allocated on 3/3/20 with regards to this debt which totals £21,501.</p>

Case No	Debtor/Business	Nature of Debt	Period of Debt	Amount to be Written Off	Reason for Write Off
2.	Debtor	Overpayment of Housing Benefit	Various periods	£10,453.63	<p>Write Off Code: WO1</p> <p>The customer had an overpayment of Housing Benefit which was created as she had claimed as a single person and failed to notify that she was living with a partner.</p> <p>The overpayment was invoiced and the customer made early contact and agreed to make an arrangement to repay at £100 a month. This was maintained for 14 months. Repayments then ceased and the outstanding balance was referred to Enforcement Agents who were unable to obtain payment.</p> <p>Contact was re-established with the customer in in May 2018 and an arrangement of £100 a month recommenced. This continued for a further 6 months and then ceased.</p> <p>No further contact with customer has been able to be made, despite attempts to do this. No record of employment has been found and therefore we are unable to attach to earnings and an attempt to attach to her benefits did not generate any recovery.</p> <p>On the 20 March 2020 the customer entered into an Individual Voluntary Arrangement with Financial Support Systems Ltd. This was accepted by her creditors. The estimated return if the IVA payments are paid throughout its 5 year term is 9%.</p> <p>The Council's policy is to write off an outstanding balance at point of IVA and should any dividends be received then the amounts recovered will be written back. No dividends have been received to date.</p>

Case No	Debtor/Business	Nature of Debt	Period of Debt	Amount to be Written Off	Reason for Write Off
3.	Debtor	Market rent – 6 Day stall	2014/15 to 2018/19	£24,016.60	<p>Write Off Code W01</p> <p>Unpaid amounts arose in respect of invoices raised for rent of 6 day market stall. Rent payments began to fall behind in 2015 financial year. During that year and in 2016 some payments that were made</p> <p>Contact with customer was made during a period of missing payments and in absence of the account being brought up to date the case was referred to Enforcement Agents in May 2017. This debt was returned to the Council in March 2018 as uncollected.</p> <p>The matter referred to NPLaw by Property Services in 2018 to explore obtaining a charging order on property owned by customer. However, on investigation there was no property owned and therefore we have been unable to secure a charging order.</p> <p>On 2 May 2019 the customer made bankrupt. The Statement of Affairs declared assets of £27,500 alongside liabilities of £44,300. The customer advised the Official Receiver that he was unemployed and in poor health.</p> <p>A Proof of Debt and claim was made to Official Receiver.</p> <p>The Councils policy is to write off an outstanding balance at point of bankruptcy. Should any dividends be received then the amounts recovered will be written back. No dividends have been received to date.</p>