



URN: 21-069

Subject: Revenues Write Off Report

Report to: Policy and Resources Committee – 14th September 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 March 2021.
- 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

<i>Year</i>	<i>Total Amount Written Off by year to 31 August 2021 (£)</i>	<i>% collected for that year as at 31 August 2021</i>	<i>Still to be collected after these write offs (£)</i>	<i>% still outstanding after these write offs</i>	<i>Potential overall Collection rate</i>
2015	280,740	99%	37,434	0.1%	99%
2016	278,310	99%	67,354	0.2%	99.2%
2017	229,128	98.7%	87,090	0.3%	99%
2018	137,678	98.6%	245,818	0.8%	99.4%
2019	7,617	98.2%	433,412	1.4%	99.6%

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
77xxxxxxxx	Genus UK Ltd 2 Market Gates Great Yarmouth	Shop & Premises	2019/20	£33,203.12	<p>WO1</p> <p>The company went into administration on the 9 May 2019 and the outcome was that this quickly led to a Company Voluntary Arrangement (CVA) on the 11 June 2019. At the time the expected return for non-preferential creditors was estimated as 10%</p> <p>The administrators paid the business rates due for the company for the period of administration.</p> <p>The remainder of the Business Rates bill for the year 2019/20 became part of the non preferential debt that can be claimed by creditors as part of the CVA.</p> <p>GYBC made a proof of debt claim on the 20 June 2019 in respect of the full amount unpaid for the year 2019/20.</p> <p>In August 2020 a notification to the creditors advised that the expected return to creditors was scaled down to between 1p and 3p in the £.</p> <p>A payment of £543.40 was received in December 2020.</p> <p>The balance of £33,203.12 is irrecoverable.</p> <p>The company continues to experience financial difficulties and entered into another CVA on the 2 September 2020.</p>

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Schedule 2

Sundry Debts Committee Write Offs – Batch 243

Case No	Debtors name and address in Great Yarmouth	Nature of Debt	Period of Debt	Amount to be Written Off	Reason for Write Off
1	Debtor	Overpayment of Housing Benefit	<p align="center">Various periods arising over</p> <p align="center">15.10.2012 to 24.04.2016</p> <p align="center">£19,165.60</p>	£16,642.33	<p>Write Off Code: WO1</p> <p>The debtor 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 on the 15/08/2016 and, in the absence of full payment or a payment arrangement, recovery was initially through an attachment to earnings.</p> <p>Debtor entered into an Individual Voluntary Arrangement (IVA) on the 20 December 2019. This showed the debtor had total debts to her creditors of over £25k.</p> <p>The IVA binds all creditors to its terms. As a previous IVA application for this debtor had failed, the outstanding balance was not initially recommended for write off.</p> <p>The statement received from the IVA practitioner in January 2021 confirms that the IVA is being maintained by the debtor. The projected dividend for creditors is stated as being only 7p in the £.</p>

					The balance unpaid on the invoice is recommended to be written off on the basis that the IVA is being maintained and the amounts of any dividend recoveries will be written back once they are received from the insolvency practitioner.
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