

| | | | |
|------------------------------------|--------------------------------|---|-----------------------------------|
| Item No. | Classification: Open | Date: July 29 2009 | Meeting Name: Executive |
| Report title: | | Authorisation of Debt Write-offs over £50,000 for National Non Domestic Rates – Customer & Corporate Services | |
| Ward(s) or groups affected: | | | |
| From: | | Deputy Chief Executive | |

RECOMMENDATION (S)

1. That approval is given for write off of the debts set out in Appendix 1 of the closed report (total amount £264,760.18).
2. That Members advise any further action they require on any write-offs not agreed within this report.

BACKGROUND INFORMATION

3. Under the Councils Constitution write-off of debts above £5,000 but below £50,000 has been delegated to individual Members within their own service area. Debt write-off under £5,000 can be authorised by Chief Officers. Write off of any debt over £50,000 must be referred to Executive for authorisation.
4. There are a number of key reasons why the Council may wish to write-off a debt. These are:
 - i. The debt cannot be substantiated i.e. there is no documentary evidence that the debtor accepted the goods or services with the knowledge that a charge would be made.
 - ii. The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
 - iii. The debt is time barred, where the statute of limitation applies. Generally this means that if a period of six years has elapsed since the debt was last demanded, the debt cannot be enforced by legal action.
 - iv. The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
 - v. The debtor is deceased and there is no likely settlement from the estate or next of kin.
 - vi. Hardship, where permitted, (not hardship relief) on the grounds that recovery of the debt is likely to cause the debtor serious financial difficulty.
 - vii. Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against.

KEY ISSUES FOR CONSIDERATION

Policy implications

5. The proposed write offs set out in this report are recommended in accordance with the Councils agreed write off policies and procedures. The reasons for each recommended write off are stated in the appendices attached.
6. Appendix 1 on the closed report includes write-offs for National Non-Domestic Rates (NNDR). The NNDR write-offs have been recommended by the Council's Revenue and Benefits Client Unit based on information supplied by the Council's Revenues & Benefits service provider, Liberata. In each case Liberata has attempted to trace account holders via a standard procedure as follows: -
 - Interrogation of the NNDR database.
 - Interrogation of the Document Imaging System
 - Tracing letters issued to other local authorities & solicitors.
 - Inspection of the domestic or business premises.
 - Land Registry searches.
 - Companies House searches
 - Tracing letter to landlords or letting/managing agents & directors
 - Letter sent to the Official Receiver for confirmation of any dividends to be paid
 - Checks made with other Council Departments
7. The Revenues Contractor must use a minimum of three tracing methods. The Client Unit conducts a 10% audit review of cases under £5,000 and a 50% audit review of cases £5,000 to £50,000 and 100% on cases over £50,000 to ensure that the correct procedures have been adhered to.

Resource implications

8. The total Non Domestic Rates debt recommended for write off is £264,760.18 relating to absconded accounts and one company in liquidation.
9. The above debts will be contained within the NNDR bad debt provisions.
10. As per paragraph 5 the schedule of write-offs has been compiled in accordance with the Council's agreed policy and procedures.
11. The debts are recommended for write-off, as they are considered irrecoverable or uneconomic to collect.
12. The recommended write-off of £264,760.18 for National Non Domestic Rates will be contained within the Councils relevant bad debt provisions.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Legal Comments

13. The report recommends that the debt as set out in Appendix 1 to this report is written off in accordance with the council's procedures on debt write-off.
14. The approval of debt write-offs for sums over £50,000 is reserved to the executive for collective decision making. This particular debt has arisen as a result of non payment of non domestic rates.
15. The report sets out the circumstances whereby debts can lawfully be written off by the council and these include cases where a company has been dissolved. In such circumstances to pursue the debt would be a difficult and costly exercise with very little or no chances of success. The Strategic Director of Communities, Law and

Governance agrees with the recommendation that this debt should be written off in accordance with procedure and is lawful.

16. The executive is reminded of the provisions of the code of conduct requiring members to declare any personal and prejudicial interests before making a decision.

Finance Comments (FIN0347)

17. As per paragraph 5 to 11, the schedule of write-offs has been compiled in accordance with the Council's agreed policy and procedures.
18. The debts are recommended for write-off, as they are considered either irrecoverable or uneconomic to collect.
19. The recommended write-off of £264,760.18 will be contained within the Council's relevant bad debt provisions.

Community Impact Statement

20. This decision has been judged to have no or very small impact on local people and communities.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|--|--|---------------------------|
| National Non Domestic Rates Customer Accounts | Revenues & Benefits Client Unit and Liberata, 4th Floor Cottons Centre West | Patrick Hall ext 53343 |

Audit Trail

| | | |
|---|---|--------------------------|
| Lead Officer | Eleanor Kelly Deputy Chief Executive | |
| Report Author | Patrick Hall Revenues Manager | |
| Version | Final | |
| Dated | July 2009 | |
| Key Decision? | No | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER | | |
| Officer Title | Comments Sought | Comments included |
| Strategic Director of Communities, Law and Governance | Yes | Yes |
| Chief Finance Officer | Yes | Yes |
| Executive Member | | |
| Date final report sent to Constitutional Support Services | July 29 2009 | |

