

Item No.	Classification: Open	Date: 22 March 2019	Decision Taker: Cabinet Member for Finance, Performance and Brexit
Report title:		National non-domestic rates debt write-offs over £5,000 and under £50,000	
Ward(s) or groups affected:		All	
From:		Director of Exchequer	

RECOMMENDATIONS

1. That approval is given for the write off of £966,662.84 of debt detailed in Appendix 1 of the report (multiple write-offs).
2. That the cabinet member advises any further action they require on any write-offs not agreed within this report.

BACKGROUND INFORMATION

3. Under the council's constitution write-off of debts of £5,000 up to £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 of £50,000 or over must be referred to cabinet for authorisation.
4. There are a number of key reasons why the council may wish to write-off a debt. These are :
 - The debt is uneconomic to collect i.e. the cost of collection, including substantiation, is greater than the value of the debt.
 - The write offs deemed uneconomical to recover have all ceased to trade in the borough, have no identifiable assets on which to distrain upon, secure the debt or to pursue insolvency action
 - 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.
 - There has been a negotiated settlement as part of a complaint or dispute resolution which leaves a residual amount to be written off.
 - The debtor cannot be found or communicated with despite all reasonable attempts to trace the debtor.
 - The debtor is deceased and there is no likely settlement from the estate or next of kin.

- Hardship, where permitted, (not hardship relief) on the grounds that recovery of the debt is likely to cause the debtor serious financial difficulty.
- Insolvency where the organisation or person has gone into bankruptcy and there are no assets to claim against and no likelihood of settlement.

KEY ISSUES FOR CONSIDERATION

Policy implications

5. The proposed write offs set out in this report are recommended in accordance with the Council's agreed write off policies and procedures.
6. Appendix 1 includes 82 debts, with a total value of £966,662.84.
7. The revenues business unit has used a minimum of three tracing methods and have conducted a 10% audit review to ensure that the correct procedures have been adhered to. In the cases referred to within Appendix 1 of this report the Revenues Business Unit can confirm that the checking procedures have been followed.
 - The national non-domestic rates write-offs are recommended by the council's revenues business unit. In each case the revenues business unit has attempted to trace national non-domestic ratepayers using standard procedures
 - If a debtor has absconded, the business unit would use a number of tracing systems to attempt to locate the current address; these would include the council databases and internal/external agencies as appropriate according to the amount of the debt
 - In the case of a deceased national non-domestic ratepayer and following confirmation that there are no funds in the estate to settle the debt, the debt will be submitted for write off
 - Where the national non-domestic ratepayer is insolvent and confirmation is received that there are no dividends available to pay creditors, the account is submitted for write off.

Community impact statement

8. All write-offs are considered with due regard to any potential community impact and on their own merits. This decision has been judged to have no or a very small impact on local people and communities.

Resource implications

9. The total debt recommended for write off is £966,662.84 relating to 82 debts which are irrecoverable.
10. The debts in Appendix 1 will be contained within the NNDR bad debt provisions.
11. The schedule of write offs have been compiled in accordance with the council's agreed policy and procedures.

12. Under the constitution, the write-off of debts below £50,000 but over £5,000 is delegated to the cabinet member within their own service area. The debt has arisen due to the non-payment of national non-domestic rates.
13. The council's policy on write-off allows debts to be written off where the debtors have either absconded, been made bankrupt, deceased, or where it is uneconomical to pursue recovery of the debt. There are other allowances for write offs detailed paragraph 4 above.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

14. This report recommends that the debts as set out in Appendix 1, be written off in accordance with the council's procedure on debt write off.
15. The report has set out circumstances whereby debts can lawfully be written off by the council and these include circumstances when a debtor has gone bankrupt, the debt is time barred, where the debtor is deceased or gone away. In such circumstances to pursue the debt would be very difficult and costly exercise with little or no chances of success.
16. The director of law and democracy considers these write-offs to be in accordance with the council's procedures and lawful.

Strategic Director of Finance and Governance

17. This report recommends the write off of debts, which meets one or more criteria for write off. The strategic director of finance and governance considers that it would be uneconomic to make any further attempt at recovery.
18. The cost of the write-offs will be met from the provision for bad debts referred to in the resource implications section of this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
National Non-domestic Rates Customer Accounts	Revenues & Benefits, 1 st Floor, Hub 3, 160 Tooley Street, London SE1 5HT	Norman Lockie 020 7525 0928

APPENDICES

No.	Title
Appendix 1	Write-off pro forma

AUDIT TRAIL

Lead Officer	Dominic Cain, Director of Exchequer	
Report Author	Norman Lockie, Head of Income Operations	
Version	Final	
Dated	14 March 2019	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		15 March 2019