



Hinckley & Bosworth
Borough Council

A Borough to be proud of

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

FINANCE & PERFORMANCE SCRUTINY 30 JANUARY 2017
EXECUTIVE 26 APRIL 2017

WARDS AFFECTED ALL WARDS

COUNCIL TAX, NON DOMESTIC RATES AND OVERPAID HOUSING BENEFIT WRITE-OFFS

Report of Director (Corporate Services)

1. PURPOSE OF REPORT

- 1.1 This report seeks approval to write-off debts over £10,000 in respect of outstanding business rates and to provide the details of the sums written off under delegated powers.

2. RECOMMENDATION

- 2.1 The Executive approve the six business rate write offs detailed in part 3.5 of this report and note the amounts written off under delegated powers.

3. BACKGROUND TO THE REPORT

3.1 Write off limits

The write off limits for Council tax, Business Rates and Housing Benefit Overpayments are contained within the Financial Procedure Rules 2013.

- For debts up to but not exceeding £100 (including aggregated debts for one debtor), the delegated authority rests with the Council Tax or Business Rates Team Leader.
- For debts greater than £100 but not exceeding £1,000 (including aggregated debts for one debtor), the delegated authority rests with the Authority's Partnership Manager.
- For debts greater than £1,000 but not exceeding £10,000 (including aggregated debts for one debtor) (and for all credit balances), the delegated authority rests with the Senior Partnership Manager.
- For debts greater than £10,000 (including aggregated debts for one debtor) the request for write-off must be made in a report to the Executive.

3.2 Writing off debts is only considered where appropriate recovery and enforcement options have been taken, or, where the council are legally prohibited from pursuing the debt.

These include:

- Bankruptcy or a Debt Relief Order is in place
- Deceased – No assets within the estate.
- Debtor Absconded / No Trace
- Company in liquidation/dissolved or ceased trading with no assets
- Severe hardship and/or serious health Issues
- Statute barred i.e. we cannot legally pursue the debt as there has been six years since the debt fell due and no action has been taken to collect the debt.
- Uneconomical to collect i.e. it is not financially viable to take further action for example due to the low level of the debt or they have gone abroad.

3.3 In respect of outstanding Business Rates and Council Tax the following action is taken:

- If payment is not received by the instalment due date a reminder notice is issued.
- If payment is received within seven days the tax payer may continue with their original instalment plan. If they default again within the year, then one further reminder notice is issued. If they do not pay, the following steps are taken.
- If payment is not received by the date on the reminder notice, a court Summons is issued. The Summons advises them of the date and time that the council will attend the Magistrates Court in order to apply for a Liability Order.
- Once a Liability Order is obtained, the council has a number of enforcement options available to recover the sum due.

3.4 Options available to recover the debt

Once a Liability Order has been obtained each debt is reviewed and the most appropriate course of action determined. It is only after all of these have been considered and/or pursued that the debt is put forward for write off.

- Apply to the debtor's employer for an Attachment of Earnings.
- Apply to the DWP for a deduction from the debtor's benefits
- Instruct an external enforcement company (bailiffs) to collect the debt on the council's behalf.
- If the bailiff company are unsuccessful, the council could commence committal proceedings against the debtor.
- If the debtor owns their own home a Charging Order could be placed on the property.
- If the debt is over £5000, bankruptcy proceedings could be commenced against the debtor.

3.5 Business Rate Write offs

There are six cases over £10,000 which approval is sought for write off. One sole trader has little effects to cover the debt and has no prospect of payment. The account is now closed and the trader has left the area. The other sole trader has absconded with only an email address for communication. Three of the limited companies are no longer trading so we are unable to locate their whereabouts to

continue action. The last limited company is in administration so we are legally prohibited from taking any further action to recover the debt.

Company	Address	Status on Account	Amount to be Written Off
Sole Trader	Hinckley	Nil effects & no prospect of payment	£21,071.48
Limited Company	Desford	In Administration 08.11.16	£35,270.58
Limited Company	Hinckley	Ceased trading	£20,710.24
Limited Company	Hinckley	Ceased trading	£21,649.87
Limited Company	Market Bosworth	Ceased Trading	£28,867.92
Sole Trader	Hinckley	Absconded	£13,378.13
TOTAL			£140,948.22

3.6 Summary of Business Rates Debts Written off under delegated authority

Reason	Amount
Debtor Absconded / No Trace	£28,433.44
Company in liquidation/dissolved or ceased trading with no assets	£43,254.11
Uneconomical to Pursue	£11,876.73
Total	£83,564.28

3.7 Summary of Council Tax Debts Written off under delegated authority

Reason	Amount
Bankruptcy or a Debt Relief Order	£33,862.93
Debtor Absconded / No Trace	£36,362.24
Deceased – No assets in the estate	£3,710.21
Severe Hardship and/or Serious health Issues	£0
Statute Barred	£1,675.09
Uneconomical to collect / insufficient recovery data	£3,209.94
Total	£78,820.41

3.8 Summary of Housing Benefit Overpayments Written off under delegated authority

Reason	Amount
Bankruptcy or a Debt Relief Order	£625.68
Debtor Absconded / No Trace	£1,287.29
Deceased – No assets in the estate	£0
Uneconomical to collect	£129.26
Total	£2,042.23

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 The report can be taken in open session as the individuals' details have been omitted from this report.

5. FINANCIAL IMPLICATIONS [FM]

- 5.1 The Business Rates provision at 31/03/2016 was £63,798 which would not cover an additional write off of £140,948. Currently there have been write offs in 2016/17 of £184,272 (which includes £83,564 in part 3.6) which is already in excess of the provision by £120,474 this will result in an additional charge on the collection fund of £120,474 in 2016/17. As the provision to 31/03/2017 has not been calculated an additional provision of £140,948 can be provided for in 2016/17 and thus the total additional charge on the collection fund for 2016/17 would be £261,422.

This total is not a charge to the general fund however part of this will impact on the overall position attributable to the general fund. This final impact on the general fund will be reported to Council in July 2017 as part of the outturn position.

All other write offs covered in parts 3.7 and 3.8 have been covered by the provisions shown below.

	Provision @ 31/03/2016
Business Rates	£63,798.23
Council Tax	£918,447.71
Housing Benefits	£249,015.83

6. LEGAL IMPLICATIONS

- 6.1 Set out in the report

7. CORPORATE PLAN IMPLICATIONS

- 7.1 This report supports the Corporate Plan objective for supporting individuals.

8. CONSULTATION

- 8.1 None required in respect of this update report.

9. RISK IMPLICATIONS

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

- 9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 10.1 There are no implications as the decision to write-off is debt is dealt with consistently and in accordance with adopted policies and procedures across the Borough.

11. CORPORATE IMPLICATIONS

11.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
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Background papers: None

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