

	<p style="text-align: center;"><b>ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER</b></p> <p style="text-align: center;"><b>17 February 2020</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Write off of Council Tax, Business Rates and Sundry Income debts under £5000</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Chief Finance Officer</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix 1 – List of Council Tax debts under £5000 recommended for write off.</p> <p>Appendix 2 – List of Business Rates debts under £5000 recommended for write off.</p> <p>Appendix 3 – List of Sundry Income debts under £5000 recommended for write off.</p>
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## Summary

This report proposes the write off of individual debts for Council Tax, Business Rates and Sundry Income of less than £5000, which are uncollectable for reasons provided in this report, with a total write off sum of £432,452.58 for Council Tax, £47,223.64 for Business Rates and £191,326.59 for Sundry Income.

## Decision

**To approve the write off of individual Council Tax, Business Rates and Sundry Income debts of up to £5000 as detailed in the appendices to this report.**

### 1. WHY THIS REPORT IS NEEDED

#### COUNCIL TAX

- 1.1 The debts listed in Appendix 1 represent Council Tax debts of £432,452.58 which are considered irrecoverable and are recommended for write off. This could be because it is uneconomical to recover the debt or because we are unable to recover the debt for other reasons such as debtors living abroad. The individual debts are all under £5,000 and cover the financial years from 2004/05 to 2019/20. A list of the individual debts for write off is in Appendix 1.
- 1.2 All the debts are in respect of closed accounts. Most are in respect of debtors who have absconded, including some who are known to be abroad. Therefore no further economical action can be taken. The table at 1.6 below provides a breakdown of the age profile of these debts with the total value for each year recommended for write off.
- 1.3 Some debts relate to 2004/05 because we continue to pursue outstanding debt irrespective of age until there is no realistic/economic possibility of payment. All customer contact details have been checked to try to prompt contact from the debtor in addition to the necessary recovery notices as noted below. We use telephone and email contact that we may hold as two of the methods to try and elicit contact from the debtor in addition to the necessary recovery notices as noted below.
- 1.4 Attempts to trace absconders include searches of our internal revenues system, credit reference agencies, enquiry notices to owners, agents and new occupiers of properties and visit reports by our Inspection and Enforcement Agents. With regard to cost effectiveness, the extent of tracing activity will correspond to the amount of the individual debts with a greater intensity of checks being carried out in respect of larger debts. It should be noted that where a debtor is traced following the write off of the debt then the debt will be reinstated and further

attempts made to recover, subject to statutory limitation periods and it being economical to do so. Debts under £10.00 are also included as uneconomical to collect or represent small balances that need to be written off before the annual billing process. The accounts submitted have not previously been subject to a write off.

1.5 The process used for the collection of Council Tax involves the issue of an initial demand notice, reminder notices, final notices, summons, Liability Order notice and issue to Enforcement Agents who then issue further letters and visits. The notices are issued in accordance with the Local Government Finance Act 1992.

1.6 The breakdown of the value of the Council Tax debts by year is as follows:

Financial Year of debt	Court Cost Awarded	Liability amount of debt	Total debt due
2004	£88.00	£987.76	£1,075.76
2005	£190.00	£3,338.37	£3,528.37
2006	£673.00	£6,535.22	£7,208.22
2007	£647.39	£5,576.74	£6,224.13
2008	£194.00	£3,506.42	£3,700.42
2009	£97.00	£6,297.98	£6,394.98
2010	£853.28	£12,612.52	£13,465.80
2011	£1,267.55	£21,455.83	£22,723.38
2012	£3,395.00	£32,217.00	£35,612.00
2013	£5,144.45	£44,304.71	£49,449.16
2014	£7,834.06	£58,599.35	£66,433.41
2015	£7,756.84	£66,564.88	£74,321.72
2016	£6,542.41	£64,868.58	£71,410.99
2017	£7,657.20	£40,895.69	£48,552.89
2018	£5,003.63	£17,217.88	£22,221.51
2019		£129.84	£129.84
<b>Grand Total</b>	<b>£47,343.81</b>	<b>£385,108.77</b>	<b>£432,452.58</b>

A breakdown of the reasons for write off are below.

Reason	Total Debt
Bankruptcy	£19,682.97
Deceased	£7,056.49
Gone Away	£405,615.14
Uneconomical to Collect	£97.98
<b>Total</b>	<b>£432,452.58</b>

## BUSINESS RATES

1.7 Non-domestic rates (Business rates) totalling £47,223.64 are also recommended for write off. The individual debts are all under £5,000 and cover

the financial years 2014/15 to 2019/20. A list of the individual debts for write off is in Appendix 2.

- 1.8 All the debts are in respect of closed accounts. Some are in respect of debtors who have become insolvent or absconded, including some who are known to be abroad. Other debts are either limited companies that have been dissolved or wound up, or companies registered abroad. Insolvency proceedings would not have generated sufficient income to clear these debts because Business Rates debts do not rank as a preferential debt. Therefore no further economical action can be taken.
- 1.9 Attempts to trace absconded debtors include searches of internal systems, credit reference agencies, directory searches, enquiries with owners, landlords, managing agents and new occupants of the relevant properties and visits by our inspectors and Enforcement Agents. With regard to cost effectiveness, the extent of tracing activity will correspond to the amount of individual debts and with a greater emphasis on checks made in respect of larger debts. All customer contact details have been checked to try to prompt contact from the debtor in addition to the necessary recovery notices that are issued in accordance with legislation. It should be noted that if an absconder is subsequently located following a write off then the debt can be re-raised and attempts made to recover it, subject to statutory limitation periods and it being economical to do so.
- 1.10 We also review any documentation to retrieve contact details, follow up with telephone calls and emails and also carry out director searches through companies house.
- 1.11 The collection process for Business Rates involves the issue of a demand notice, reminder notice, summons, liability order, and then issue to Enforcement Agents in accordance with legislation.
- 1.12 A breakdown of the value of the Business Rates debts by year as follows:

<b>Financial Year of debt</b>	<b>Court Cost Awarded</b>	<b>Liability amount of debt</b>	<b>Total debt due</b>
2014		£761.80	£761.80
2016	£510.00	£3,274.01	£3,784.01
2017	£1,190.00	£11,412.93	£12,602.93
2018	£1,890.00	£24,428.72	£26,318.72
2019	£340.00	£3,416.18	£3,756.18
<b>Grand Total</b>	<b>£3,930.00</b>	<b>£43,293.64</b>	<b>£47,223.64</b>

A breakdown of the reasons for write off are below.

<b>Reason</b>	<b>Total Debt</b>
Dissolved	£31,349.49
Gone Away	£5,697.86
Liquidated	£10,176.29
<b>Total</b>	<b>£47,223.64</b>

## SUNDRY INCOME

- 1.13 Sundry income is incurred when the council supplies goods/services to an individual/company, excluding Council Tax and Business Rates. Examples of sundry income include trade waste collection, adult care fees and commercial rent.
- 1.14 The debts listed in Appendix 3 represent sundry income debts of £191,326.59 which are considered irrecoverable and are recommended for write off. This could be because it is uneconomical to recover the debt or because all possible efforts to recover the debt have been unsuccessful. The individual debts are all under £5,000 and cover the financial years from 2005/06 to 2019/20.
- 1.15 Some debts are very old because we continue to pursue outstanding debt irrespective of age until there is no possibility of payment. Where available, we use telephone and email contact details that we may hold, as well as using search agencies to try and elicit contact from debtors.
- 1.16 The collection procedures used for the recovery of the majority of these debts have included the issue of an invoice, a reminder and also a final notice. Additionally, and where appropriate, debt collection agencies are used and where legal action was undertaken a letter before action would have been sent. Efforts have also been made to contact the debtor where possible and to agree suitable instalment arrangements.
- 1.17 The breakdown of the Sundry Income debts by reason are set out below:

Reason	Number of Accounts	Total Debt due
Debtor absconded	14	£6,254.63
Insufficient funds in estate	259	£107,235.21
Liquidation/Bankruptcy	10	£12,259.92
Recovery action exhausted	223	£65,437.04
Uneconomical to pursue further	23	£139.79
<b>Total</b>	<b>529</b>	<b>£191,326.59</b>

## 2. REASONS FOR DECISIONS

- 2.1 The proposed write off of these debts is in line with good accounting practice, which requires that debit balances accurately reflect realisable income and it removes uncollectable debt from the system.

## 3. ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 3.1 All avenues of recovery that were economical and practical have been considered before this course of action. There are no further alternative options where the debtor can be traced despite attempts to do so.

## 4. POST DECISION IMPLEMENTATION

- 4.1 If the recommendation is approved the accounts are then updated and the data is reconciled to reflect the information in this report. The accounts are then

annotated on the system to reflect that a write off has taken place and the annotation will alert us if the debtor contacts us in the future. This information is retained on the database.

## **5. IMPLICATIONS OF DECISION**

### **5.1 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

5.1.1 The debts are within Barnet's existing bad debt provision including the Greater London Authority (GLA) precept for council tax, and GLA and Government shares of retained business rates.

### **5.2 Legal and Constitutional References**

5.2.1 The Council has a fiduciary duty to its council tax payers to recover monies owing to it, where it would be acting reasonable in doing so. However in the cases listed in this report and for the reasons given, it is either not possible due to statutory limitations or not reasonable or economical to pursue recovery of the outstanding debts.

5.2.2 The Council Tax (Administration and Enforcement) Regulations 1992 and the Non-Domestic Rating(Collection and Enforcement) (Local List) regulations 1989 provides that an application for a liability order (to the Magistrates Court) must be made within 6 years from the day the money became due. The council has where legally possible in the cases listed in the appendices to this report, obtained liability orders (apart from small balance write offs that do not reach the internal threshold for seeking such orders).

5.2.3 In accordance with Article 9 (Chief Officers) of the Council's Constitution, the responsibilities of the Chief Finance Officer (s151 Officer) include:

*“(g) **Debt Management.** The Chief Finance Officer will in consultation with HB Public Law write off debt amounts up to and including £5,000”*

### **5.3 Risk Management**

5.3.1 It is not considered that the write offs are likely to raise significant levels of public concern or give rise to policy considerations as the decision to write off these debts has been based on the fact that all appropriate avenues for recovery have been explored. There is no longer a realistic possibility of their economic recovery. The report reflects debts that are also quite recent; this is because most accounts are multiyear debts which have been closed in the current financial year. The tracing and debt chasing as detailed in the report is exhausted whether the debt is very old or fairly new.

### **5.4 Equalities and Diversity**

The Equality Act 2010, section 149, outlines the provisions of the Public Sector Equality Duty which requires Public Bodies **to have due regard** to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act.
- advance equality of opportunity between people who share a relevant protected characteristic and people who do not
- foster good relations between people who share a relevant protected characteristic and people who do not

The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The broad purpose of this duty is to integrate considerations of equality into day to day business and keep them under review in decision making, the design of policies and the delivery of services.

It is considered unlikely that the write off of debts within this report will have an adverse impact on the protected groups under the Equality Act 2010 or that it raises any concerns under Equality and Diversity policies.

## **6. BACKGROUND PAPERS**

6.1 none

## **7. DECISION TAKER'S STATEMENT**

7.1 I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.

## **8. OFFICER'S DECISION**

**I authorise the following action**

8.1 To write off individual debts up to £5000 which is a total write off sum of £432,452.58 for Council Tax, £47,233.64 for Business Rates and £191,326.59 for Sundry Income as detailed in the appendices to this report. Consultation with HB Public Law has been sought as required by the Council's Constitution.

**Signed**



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**Anisa Darr – Director of Finance**

**Date**                      **17 February 2020**