

<b>Subject:</b>	Debt Write offs	<b>Status:</b>	For Publication
<b>Report to:</b>	Cabinet	<b>Date:</b>	13 <sup>th</sup> March 2024
<b>Report of:</b>	Chief Finance Officer	<b>Lead Member:</b>	Resources
<b>Key Decision:</b>	<input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/>	<b>General Exception</b>	<input checked="" type="checkbox"/> <b>Special Urgency</b> <input type="checkbox"/>
<b>Equality Impact Assessment:</b>	Required:	<b>Yes/No</b>	<b>Attached:</b> <b>Yes/No</b>
<b>Biodiversity Impact Assessment:</b>	Required:	<b>Yes/No</b>	<b>Attached:</b> <b>Yes/No</b>
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## 1. RECOMMENDATION

### 1.1 Cabinet is recommended to

- approve the write off of £20,163.55 in respect of irrecoverable Sundry Debts
- approve the write off of £34,027.35 in respect of irrecoverable Non-Domestic Rate debt (NNDR). Direct cost to Rossendale BC is £13,610.94.
- approve the write off of £25,266.41 in respect of irrecoverable Council Tax debt. Direct cost to Rossendale BC is £3,436.23.

## 2. EXECUTIVE SUMMARY

- The purpose of the report is to request member authority to write off irrecoverable Sundry debts, Non-Domestic Rates and Council Tax which are above the delegated limit of £5,000 (see appendix).
- The sums to be written off are the amounts unpaid by the customer. Due to funding and precepting arrangements, the amounts borne by Rossendale in income foregone are lower than the totals written off.
- The Chief Finance Officer has delegated authority to write off debts up to £5,000
- In each case there are no more recovery options available to collect monies owed and therefore no prospect of collection in these cases
- Appropriate Recovery action has been attempted; in the majority of cases there has been partial recovery of sums due, but the remaining balances are now irrecoverable.

## 3. BACKGROUND

3.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.

3.2 It is prudent practice to clear any debts from the ledgers which are now deemed to be irrecoverable.

3.3 The Chief Finance Officer has delegated authority to write off debts of up to £5,000. The write off of debts in excess of £5,000 requires Member approval.

## 4. DETAILS

4.1 The sum of £20,163.55 relating to sundry debts is regarded as irrecoverable as the debt is now statute barred.

4.2 The sum of £34,027.35 is regarded as irrecoverable in respect of NNDR; the companies in question having variously gone into liquidation or absconded and the debts are therefore recommended for write off. The write off amount is the total unpaid tax, due to the tier split between central government, county council and district, Rossendale will bear £13,610.94 of

this sum directly. There were no assets identified which could have been realised in order to offset the debts in these cases.

- 4.3 The sum of £25,266.41 is regarded as irrecoverable in respect of Council Tax; it relates to individuals whose debts are now covered by Individual Voluntary Arrangements and Debt relief Orders. As such no further collections activity is possible. The write off amount is the total unpaid tax. Due to the split between precepts, Rossendale will bear £3,436.23 of this sum directly. There were no assets identified which could have been realised in order to offset the debts in these cases. In two of the three cases partial payment was received.
- 4.4 As noted above, in respect of Council Tax and Non-Domestic Rates the direct costs to Rossendale are a proportion of the whole amounts to be written off. They equate to the share of local taxation normally retained by Rossendale, 13.6% for Council Tax and 40% for Non-Domestic Rates.

## 5. RISK

- 5.1 There are no specific risk issues for members to consider arising from this report.

## 6. FINANCE

- 6.1 Each year the Council reviews its assessment of potential bad debts and sets aside sums for future recognition of uncollectable amounts.
- 6.2 The Council's share of the sums recommended for write-off are shown below:

- Sundry Debts	£20,163.55
- NNDR	£13,610.94 (40%)
- Council Tax	£03,436.23 (13.6%)

- 6.3 The Council holds sufficient sums in the bad debt provisions for Sundry Debts, NNDR and Council Tax to fund the amounts recommend for write-off.

## 7. LEGAL

- 7.1 There are no specific implications arising from the report as all means of recovery have presently been exhausted.

## 8. POLICY AND EQUALITIES IMPLICATIONS

- 8.1 The proposed write offs set out in this report are recommended in accordance with the Council's agreed write off policies and procedures. There are no equality implications.

## 9. REASON FOR DECISION

- 9.1 It is prudent practice to clear any debts from the ledgers which are now deemed to be irrecoverable.

No background papers

**Sundry Debts**

Ref No	Name of Debtor	Address of Property	Period	Reason	Amount	Total
****41	Debtor	Bacup	2011/12	Invoice issued 04/07/2011. Invoice for works in default of LG building Act 1984 S76 - Debt is Statute Barred	£6,584.13	£6,584.13
****52	Debtor	Haslingden	2014/15	Charge for works carried out against Town & Country Planning Act 1990 S215. Debt is Statute Barred	£6,079.42	£6,079.42
****45	Debtor	Whitworth	2016/17	Invoice Date 17/06/2016 – Full and final settlement of costs. Limitation has passed	£7,500.00	£7,500.00
<b>Total Sundry Debts</b>						<b>£20,163.55</b>

**Council Tax**

Ref No	Name of Debtor	Address of Property	Period	Reason	Amount	Total
*****20	Council Tax Payer	Bacup	2012/13		£507.99	
			2013/14		£672.79	
			2015/16		£730.59	
			2016/17		£935.50	
			2017/18		£393.05	
			2018/19		£830.87	
			2019/20		£1,261.10	
			2020/21		£1,158.08	
			2021/22	Previously liaised with CAB	£1,360.03	
			2022/23	Attachment of Benefits and enforcement attempted	£1,377.71	
2023/24	Debt Relief order obtained by taxpayer 11/9/23. Unable to recover	£1,270.32	£10,498.03			
*****63	Council Tax Payer	Rawtenstall	2012/13		£64.70	
			2013/14		£805.13	
			2019/20		£1,191.91	
			2020/21		£1,283.14	
			2021/22		£1,190.49	
			2022/23	Previously entered into arrangements to pay her council tax and debt passed to Enforcement Agents	£1,059.40	
2023/24	Taxpayer entered into Individual Voluntary Arrangement and was agreed on 20/09/23	£1,063.46	£6,658.23			
*****33	Council Tax Payer	Bacup	2016/17		£736.00	
			2017/18		£867.26	
			2018/19		£915.05	
			2019/20		£1,222.67	
			2020/21		£1,325.35	
			2021/22		£1,377.24	
			2022/23	Enforcement action has continually failed. Taxpayer has now vacated property therefore liability has ended	£1,430.45	
2023/24	Taxpayer went into Breathing Space and has since obtained a debt relief order on 13/2/24	£236.13	£8,110.15			
<b>Total Council Tax</b>						<b>£25,266.41</b>

**Business Rates**

<b>Ref No</b>	<b>Name of Debtor</b>	<b>Address of Property</b>	<b>Period</b>	<b>Reason</b>	<b>Amount</b>	<b>Total</b>
60226854	Constanter Ltd	Unit 1 Gordon Works Piercy Rd Waterfoot BB4	2017/18	Company in Liquidation. We were not made aware that they were in occupation	£1,938.56	
			2018/19	Mail was returned so we started investigating and found that the owner had	£3,504.00	
			2019/20	passed away and his company dissolved.	£3,584.30	
			2020/21	The owner's wife then advised that Constanter Ltd took over but had since gone	£3,642.70	
			2021/22	into LIQ	£3,642.70	
			2022/23	SBRR cannot be awarded as ratepayer not eligible	£1,217.56	£17,529.82
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60192643	Ratepayer	Unit 6 Three Point Business Centre Charles Lane Haslingden BB4 5EH	2016/17	Ratepayer entered into an IVA. Account closed and the debt irrecoverable	£3,846.45	
			2017/18		£5,553.64	£9,400.09
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60219067	Mo Bacup Ltd	255 Bacup Road Rossendale BB4 7PA	2021/22	Company Dissolved. Earlier objection accepted in November 2022 however	£745.21	
			2022/23	Companies House accepted dissolution June 2023.	£6,352.23	£7,097.44
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<b>Total Business Rates</b>						<b>£34,027.35</b>
					<b>Total</b>	<b>£79,457.31</b>