



REPORT OF:	HEAD OF FINANCE
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TO:	EXECUTIVE
DATE:	31 MARCH 2016
EXECUTIVE MEMBER:	COUNCILLOR G KNIGHT

KEY DECISION REQUIRED:	NO
WARD (S) AFFECTED:	ALL

SUBJECT:	Debt Write Off & Recovery Performance
RECOMMENDATIONS: (i) That twelve debts totalling £116,619.26 (as detailed in Annex 1) be approved for writing out of the Council's accounts. (ii) That the Executive notes performance on debt recovery for the 2015/16 financial year.	
REASON FOR RECOMMENDATIONS: Seven of these debts relate to National Non Domestic Rates (NNDR or Business Rates), and five debts relate to Council Tax. All possible action has been taken to recover these amounts and this report is seeking approval to technically write them out of the accounts.	
EXECUTIVE SUMMARY: Twelve debts are irrecoverable and are proposed for write-off.	

Executive has authority to approve the above recommendations.

STATUTORY POWERS

1. The Council has the powers under various Acts of Parliament and Statutory Regulations to charge for the services it provides and for collection of taxation monies e.g. the *Local Government Finance Act 1992*.

2. The powers to waive the collection of properly determined and levied debts are set out within the Council's Constitution, Financial Procedures Rules. Under the Constitution all debts valued over £5,000 require the approval of the Executive.
3. This report is seeking approval to write off nine debts.

OPTIONS

4. The Executive may choose to not approve these write offs which is not recommended.

LEGAL IMPLICATIONS

5. There are no legal implications associated with this report.

FINANCIAL IMPLICATIONS

6. The total value of the debts is less than 0.8% of the Council's gross budget and is the equivalent of 6% of the provision held for bad debts.
7. A schedule of performance information relating to the Debt Management function is set out on **Annex 2**.
8. The schedule shows that the Council continues to perform well and is in the top quartile nationally for write off levels.

EQUALITIES IMPLICATIONS

9. There are no equality implications.

RISK MANAGEMENT CONSIDERATIONS

10. Debts are only written off when all avenues of recovery have been exhausted or when it would be uneconomical to take any further action.

CONSULTATION

11. The Portfolio holder for Finance has been consulted on the write offs proposed in this report.

POLICY FRAMEWORK

12. Debt recovery is operated within the framework set out in the Financial Procedure Rules within the Constitution.

Background papers: None

	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2388018 (NNDR) Allbright Retail Limited T/A Verb 7 The Belfry High Street Redhill RH1 1SA	26/09/13 – 24/09/14	£29,502.74	£0.00	This company only traded for approximately 3 months but continued to be liable under the terms of their lease for the Empty Property Rate for a further 9 months after vacating. Despite extensive searching, we are unable to trace the company. This company also carried out a similar pattern of trading and non-payment in premises in Rochdale Borough Council - who were also unable to trace them and had to write off the NNDR liability. No hope of recovery.	£29,502.74
2396613 (NNDR) Freemat Ltd 20-22 High Street Reigate RH2 9AY	21/10/13 – 23/02/14	£8,574.77	£0.00	Company have ceased trading and are at 'Proposal to Strike' stage as per Companies House. We are unable to make contact, even at the company's former registered office address. No hope of recovery.	£8,574.77

	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2404451 (NNDR) Meridian Property Corporation Ltd 1 st Floor, 28 Station Road Redhill RH1 1PD	01/03/11 – 23/12/14	£8,572.93	£0.00	This company was placed into liquidation on 30.09.15 and the debt is irrecoverable. The property has only just been assessed by the Valuation Office which is why no payments have been received.	£8,572.93
2389461 (NNDR) Buckland Units 12-13 Fairlawn Enterprise Park Bonehurst Road Salfords RH1 5GH	31/08/13 – 19/03/15	£16,111.43	£0.00	The owner, who lives in Spain, is extremely ill and is no longer capable of managing his own affairs. The Bank has appointed receivers who have advised that there are insufficient assets for recovery.	£16,111.45

	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2378075 (NNDR) Redhill Alignment Centre Limited 8 Reading Arch Road Redhill RH1 1HG	23/04/12 – 10/08/14	£14,893.26	£5,417.02	Company has ceased trading and has no assets. Company at 'Proposal to Strike' according to Companies House.	£9,476.24
2390915 (NNDR) SLG Operations Limited 54 Station Road Redhill RH1 1PH	13/01/14 – 31/05/15	£13,323.97	£5,003.00	Company has ceased trading and has no assets. Company at 'Proposal to Strike' according to Companies House.	£8,320.97

	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
2377964 (NNDR) Santana (Crawley)Ltd 11 Massetts Road Horley RH6 7PR	01/06/12 – 28/09/14	£20,465.19	£14,173.88	The company has now been dissolved, so we are unable to recover the debt.	£6,291.61
44580151 (Council Tax) Mr M Reigate	01/04/07 – 31/03/15	£8,328.42	£550.00	Debtor in bankruptcy – recovery action is legally prohibited.	£7,778.42
45139368 (Council Tax) Ms I Netherne on the Hill	19/08/11 – 31/05/15	£8,073.95	£2,112.21	Debtor has absconded. Tracing efforts show that she has returned to Nigeria, and so we are not able to enforce the debt.	£5,961.74

	Period of Liability	Liability		Reason for Request	Amount Outstanding £
		Due £	Paid £		
44734684 (Council Tax) Ms P Redhill	20/05/09 – 20/05/15	£8,904.61	£3,084.34	Debtor in bankruptcy – recovery action is legally prohibited.	£5,820.27
40975546 (Council Tax) Mrs B Horley	01/04/07 – 31/03/15	£5,627.26	£435.79	Debtor in bankruptcy – recovery action is legally prohibited.	£5,191.47
44891523 (Council Tax) Miss D Banstead	14/07/10 – 31/03/16	£5,242.28	£225.63	Debtor in bankruptcy – recovery action is legally prohibited.	£5,016.65

Table 1: Debt Write-Off, 1 April 2015 to 31 January 2016

(Write-Off as a percentage of debt raised for the 2015/2016 financial year)

Performance 2013/2014 %	Performance 2014/2015 %	Category	Debt Raised £	Write-Off Target 2015/2016 [Less than] %	Performance 2015/2016 %
0.014%	0.019%	Council Tax	96.7m	1%	0.023%
0.011%	0.045%	Non-Domestic Rates	50.3m	1%	0.001%
1.98%	1.02%	Benefit Overpayments	0.828m	2%	0.000%
0.98%	0.20%	Sundry Debts	15.9m	1%	0.020%
9.88%	7.90%	Parking Penalty Charge Notices	0.508m	11%	1.820%

Table 2: Collection Rates, 1 April 2015 to 31 January 2016

(Debt collection as a percentage of debt raised for the 2015/2016 financial year)

Performance 2013/2014 %	Performance 2014/2015 %	Category	Collection Target 2015/2016 %	Performance 2015/2016 %
98.4%	98.6%	Council Tax	98.7%	95.5% ¹
99.3%	99.4%	National Non-Domestic Rate	99.8%	94.8% ¹
69.2%	60.5%	Benefit Overpayments	50.0%	47.9%
99.6%	94.3%	Sundry Debts	97.0%	93.6%
94.4%	87.2%	Parking Penalty Charges Notices	80.0%	76.1%

¹ Council Tax and NNDR debt for the whole year is raised at the start of the year.