

RIBBLE VALLEY BOROUGH COUNCIL DECISION
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 12

meeting date: 12 JUNE 2012
title: COUNCIL TAX, NATIONAL NON DOMESTIC RATES AND HOUSING
BENEFIT WRITE OFFS
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To obtain Committee's approval to write off certain Council Tax, National Non-Domestic Rate and Housing Benefit debts.

1.2 Relevance to the Council's ambitions and priorities:

❖ ***Council Ambitions/Community Objectives/Corporate Priorities***

Without the revenue collected from rates, council tax and sundry debtors we would be unable to meet the Council's ambitions, objectives and priorities.

2 BACKGROUND

Council Tax and NNDR

2.1 No specific statute exists to give guidance on the circumstances under which debts, in general, can be written off other than the statute of limitations. Any debt for which recovery action has not been taken within six years still remains but legal action cannot be taken.

2.2 As a matter of law, we are under an obligation to take reasonable steps to collect council tax and business rate debts.

2.3 We do this by various means, including summonses, Attachment of Earnings, Attachment of Benefits, distraint of goods, bankruptcy and winding up, charging orders and committal warrants. However, there are some cases where debtors simply leave their property with arrears and where we have no forwarding address, or are declared bankrupt, are deceased with insufficient funds in the estate or cease trading.

2.4 The onset of the recession has seen more companies get into financial difficulties. Companies that get into the most financial difficulties have to take the administration/receivership options if they are unable to agree terms with their creditors.

Housing Benefit

2.5 The Department of Work and Pensions (DWP) pays the local authority most of the costs of paying Housing Benefit, this is called Subsidy.

2.6 In addition, the Government allows local authorities to claim 100% of an overpayment created by a local authority error if the authority keeps within the threshold set.

2.7 In previous years Ribble Valley Borough Council has been able to claim the full subsidy on overpayments classified as local authority error as we have always maintained levels of local authority error below the threshold.

3 CURRENT POSITION

3.1 There are now a number of cases where the debtor has gone bankrupt, or the company has been dissolved/gone into liquidation and therefore we need to write off some Council Tax and NNDR debts.

3.2 There are two overpayments of housing benefit totalling £5,271.70 which are as a result of local authority error.

4 FINANCIAL IMPLICATIONS

4.1 Where NNDR debts are written off these costs are met from the national non domestic rate pool and do not fall directly on local council tax payers.

4.2 Where council tax debts are written off the costs are borne by the Council Tax Collection Fund and therefore do fall on local council tax payers.

4.3 As the level of local authority error is substantially below the threshold set by the DWP we will receive full subsidy on the overpayments of housing benefit that we are unable to recover.

5 RECOMMENDED THAT COMMITTEE

5.1 Approve writing off £1,145.64 Council Tax, £4,475.17 of NNDR debts where it has not been possible to collect the amounts due.

5.2 Approve the writing off of £5,271.70 Housing Benefit overpayments.

REVENUES AND BENEFITS MANAGER

DIRECTOR OF RESOURCES

PF26-12/ME/AC
25 MAY 2012

Background papers: None

For further information please ask for Mark Edmondson ext 4504

Policy and Finance Committee

Write Offs - Council Tax

Year	Name	Property	Amount £
BANKRUPT			
Bankruptcy is a legal status of an insolvent person, that is, one that cannot repay the debts owed to creditors. It is imposed by a court order, often initiated by the debtor, and once granted no further action can be taken to recover amounts due.			
2007/08	Ms Karen Brown	48 Mayfield Avenue, Clitheroe	246.92
2008/09			420.42
2009/10			478.30
TOTAL COUNCIL TAX			1,145.64

Write Offs - NNDR

Year	Name	Property	Amount £
DISSOLVED			
Dissolution is the last stage of liquidation, the process by which a company (or part of a company) is brought to an end, and the assets and property of the company redistributed.			
2011/12	Kwiksave Express Ltd	53 Higher Road, Longridge, Preston	1,080.93
			1,080.93
LIQUIDATION			
Liquidation is the process by which a company (or part of a company) is brought to an end, and the assets and property of the company redistributed. It is unlikely in this case that, as an unsecured creditor, we will receive any funds but if we do an adjustment will be made to the amount written off.			
2011/12	La Scala Restaurant	Longsight Road, Clayton le Dale	2,123.53
			2,123.53
2011/12	Presentation Limited	7 Castlegate, Clitheroe	1,270.71
			1,270.71
TOTAL NNDR			4,475.17

Write Offs – Housing and Council Tax Benefit

Reason	Amount £
Local Authority error	5,271.70
TOTAL	5,271.70