

RECORD OF EXECUTIVE DECISION TAKEN BY AN EXECUTIVE MEMBER

This form **MUST** be used to record any decision taken by the Elected Mayor or an individual Executive Member (Portfolio Holder).
 The form must be completed and passed to the Chief Officer Democratic and Registration Services no later than NOON on the second working day after the day on which the decision is taken. No action may be taken to implement the decision(s) recorded on this form until 7 days have passed and the Chief Officer Democratic and Registration Services has confirmed the decision has not been called in.

1. Description of decision

To approve the writing off of £230,400.89 in respect of unpaid debts considered to be irrecoverable as set out in Appendix A.

2. ⁷ Date of decision

February 2018

3. Reasons for decision

The debts are considered to be irrecoverable because the debtors are either:

- (a) insolvent and have no realisable assets;
- (b) a dissolved company;
- (c) have died;
- (d) have no means to pay the debt; or
- (e) the debt is otherwise unenforceable.

4. Alternatives considered and rejected

The alternative of not writing off of the debts was considered and rejected.

5. How decision is to be funded

The loss of revenue from writing off the debts will be met from the provision for bad debts contained in the Council's approved budgets.

6. Conflicts of interest

Name of all Executive members who were consulted AND declared a conflict of interest.	Nature of interest	Did Standards Committee give a dispensation for that conflict of interest? (If yes, give details and date of dispensation)	Did the Chief Executive give a dispensation for that conflict of interest? (If yes, give details and the date of the dispensation).

The Mayor has been consulted on this decision

N/a

Signed Dave Hodgson

Date 7/2/2018

Name of Decision Taker MAYOR DAVE HODGSON.

This is a public document. A copy of it must be given to the Chief Officer Democratic and Registration Services as soon as it is completed.

Date decision published: 8th February 2018.

Date decision can be implemented if not called in: 19th February 2018.

(Decision to be made exempt from call in.....~~YES~~ or NO.....)

Bedford Borough Council – The Mayor

February 2018

Report by the Chief Officer for Customer Experience and Digital Services

Subject: WRITE OFF OF IRRECOVERABLE DEBT

1. Executive Summary

To request approval from the Mayor in accordance with the Council's Constitution to write off debts in respect of non-domestic rates, council tax, sundry debts and overpaid housing benefit owed to the Council in excess of **£20,000** that are considered to be irrecoverable.

2. Recommendation

The Mayor is requested to consider, seek clarification and, if satisfied, to approve the writing off of £230,400.89 in respect of unpaid debts considered to be irrecoverable as set out in Appendix A.

3. Reasons for Recommendation

The debts are considered to be irrecoverable because the debtors are either:

- (a) insolvent and have no realisable assets;
- (b) a dissolved company;
- (c) have died;
- (d) have no means to pay the debt; or
- (e) the debt is otherwise unenforceable.

4. Key Implications

(a) Legal Issues

The Council has a legal obligation to act diligently in the collection of all debts and has a range of legal powers to enforce payment. In each case all appropriate action has been taken to enforce payment but this has proved unsuccessful.

There are 10 debts proposed for write off relating to 7 separate parties.

Number	Reason
1	Deceased.
2	Debtor has been made bankrupt or the company has been liquidated.
1	Company voluntary arrangement or individual voluntary arrangement.
2	Company has been dissolved.
1	All available legal remedies to recover the sum due have proved unsuccessful.

(b) Policy Issues

It is recognised to be good accounting practice to write off bad debts once it is established that the debts are unlikely to be paid. The Council has an agreed Fair Debt Collection Policy and all appropriate actions to recover the sums due have been taken in accordance with that policy.

The Council's Constitution requires there to be Executive approval to write off individual debts in excess of **£20,000**.

(c) Resource Implications

The Council retains 49% of the Non-Domestic Rates yield for the Borough following the localisation of Non-Domestic Rates with effect from 1 April 2013. The Council, therefore, bears 49% of the loss arising from uncollected Non-Domestic Rates. In determining the amount of income expected to be received from Non-Domestic Rates the Council is required to make a provision for non-collection. The amount proposed to be written off is within the amount provided for when determining the expected income for the year.

The loss of income due to uncollected Council Tax is accounted for through the Collection Fund and will affect the overall surplus or deficit of the Fund at the close of the financial year. The surplus or deficit is shared with the major precepting bodies and the Council's effective share of lost income is approximately 85% of the amount written off. The amount proposed to be written off is within the amount provided for when determining the expected income to the Collection Fund for the year.

Where Housing Benefit is overpaid due to fraud or claimant error the Council is allowed to retain 40% of the subsidy it originally received from central Government in respect of the benefit paid. Therefore, the direct cost to the Council is 60% of the amount of the overpayment. However, any uncollected amounts written off represent a loss in income to the Council's General Fund. The amounts proposed for write off are within the provision made for doubtful debts in the Council's accounts.

The write off of unpaid sundry debts are a loss of income due to the Council, normally to the General Fund. The amounts proposed for write off are within the provision made for doubtful debts in the Council's accounts.

In considering the write off of debt, regard should be made to the sum proposed for write off in comparison to the total sums collectible annually.

The total sums collectible in 2017/2018, including brought forward arrears, are currently as shown below.

Type of Debt	Total Collectible	Amount Proposed to be Written Off	% of Collectible Debt
Non-Domestic Rates	£71.1 million	£0.164m	0.23%
Sundry Debts	£126.6 million	£0.043m	0.03%
Benefit Overpayments	£6.0 million	£0.029m	0.48%

A claim has been submitted to the insolvency practitioner in respect of the outstanding amounts where the debtor is insolvent and, in the event of a dividend being paid to unsecured creditors, the Council is assured of receiving payment of the dividend due. The write off of debt is an accounting process to ensure the Council's accounts properly reflect the expected likelihood of payment not being received. This process does not affect the Council's ability to seek to recover the debt should there be a relevant change in circumstances or the Council's right to receive a share of any proceeds from an insolvency.

(d) Risk Implications

There are no risk implications arising from this report.

(e) Environmental Implications

There are no environmental implications arising from this report.

(f) Equalities Analysis

In preparing this report, due consideration has been given to the Borough Council's statutory Equality Duty as set out in Section 149(1) of the Equality Act 2010, to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

A relevance test for equality has been completed. The equality test determined that the proposal has no relevance to Bedford Borough Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. An equality analysis is not needed.

5. Details

- 5.1 The Council has a strong record in the collection of sums due with annual collection rates for Non-Domestic Rates exceeding 98% and for Council Tax exceeding 97% of the sums due in that year. Arrears of sundry debts as at 31 March 2017 represented 2% of the value of invoices payable during 2016/17. The collection of arrears routinely continues after the end of the financial year resulting in final collection rates being higher than those reported at the end of the financial year. The sums proposed for write off are within the overall value anticipated in the Council's agreed budgets to allow for bad debt.

5.2 The amounts proposed for write off are summarised below and further detail is provided in Appendix A.

	Non Domestic Rates	Reason for Write Off	Amount
1	Crosbie Leisure Limited	Insolvency	£51,216.88
2	Jimann Limited	Insolvency	£42,853.04
3	One Trading GB Limited	Dissolved	£25,610.72
4	Pedley Bar Limited	Dissolved	£22,811.46
5	Mr A	Absconded	£20,603.55
Total Non-Domestic Rates			£163,095.65

	Sundry Debt	Reason for Write Off	Amount
6	Ms B – Residential care fees	Deceased	£38,115.18
Total Sundry Debt			£38,115.18

	Housing Benefit Overpayment	Reason for Write Off	Amount
7	Ms C	Irrecoverable	£29,190.06
Total Housing Benefit Overpayment			£29,190.06

Overall Total			£230,400.89
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- 5.3 The Council's Constitution requires Executive approval to write off individual debts in excess of **£20,000**. The amounts owed by each person or organisation shown exceed this amount and approval is requested from the Mayor to write off the total outstanding amount of **£230,400.89**.
- 5.4 Where the debtor is an individual their full name and the specific address of the property for which the debt accrued is in the report. Where the debtor is formally insolvent or a company has been dissolved a copy of an official notification of the insolvency or dissolution is shown at **Appendix B**.

6. Summary of Consultations and Outcome

The following Council Units or Officers and/or other organisations have been consulted in preparing this report:

Portfolio Holder for Finance
Management Team
Head of Internal Audit

No adverse comments have been received.

Report Contact Officer: Lee Phanco, Chief Officer for Customer Experience and Digital Services,
e-mail: lee.phanco@bedford.gov.uk

File Reference: Lphanco (H):Reports/Irrecoverable Debt/February2018

Previous Relevant Minutes: None

Background Papers: None

Appendices: Appendix A – Details of Debts Proposed to be Written Off
Appendix B – Official Notices of Insolvencies or Dissolutions

DETAILS OF DEBTS PROPOSED TO BE WRITTEN OFF

ITEM 1

Name of Debtor: **Crosbie Leisure Limited**

Non Domestic Rates	Period	Amount Proposed for Write Off
Nightclub 17 St Peter's Street	11/9/15 to 12/6/17	£51,216.88

Details

The company was held to be liable to pay the non-domestic rates for the nightclub as it was the premises license holder for the purpose of the sale of alcohol and provision of entertainment. The Council successfully obtained a liability order at the Magistrates' Court; however, enforcement agents instructed by the Council were unable to find any assets that could be seized to settle the outstanding rates bill.

Consequently the Council submitted a petition to the County Court in April 2017 for the winding up of the company. It was subsequently wound up by order of the Court on 13 June 2017 and is now in liquidation. A claim for the outstanding amount has been submitted in the insolvency but it is considered that there is no likelihood of receiving a dividend.

ITEM 2

Name of Debtor: **Jimann Limited**

Non Domestic Rates	Period	Amount Proposed for Write Off
Nightclub 29 Mill Street, Bedford	7/4/14 to 14/6/15	£41,042.11
Restaurant 12 Mill Street, Bedford	8/4/14 to 25/6/14	£1,414.04
Total		£42,456.15

Details

The company disputed liability for the non-domestic rates, however, the Council was successful in obtaining a liability order from the Magistrates' Court. The Council was unable to identify assets belonging to the company and instigated proceedings for the compulsory winding up of the company. The company subsequently passed a resolution for a creditors' voluntary liquidation prior to the winding up hearing and entered into liquidation.

Whilst a claim has been registered with the liquidator it is considered unlikely that any dividend will be received.

ITEM 3

Name of Debtor: **One Trading (GB) Limited**

Non Domestic Rates	Period	Amount Proposed for Write Off
4 x rating assessments at 6 & 8 Goldington Road	6/1/13 to 5/1/14	£25,610.72

Details

Considerable difficulty was experienced in determining the liable party for non-domestic rates during the above period for four separate assessments at 6 & 8 Goldington Road. It was eventually determined that the company was liable for the non-domestic rates and liability orders were obtained in January 2014. However, the company appears to have ceased trading around the time that the liability orders were obtained. It has not proved possible to identify any assets belonging to the company and the company was dissolved on 3 October 2017.

ITEM 4

Name of Debtor: **Pedley Bar Limited**

Non Domestic Rates	Period	Amount Proposed for Write Off
Nightclub 17 St. Peter's Street, Bedford	14/1/14 to 10/9/15	£22,811.46

Details

Considerable difficulty was experienced in determining the liability for the property for this period of time. Bills were ultimately issued retrospectively to the owners of the property as it was not possible to determine whether the property was let for the period. However, the company was dissolved before the Council was able to take action to enforce payment.

ITEM 5

Name of Debtor: **Mr A**

Non Domestic Rates	Period	Amount Proposed for Write Off
Ampthill Road, Bedford	17/12/10 to 22/12/12	£20,603.55

Details

The Council obtained a liability order from the Magistrates' Court and instructed enforcement agents to seize goods to the value of the outstanding debt. Initially the enforcement agents were successful in collection regular payments toward the outstanding amount, however, Mr A subsequently absconded and all efforts to locate his current whereabouts by the enforcement agents and the Council have proved unsuccessful.

ITEM 6

Name of Debtor: **Ms B**

Sundry Debt	Amount Due
Residential care charges	£38,115.18
Total	£38,115.18

The outstanding amount relates to unpaid fees for residential care provision. Ms B was required to make contributions toward the cost of her care which were assessed based on her income. However, she did not have mental capacity to deal with her own financial affairs and payments were not received

This led to concerns regarding the management of her financial affairs which were referred to the appropriate public agency to investigate. The Council was subsequently appointed as a deputy by the court to manage Ms B's financial affairs and from that time the contributions were paid. Ms B has now passed away and there is no prospect of the remaining amount being paid.

ITEM 7

Name of Debtor: **Ms C**

Overpaid Housing Benefit	Period	Amount Due
Overpaid Housing Benefit	Created 23/9/2015	£29,190.06

Details

The overpayment of Housing Benefit came to light following a routine entitlement verification process which identified regular cash deposits into the claimant's partner's bank account that had not been declared to the Council. It was established that these deposits were regular income from the partner's brother and the claimant was unable to provide a satisfactory explanation of the income for the purposes of assessing entitlement to Housing Benefit.

The matter was referred to the Council's Fraud Investigation Team for further investigation and the enquiry was subsequently transferred to the Department for Work and Pensions Single Fraud Investigation Service when responsibility for investigating Housing Benefit fraud transferred from the Council. The Department for Work and Pensions have advised that no further action was to taken in respect of the overpayment and, consequently, it cannot be classified as fraudulent.

The debtor is now formally insolvent having entered into an Individual Voluntary Arrangement (IVA). A claim in respect of this sum has been submitted to the supervisor of the IVA.

APPENDIX B

Official Notices of Insolvencies or Dissolutions

The screenshot shows a web browser window with the following elements:

- Browser Tabs:** BEDFORD ARTS & CRAFT, Bedford Borough Council, credit card charges 2018, CROSBIE LEISURE LTD.
- Address Bar:** <https://beta.companieshouse.gov.uk/company/09175555>
- Search Bar:** Search for a company or officer
- Company Name:** CROSBIE LEISURE LTD
- Company Number:** 09175555
- Buttons:** Follow this company, File for this company
- Navigation Tabs:** Overview (selected), Filing history, People, Insolvency
- Registered office address:** 97 Brickhill Drive, 97 Brickhill Drive, Bedford, MK41 7QF
- Company status:** Liquidation
- Company type:** Private limited Company
- Incorporated on:** 14 August 2014
- Accounts:** Next accounts made up to 31 August 2017
- Confirmation statement:** Next statement date 14 August 2017
- Taskbar:** Shows icons for Internet Explorer, Word, PDF, Chrome, OneDrive, and a red circular icon. System tray shows 09:52 on 16/01/2018.

BEDFORD ARTS & CRAFTS x Bedford Borough Council x credit card charges 2016 x JIMANN LIMITED - Overview x

Secure | https://beta.companieshouse.gov.uk/company/08511849

Apps Working and Worklife Gross Domestic Product Government promise VAT Notice 742: land Login Home MyView - Welcome Other bookmarks

JIMANN LIMITED

Company number **08511849**

[Follow this company](#) [File for this company](#)

[Overview](#) [Filing history](#) [People](#) [Insolvency](#)

Registered office address
**LIBERTAS ASSOCIATES LIMITED, 3 Chandlers House 191-195
Hampton Mews Sparrows Herne, Bushey, Hertfordshire, WD23
1FL**

Company status
Liquidation

Company type **Private limited Company** Incorporated on **1 May 2013**

! Accounts overdue **Confirmation statement**

Next accounts made up to **30 April 2015** First statement date **1 May 2017**
due by **31 January 2016** due by **15 May 2017**

BEDFORD ARTS & CRAFT Bedford Borough Council credit card charges 2018 ONE TRADING (GB) LIM

Secure | https://beta.companieshouse.gov.uk/company/08077133

Apps Working and Workle Gross Domestic Prod Government promise VAT Notice 742: land Login Home MyView - Welcome Other bookmarks

ONE TRADING (GB) LIMITED

Company number **08077133**

[Follow this company](#)

[Overview](#) [Filing history](#) [People](#)

Registered office address
179 Ashford Avenue, Hayes, England, UB4 0ND

Company status	Dissolved on
Dissolved	3 October 2017
Company type	Incorporated on
Private limited Company	21 May 2012

Accounts

Last accounts made up to **31 May 2014**

Nature of business (SIC)

https://beta.companieshouse.gov.uk/company/09175562

PEDLEY BAR LTD

Company number **09175562**

[Follow this company](#)

[Overview](#) [Filing history](#) [People](#)

Registered office address
15 St Pauls Sq, Bedford, Beds, England, MK40 1SL

Company status
Dissolved

Dissolved on
29 March 2016

Company type
Private limited Company

Incorporated on
14 August 2014

Nature of business (SIC)

To be provided on next annual return.

[Is there anything wrong with this page?](#)

13:06
16/01/2018