

Report to:	EXECUTIVE CABINET
Date:	18 December 2019
Executive Member/ Reporting Officer:	Cllr Oliver Ryan – Executive Member Finance and Economic Growth Ilys Cookson – Assistant Director Exchequer Services
Subject:	COLLECTION, RECOVERY AND IRRECOVERABLE MONIES
Report Summary:	The report details the collection and recovery processes for Council Tax, Business Rates and Sundry Debts, compares levels of irrecoverable debts in Greater Manchester, identifies debt which cannot by law be recovered in addition to recommending new processes to assist in the recovery of sundry debts.
Recommendations:	It is recommended that: <ul style="list-style-type: none"> (i) Goods and services will only be provided after receipt of payment (subject to any legislation providing otherwise) with effect from 1 April 2020 (ii) Goods and services cease to be provided where payment for those goods or service is in arrears, (subject to any legislation providing otherwise), with effect from 1 April 2020 (iii) Services should consider if interest can be added to late payment charges with effect from 1 April 2020 (iv) Approval of Appendix 4 irrecoverable monies by law to be written off with immediate effect. (v) A corporate charging, income and collection policy is to be drafted.
Corporate Plan:	The financial implications of recovery, collection and irrecoverable liabilities by law are factored into the Council's overall budget position.
Policy Implications:	In line with council policy.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	Income from Council Tax, Business Rates, and Fees and Charges for services, are a significant income stream for the Council, and an essential mechanism for funding services. It is vital that the Council has policies and procedures in place to ensure monies due to the Council are collected effectively and that rates of collection are maximised. However, it is also inevitable that some debt cannot be collected for a variety of reasons and a level of write off will be required across all types of debt. In accordance with recommended accounting practice, the Council maintains a provision for write-offs in respect of council tax, business rates and sundry debt invoices. This provision is subject to annual review and allowance is held within the Corporate contingency budget to fund any increases required to the provision. The write-offs detailed in appendix 4 of this report are within the current level of provision for doubtful debts

**Legal Implications:
(Authorised by the Borough
Solicitor)**

The debts set out in this report are debts which are written off as a matter of law ie the Council is prevented from attempting to recover them. Tameside continues to make year on year improvements terms of collection council tax and have done so over the past 6 Years (Paragraphs 3.2 & 3.4). This having been achieved during a time a continuing austerity and welfare reform. Council tax recovery is in adherence to the Council Tax (Administration & Enforcement) Regulations 1992 with extensive steps are in place to encourage and support service users in meeting their commitments. Council tax write off (paragraph 6.4) is the second lowest by comparison to neighbouring authorities.

In relation to business rates cash collected the amounts collected are falling in the context of a difficult trading situation which is very articulated. The attempts made to avoid payment in addition to challenge assessments present significant collection issues. The business rates write off at Tameside is the lowest by comparison to neighbouring authorities (paragraph 11.6).

As a public body the Council is highly regulated as to how it collects debt and the LGSCO emphasis the need to take into account evidence, reasonableness and appropriateness of collection, which need to be evidenced when making decision to pursue. The Council pursues debt rigorously in the interests and fairness to taxpayers.

The impact of carrying potentially irrecoverable costs have in terms of inflating levels of bad debt provision on the Council's budget. The proposed corporate charging, income and collection policy could address benefit of recovering nominal debts or debt that may prove uneconomical to recover.

Risk Management:

The risks are outlined in Section 16

Access to Information:

The background papers relating to this report can be inspected by contacting Ilys Cookson – Assistant Director Exchequer Services



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1.0 BACKGROUND

1.1 Exchequer Services collect monies owed to the Council in respect of a range of services such as:

- Council Tax
- Business rates (National Non Domestic Rate)
- Sundry debt accounts for goods and services provided such as leases and rents, library fines, trade waste
- Overpaid Housing Benefit where there is a change in circumstances or Her Majesty's Revenues and Customs (HMRC) and Department of Work Pensions (DWP) provide information on undeclared income
- Adults social care charges such as homecare and residential care

1.2 The collection of monies is a statutory duty in accordance with legislation pertaining to each function. It is essential that all monies owed are collected wherever possible to protect the public purse and continue to fund vital public services.

1.3 Council Tax accounts can be subject to reductions by way of Council Tax Support, discounts and exemptions. Business Rates can be reduced by reliefs or revaluations all of which are subject to strict eligibility criteria. It is inevitable that there will always be an amount of debt which cannot be collected each year for a variety of reasons. Such debts are termed irrecoverable because the law does not permit the Council to collect the debt according to a variety of circumstances.

2.0 COUNCIL TAX

2.1 In March each year the service send out Council Tax bills which includes an adults social care precept and mayoral precept. Council Tax may be paid over 12 months where the charge payer requests this in accordance with legislation.

2.2 This year 103,446 Council Tax bills were sent out with an estimated net collectable debit of £111,150m, an increase of £13.5m from £97.6m in 2018/19. Of those 103,446 bills issued, a total of 18,635 accounts receive Council Tax Support (CTS). The CTS scheme is a means tested benefit supporting the most financially vulnerable in Tameside and currently costs £14.3m which is funded from Council budget. Being assessed as eligible to receive CTS is dependent on income, capital, assets and savings, household composition and Council Tax band. Everyone must pay at least 75% of their Council Tax due if they are in receipt of CTS and CTS is capped at Band A.

3.0 COUNCIL TAX COLLECTION

3.1 Legislation set out in the Local Government Finance Act (Administration and Enforcement) Regulations 1992 clearly details the method and timescales for the recovery of Council Tax and Business Rates monies. The process is that recovery documents are issued on a monthly cycle.

3.2 The total gross cash collected in respect of Council Tax is detailed in Table 1 below.

Table 1: Council Tax cash collected by year

Financial Year	Council Tax Cash collected £ million
2013/14	£ 81.4
2014/15	£ 82.8
2015/16	£ 85.1
2016/17	£ 89.3
2017/18	£ 93.7

2018/19	£ 98.9
Total collected in last 6 years	£ 531.2m

- 3.3 Many charge payers do pay regularly and on time. However many in receipt of benefits have to have arrears attached to their benefit which is deducted at source by the DWP at the rate of £3.70 a week to reduce arrears. This rate is set by central government and has not changed for many years. This low rate of deduction is helpful to those on a low income however the reality is that the deductions do not clear one years Council Tax in the year that it falls due. This results in many benefit claimants starting the new financial year in arrears.
- 3.4 The collection of monies has increased year on year as detailed in the table below.

Table 2: Council Tax collected by year

Council Tax collected in each year by year in £ million *					
2014/15	2015/16	2016/17	2017/18	2018/19	Apr to September 2019
82.8	85.1	89.3	93.5	98.4	60.9m

* Note: Monies continue to be collected from all accounts in arrears beyond the end of the financial year in which the Council Tax falls due.

- 3.5 The layering effects of welfare reform and the introduction of Universal Credit has had an impact on some residents ability to pay Council Tax. Although there are clear recovery processes in place in accordance with Council Tax (Administration & Enforcement) Regulations 1992, a culture of payment is encouraged at every opportunity. Examples of this are:
- Reminder contact by text
 - Consideration of ability to pay
 - Encouragement to pay by direct debit
 - Encouragement to sign up to self service
 - Creation of an in-house welfare team (Arrears Support Team) for difficult cases
 - Reduction in the number of summons issued
- 3.6 Text Reminders: In addition to the formal recovery process the service sends out a text reminder (where mobile phone numbers are provided by the customer for contact) to advise that the account is in arrears and to make payment to avoid a reminder being issued. Text reminders are also sent on a second occasion if there is payment made on the account but then the account again falls into arrears. The success of text reminder is regularly monitored and it has consistently proved effective in terms of cost and monies recovered.
- 3.7 Consideration of ability to pay: The service has always considered ability to pay, however it is important to consider income and expenditure alongside other debts owed to the Council to provide a holistic approach to monies owed. However, this has to then be considered with other non-priority debts. In cases of significant debt the charge payer is sign posted to most appropriate agencies, and advised on minimum amount of repayment expected on a temporary basis to provide time to seek appropriate support and advice.
- 3.8 Encouraged to pay by Direct Debit: Payment by direct debit is by far the most cost effective way of collecting money. At present 54.5% (56,155) of all Council Tax payers pay by this method. Many charge payers prefer to pay in this way, as it assists in regular budgeting and once set up the customer doesn't have to do anything else. However for some on a very low income this is unrealistic as the direct debit can lead to bank charges where insufficient funds are in the account. Charge payers who fall into arrears and then subsequently pay in full after recovery action are contacted and encouraged to pay by

direct debit to avoid any future recovery being taken which can, depending on the action taken, incur costs.

- 3.9 Encouraged to use self-service: Charge payers are encouraged to use the Council Tax self-service function which provides a view of part of the customer account. The Council Tax due, payments made and documents issued can be viewed in addition to any Council Tax Support awarded. The information is in real-time. This does assist charge payers to monitor their own account and is very similar to on-line banking viewing facilities.
- 3.10 Creation of Arrears Support Team (AST): This has been set up within the service without additional resource to consider problem cases, such as where there have been multiple contacts and no payments made, or where no contact at all has been achieved. Difficult cases also include where there are significant sums owed to the Council or where a member of staff is concerned for any reason such as where financial abuse suspected, or possible mental health problems are evident. Such cases warrant significant support, which can include referral to Adults Social Care, Welfare Rights and other appropriate agencies.
- 3.11 Reduction in summons issued: The effect of working closely with customers to bring about payment has resulted in an increase in overall Council Tax collection for current and previous year arrears and a decrease in the number of summons issued. From April 2019 to end of July 2019 £2.098m was collected in relation to previous year's arrears. The issue of a summons is undertaken in accordance with legislation and which incurs £86.00 costs. The summons to Magistrates Court to consider the granting of a Liability Order enables a local authority to recover monies in other ways such as attachment to benefit or earnings or referral to enforcement agent which is undertaken as a last resort.
- 3.12 Support Available and Signposting: Wherever possible the Council Tax Service will work with anyone in arrears to bring about a suitable payment arrangement where their Council Tax account is in arrears as detailed in sections above. However it is clear that some charge payers require specific support to address concerns which may be debt related, or welfare benefit related (such as Universal Credit, state retirement pension, disability benefits or pension credit etc) and in such cases appropriate referral is made to the Council's internal Welfare Rights Team. In specific cases relating solely to debt charge payers are referred to Welfare Rights and may also be referred to MiNT, CAB or the national Debt Advice Team.

4.0 ADDITIONAL COLLECTION PROCESSES

- 4.1 There are a number of additional ways to maximise collection of all monies owed to the Council such as carrying out specific exercises to ensure that the Council Tax database is correct. For example the service has carried out the following:
- Single Person Discount exercise
 - Empty property exercise
 - Tracing processes
- 4.2 Single Person Discount (SPD) data matching exercises were carried out in 2014/15 and 2015/16 whereby an external company checks Single Person Discount records against credit records including accounts for mobile phones. The company then contacts Council Tax payers on the Councils behalf to query their single person status in cases where such checks have revealed that there is another adult residing in the property and therefore SPD is likely to be falsely claimed. In such cases the SPD is removed from the account to a date when it is believed that the second adult moved into the property. The cost and benefits of the exercises are detailed below.

Table 3: SPD exercise cost and benefit to Council Tax Base

Year	Cost	Increase to Council Tax Base
2013/14	15k	300k
2015/16	15k	630k

However the effect of removing the incorrectly claimed SPD's from accounts temporarily inflates the overall Council Tax arrears picture until such time that all retrospective Council Tax charges raised as a result of the SPD being removed, are repaid.

- 4.3 A procurement exercise has recently been undertaken and an external company appointed to undertake the next SPD exercise. Letters are due to be issued to customers in receipt of an SPD in August 2019 where there is data to suggest that another adult over the age of 18 lives in the property.
- 4.4 An empty property exercise was undertaken at the same time as the last SPD exercise which was included in the cost of the SPD exercise. The exercise gave assurance that the number of empty properties in the Borough on the Council Tax database was broadly in line with the empty properties identified by the exercise. The majority of properties are empty for short periods usually in-between letting rented properties out to tenants. Properties which are empty long term incur an additional Council Tax charge.
- 4.5 A procurement exercise is currently underway to appoint a company to undertake an empty property review on both Council Tax and Business Rates.
- 4.6 It is unfortunately common for some debtors to return recovery documents to the Council and advise that they have 'gone away'. In every instance steps are taken to find the debtor, many of whom move to another address or use an alias to avoid identification. Such individuals are traced by matching names, previous addresses, dates of birth, and national insurance numbers where known. Both local and national tracing agencies are used to identify debtor's whereabouts to enable any arrears of Council Tax to be pursued. Whenever an absconders whereabouts become known after a debt has been written off, there is a clear process to 'write back' the debt and continue recovery of monies owed.

5.0 COUNCIL TAX RECOVERY

- 5.1 In some cases people refuse to pay for a variety of reasons, such as withholding payment due to another Council service not provided in the way expected, or because they feel they are entitled to more benefit or they have a dispute with the Valuation Office Agency (VOA). The VOA set Council Tax bands for residential properties and determine rateable values for business premises which then form the basis of the charge. Some accounts fall into arrears without the charge payer contacting the Council to discuss. The legislation is clear that recovery takes place within specific timescales which is adhered to in all cases. Rarely cases are placed on hold to prevent recovery action however such circumstances might be an outstanding complaint is being addressed, the timescale for which is 20 working days, or benefit is waiting to be posted to the account. Being in receipt of Council Tax Support has the effect of reducing the amount of Council Tax to be paid and is currently processed within 9 working days.
- 5.2 A considerable number of people do pay regularly however some do not pay the full amount of the instalment due and so are continually in arrears. This can be due to poor financial management paying off other debts or paying off previous years Council Tax arrears. The debt can be recovered from a DWP welfare benefit, by way of an attachment, however due to the low rate of deduction attachments of benefits often take more than one financial year to repay the outstanding debt. The debt can also be recovered from the liable person's earnings. Appendix One details the rates of deductions of benefits and earnings. From April 2019 the following accounts have made payment on their current Council Tax bill.

Table 4: Council Tax accounts by payment

April to September 2019	Nil paid	Payment/s made
Number of accounts	397	103,048
Percentage of all CTAX payers	0.38%	99.62%

- 5.3 Accounts where nil has been paid in the current financial year commencing April have been subject to recovery action. It is noteworthy that some accounts may only just have commenced liability and therefore payment not yet due. The Council Tax bands for non-payment are categorised as follows:

Table 5: Nil paid from April 2019 to September 2019 by Council Tax band.

CT Accounts Raised with Nil Paid by band	Number of accounts/ % of all liable to pay
A	286 (0.27%)
B	58 (0.05%)
C	38 (0.03%)
D to G	15 (0.01%)

- 5.4 There are a number of reductions to the bill all of which are subject to eligibility, such as CTS, or a discount or exemption such as single person discount or exemption from Council Tax such as where a property is occupied wholly by full time students. Necessary checks, such as checking against DWP data and previous addresses held, are carried out to determine eligibility for any discount or exemption in addition to the Council Tax payer providing evidence to support the request.
- 5.5 Most reminders are issued at the start of any financial year as a significant number of people do not start to pay the current year bill on time. The table below shows reminders issued and value each year.

Table 6: Council Tax First Reminders issued and value per year

Financial Year	Number of Reminders issued	Value of Reminders issued
2013/14	31,000	£4,239,668.50
2014/15	29,128	£4,068,558.03
2015/16	27,119	£4,159,120.54
2016/17	26,875	£4,252,863.92
2017/18	27,617	£4,762,436.29
2018/19	25,854	£4,592,127.87

- 5.6 Wherever the charge payer has not brought their account up to date or made an alternative payment arrangement with the Council Tax Service following receipt of recovery documents, then a summons is raised requesting that the debtor pays the whole amount due or the Council will request that Magistrates grant a Liability Order.

Table 7: Number of Council Tax summons issued by year

Financial Year	Number of Summons issued	Value of Summons issued
2013/14	24,372	£12,488,149.49
2014/15	20,511	£10,589,840.89
2015/16	22,214	£12,059,147.36
2016/17	21,191	£11,619,254.62
2017/18	21,056	£12,771,651.78
2018/19	19,963	£13,067,383.42

Table 8: Number of Number of Liability Orders Granted

Financial Year	Number of Liability Orders granted	Value of Liability Orders granted
2013/14	17,496	£8,828,244.28
2014/15	15,683	£7,989,652.55
2015/16	17,768	£9,473,735.01
2016/17	15,818	£8,832,331.68
2017/18	15,834	£9,597,632.74
2018/19	15,598	£10,171,388.81

- 5.7 In 2018/19 15,598 summonses were issued with an average value of £654.00 and Liability Orders in the same year granted by the Magistrates with an average value of approximately £652.00 arrears. The actual recovery process is detailed in Appendix Two.
- 5.8 As 3.9 details that a Liability Order protects the Councils interest providing the authority to recover the debt in other ways, such as via an Enforcement Agent, or Attachment of Earnings or Benefit or, as a last resort, to make the debtor bankrupt or commence committal proceedings. Such cases of bankruptcy are rare and cases are carefully selected on a case by case basis and where no other method of recovery has resulted in payment. There is a cost to the Council in making debtors bankrupt or commencing committal proceedings.
- 5.9 Enforcement Agent fees and the amount of deductions under an Attachment of Benefit or Earnings are set in legislation. Current Enforcement Agent fees and Attachment deductions are detailed in Appendix One. The conduct of Enforcement Agents is set in legislation and each Enforcement Agent must be certified to enable them to work for the Local Authority. Strict codes of conduct are in place for Enforcement Agents employed under a Greater Manchester framework agreement, which is in addition to our local code of conduct to be adhered to by every Enforcement Agent engaged.

Table 9: Number of referrals to Enforcement Agents

Financial Year	Number of debts referred to Enforcement Agent	Value of debts referred to Enforcement Agent
2013/14	7,917	£3,884,305.13
2014/15	4,050	£2,128,197.12
2015/16	6,928	£3,347,645.71
2016/17	7,476	£4,055,546.99
2017/18	6,895	£4,255,188.48
2018/19	10,353	£6,525,905.30

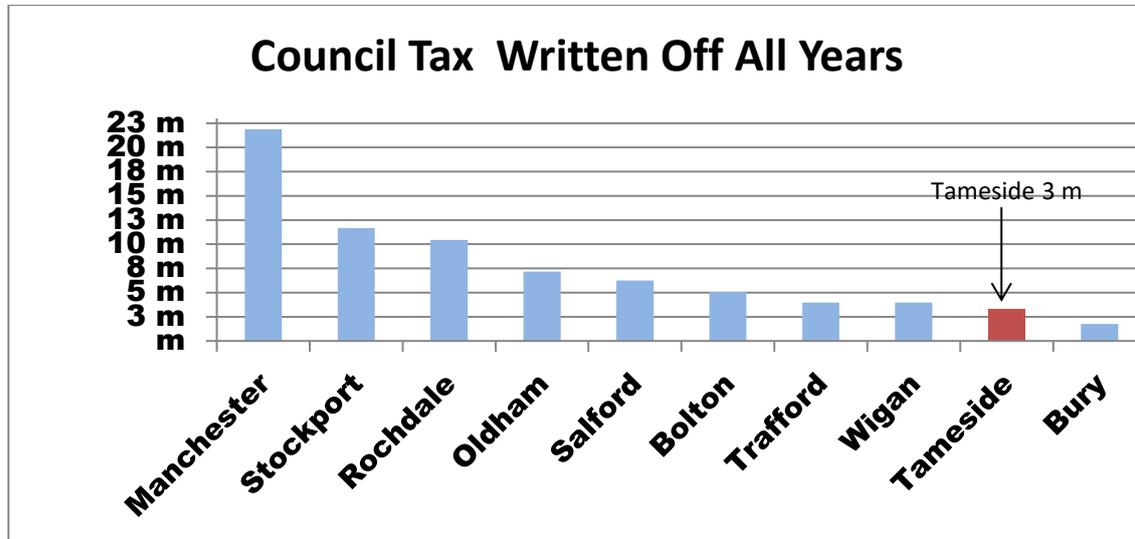
6.0 COUNCIL TAX IRRECOVERABLE DEBTS BY STATUTE

- 6.1 Collecting money for any reason whether for public or private funds carries an element of bad debt i.e. debt which is uncollectable. The impact of not writing off debts that are irrecoverable by law can result in the following:
- Inflated and inaccurate levels of bad debt provision in the Councils budget
 - Inflated and inaccurate levels of arrears
- The above can, and does, manifest itself in Freedom of Information requests, and it is therefore essential that irrecoverable debts are written off systems to enable accurate financial accounting and forecasting.
- 6.2 The writing off of irrecoverable debt is subject to strict audit processes which are evidenced on the Councils Agresso and Capita financial systems. All Local Authorities write off sums

which are irrecoverable by law are included in Government returns to MHCLG for Council Tax and Business Rates.

6.3 Recovery processes are such that recovery of monies can take many years and the oldest debt currently being collected in Tameside relates to 2000/01. The latest information from (Ministry of Health, Communities and Local Government, (MHCLG) is for 2018/19 and detailed at Section 6.4.

6.4 The data when compared to other Greater Manchester Councils is that less is written off in Tameside compared to other similar sized authorities.



6.5 The above graph demonstrate that Tameside is the second lowest in Greater Manchester in terms of bad debt written off as every effort is made to pursue recovery of all monies owed.

6.6 The total percentage of Council Tax due in 2018/19 that was written off was £697k in Tameside compared to closest comparator in GM which was £1.221m. In the last 6 years a total of £531.2 million has been collected and £3.1million has been written off in Tameside.

6.7 The reasons for bad debt relate solely to the circumstances of the debtor and which the law states the debt cannot be recovered. Such circumstances are:

Legally unenforceable debts:

- **Debt Relief Order** - Charge payer seeks via application from Official Receiver
- **Bankruptcy Order** - Charge payer made bankrupt
- **Individual Voluntary Arrangement (IVA)** – Charge payer sets up an arrangement with the insolvency practitioner
- **Statute Barred**- where part of debt or all of debt not in recovery must be written off as the debt is over 6 years old.

6.8 **Appendix Three** details the above in terms of timescales and legal requirements. In addition to the above there are discretionary irrecoverable debts which relate in the main to deceased persons where there are no monies left in the estate after probate searches have been obtained. Very few cases are written off due to the charge payer having absconded.

7.0 BUSINESS RATES

7.1 There are 7,565 business rates accounts in Tameside and, like Council Tax, a bill is sent at the start of the financial year or whenever a business ratepayer becomes liable. Business Rates bills are calculated by multiplying the rateable value of the premises by a rate in the pound which is set each year by central government. The Valuation Office Agency (VOA) set the rateable value of each business premise based on a range of factors such as size, location and use, for example retail or warehousing. The total value of Business Rates bills sent out this year was £57.9 m.

7.2 Business Rates accounts can, subject to eligibility criteria, receive a number of reliefs as determined by central government, all of which have the effect of reducing the amount payable. The reliefs currently available are as follows:

- Transitional Relief
- Small business rates relief
- Retail discount
- Revaluation support relief
- Discretionary relief
- Charitable relief

7.3 Many business ratepayers seek to reduce their rateable value by using a rating agent who acts on their behalf in appealing to the Valuation Office. The VOA notifies the Council of the outcome of an appeal. The two largest assessments in Tameside are IKEA and Asda both in Ashton. Like the majority of multi-national businesses their premises are subject to continual appeal often resulting in a reduction in rateable value and a lower amount of rates payable. On average the VOA receive 10 appeals per month in respect of Tameside business premises, the outcome of which cannot be predicted.

8.0 BUSINESS RATES COLLECTION

8.1 Like Council Tax, legislation set out in the Local Government Finance Act (Administration and Enforcement) Regulations 1992 clearly details the method and timescales for the recovery of Business Rates monies. The process is that recovery documents are issued on a monthly cycle.

8.2 The total gross cash collected in respect of Business Rates is detailed here:

Table 10: Business Rates cash collected by year

Financial Year	Business Rates Cash collected £ million
2013/14	£67.73
2014/15	£62.77
2015/16	£63.75
2016/17	£64.45
2017/18	£60.35
2018/19	£57.20
Total collected in last 6 years	£376.25 m

Note: Following the 2017 revaluation rateable values decreased and the number of reliefs introduced increased which have the effect of reducing the collectable debit.

8.3 Some business ratepayers fall into arrears without contacting the Council to discuss an alternative payment arrangement. The legislation is clear that recovery takes place within specific timescales which is adhered to in all cases.

8.4 A considerable number of business ratepayers do pay regularly and on time and in particular multi-national businesses. However some ratepayers do not pay the full amount

of the instalment due and so are continually in arrears. This can be due to poor financial management, deliberate to assist their cash flow or because the business may be in difficulty, or as detailed above, deliberate rates avoidance.

Table 11: Business Rates account payers

April to September 2019	Nil paid	Payment/s made
Number of accounts	268	7,232
Percentage of all NNDR payers	3.5%	96.5%

Some of the recovery methods available in respect of Council Tax cannot be used in relation to NNDR such as attaching the debts to earnings or benefits. Unlike Council Tax the overall collectable debt has reduced. The collection of monies has decreased year on year as detailed in Section 8.6, table 10. This is attributed to reducing rateable values and the introduction of many government funded reliefs, resulting in little or nothing to pay in some cases.

- 8.5 Although there are clear recovery processes in place in accordance with the legislation a culture of payment is encouraged at every opportunity. Examples of this are:
- Prompt to contact sent by text
 - Consideration of ability to pay
 - Encouragement to pay by direct debit
 - Encouragement to sign up to self service
 - Reduction in the number of summons issued
- 8.6 The above is detailed in Section 3 of this report. The number of summons issued has reduced however this is largely attributed to many business ratepayers having lower bills following reductions in rateable value or relief entitlements. Support and appropriate signposting is in place however the nature of debtor's circumstances is often different when compared to Council Tax.
- 8.7 Like Council Tax, in some cases business ratepayers refuse to pay for a variety of reasons, such as withholding payment due to another Council service not being provided in the way the ratepayer expected, or because they feel they are entitled to more relief or they have a dispute with the Valuation Office agency who set Business Rates rateable values, or where the business may be struggling financially.
- 8.8 A common problem is business rates avoidance in terms of recovery and which affects all local authorities nationally. The Government have consulted on this matter in recent years and a further consultation was released in July 2019 from the Local Government Association. So far there has been no change to any legislation to prevent avoidance practices. A typical avoidance tactic is where companies open, trade for a period and then cease to operate for a very short period and 'dissolve' the company then open up again often under the same name as before, however the company will have been dissolved and so by law any arrears they may owe has to be written off. Such companies may change the company name with Companies House yet the trading name will remain the same. Unfortunately this is not an illegal process.
- 8.9 This matter has been raised on a number of occasions with Companies House. However they have been very clear that their role is for the registration of company business, incorporation and dissolution of limited companies and will not enter into any communication with regard to recovery of any monies or conduct relating to monies owing.
- 8.10 Other common avoidance scams are for landlords of business premises to create a fictitious tenant. While lease agreements are requested at the point of registration to determine liability this is not sufficient deterrent to the most unscrupulous landlords.

9.0 ADDITIONAL COLLECTION PROCESSES

9.1 There are a number of additional ways to maximise collection of all monies owed to the Council such as carrying out specific exercises to ensure that the Council Tax database is correct. For example the service is to carry out the following reviews in the current financial year:

- Rateable Value finder
- Empty property exercise
- Tracing processes

9.2 The above is in addition to the two Visiting Officers employed within the service who inspect new build and changes/extensions to properties which impacts on the rateable value of the business premises. The Rateable Value finder and empty property review will be procured from a third party as rating and valuation expertise is required. Essentially new properties and businesses are identified, and the whole of the NNDR database is reviewed, and professional judgement is used as to whether the rateable value of a property should increase in which case the Valuation Office are notified. Payment to the third party provider is based on the amount of rateable value increases secured from the exercise which, in turn, increases the Council's revenue. The third party also undertakes an empty property review and ensures that these correspond with empty premises detailed on the NNDR database. This avoids unnecessary action if the premises are empty and requires further investigation in terms of company dissolved etc. or the business ratepayer has absconded requiring costly trace procedures to be implemented. A procurement exercise is currently underway to appoint a company to undertake the RV finder and empty property review.

9.3 Like Council Tax some debtors return recovery documents to the Council and advise that they have 'gone away'. In every instance steps are taken to find the debtor, many of whom open another business elsewhere and not necessarily in Tameside or move to another address or use an alias to avoid identification. Such individuals are traced by matching as many details as possible i.e. previous addresses, and both local and national tracing agencies are used to identify debtor's whereabouts to enable any arrears of Council Tax to be pursued. The Council also refer such cases to Enforcement Agents who provide a trace and collect service. Whenever an absconder's whereabouts become known after a debt has been written off, there is a clear process to 'write back' the debt and continue recovery of monies owed.

10.0 BUSINESS RATES RECOVERY

10.1 Where payments are not made in accordance with the instalments detailed on the Business Rates bill recovery action will ensue. Most reminders are issued at the start of any financial year. The table below shows reminders issued and value each year.

Table 12: First Reminders issued and value per year

Year	No of Reminders	Amount of Reminders
2013/14	3168	£4,484,978
2014/15	2792	£3,936,247
2015/16	2862	£4,620,638
2016/17	2417	£2,905,729
2017/18	2511	£3,638,452
2018/19	2144	£3,716,842

10.2 Wherever reminder documents have been issued and the debtor has not brought their account up to date or made an alternative payment arrangement with the Business Rates Service, then a summons is raised requesting that the debtor pays the whole amount due or the Council will request that Magistrates grant a Liability Order. The Liability Order protects the Council's interest as this provides Councils the authority to recover the debt in

other ways, such as via an Enforcement Agent, or, as a last resort, to make the debtor bankrupt or commence committal proceedings. Such cases of bankruptcy are rare and cases are carefully selected on a case by case basis and where no other method of recovery has resulted in payment. There is a cost to the Council in making debtors bankrupt or commencing committal proceedings.

Table 13: Business Rates Summons issued by year

Year	No of Summonses	Value of Summonses
2013/14	1,269	£7,625,580
2014/15	1,204	£7,851,849
2015/16	1,366	£10,104,925
2016/17	1,250	£6,278,996
2017/18	1,273	£8,262,656
2018/19	839	£5,266,625

Table 14: Number of NNDR Liability Orders Granted

Year	No of Liability Orders	Value
2013/14	873	£3,919,356
2014/15	839	£4,575,813
2015/16	796	£4,531,285
2016/17	669	£3,682,401
2017/18	728	£3,873,171
2018/19	470	£2,412,098

- 10.3 Enforcement Agent fees are set in legislation. Current Enforcement Agent fees are detailed in Appendix One and the conduct of Enforcement Agents is also set in legislation.

Table 15: Number of Enforcement Agent referrals

Year	No of referrals	Value
2013/14	699	£2,586,723
2014/15	640	£2,460,724
2015/16	578	£3,037,092
2016/17	383	£1,540,442
2017/18	711	£2,772,764
2018/19	1,012	£4,428,969

11.0 BUSINESS RATES IRRECOVERABLE DEBTS BY STATUTE

- 11.1 As detailed in Section 6.1 collecting money for any reason whether for public or private funds carries an element of bad debt i.e. debt which is uncollectable. This can, and does, manifest itself in Freedom of Information requests, and it is therefore essential that irrecoverable debts are written off systems to enable accurate financial accounting and forecasting.
- 11.2 The writing off of irrecoverable debt is subject to strict audit processes which are evidenced on the Councils Agresso and Capita financial systems. Each year local authorities write off sums which are irrecoverable by law.
- 11.3 Collecting money for any reason whether for public or private funds carries an element of debt which is uncollectable. Bad debt in respect of business rates accounts cannot be recovered by law due to the circumstances of the company or the debtor. Such circumstances are:

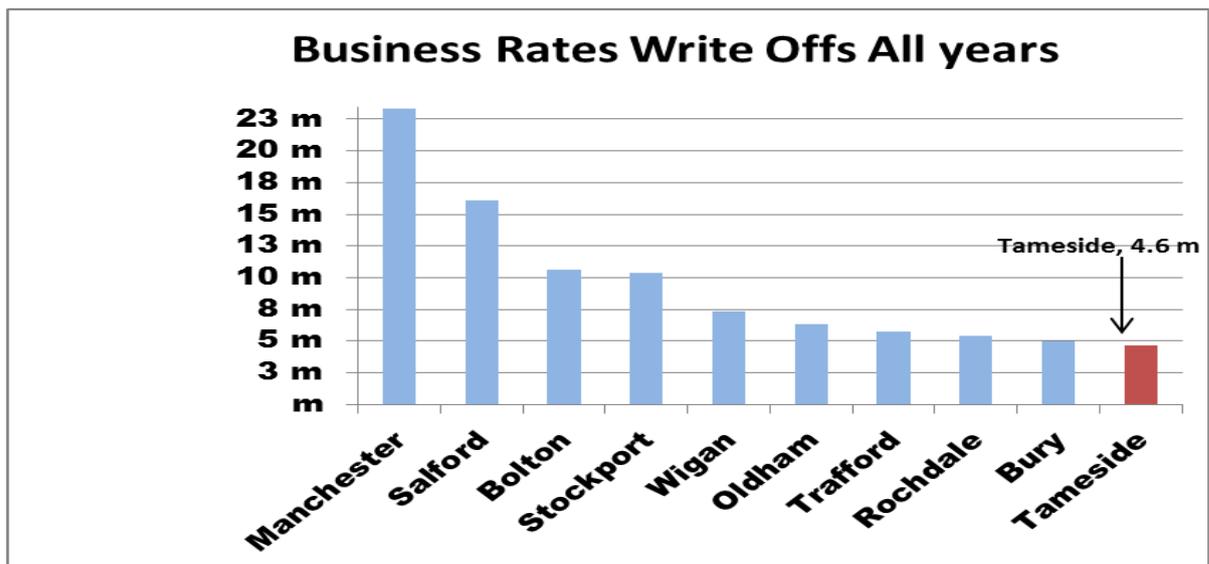
Legally unenforceable debts:

- **Company dissolved** – company is liquidated which in some cases can take several years to be finalised
- **Company voluntary arrangement (CVA)** – debtor seeks application from insolvency practitioner
- **Debt Relief Order** - Charge payer seeks via application from Official Receiver
- **Bankruptcy Order** - Charge payer made bankrupt
- **Individual Voluntary Arrangement (IVA)** – Charge payer sets up with insolvency practitioner
- **Statute Barred**- where part of debt or all of debt not in recovery must be written off as the debt is over 6 years old.

11.4 **Appendix Three** details the above in terms of timescales and legal requirements. In addition to the above there are discretionary irrecoverable debts which relate in the main to deceased and few cases which are uneconomic to pursue where the debtor has absconded and tracing procedures have come to nought.

11.5 Recovery processes are such that recovery of monies can take many years to recover. The latest information from (Ministry of Health, Communities and Local Government, (MHCLG) is for 2018/19 and which is detailed in the graph at 10.6.

11.6 The data when compared to other Greater Manchester Councils is that Tameside has written off the least amount of bad debt in relation to business rates when compared with other Greater Manchester authorities.



11.7 Tameside has written off £4.69m in bad debt over the last 6 years compared to £376.25m collected in Tameside over the same period.

11.8 At the present time there are 56 business rates accounts that cannot be recovered by statute, are in excess of 6 years old in terms of recovery and over £3k and must be written off for the following reasons:

Table16: Irrecoverable debts by law

Business Rates Irrecoverable Debts by Statute over 6 years old over £3k		
Debt Type	Number of accounts	Value £
Dissolved / liquidated companies	2	9,918.72
	2	97,953.07
Company voluntary arrangement (CVA)	1	9,582.92
Company in receivership	1	150,989.04
Bankruptcy	1	31,001.77
Company in administration	1	42,216.60
Trace Unsuccessful	9	86,787.32
Statute barred	33	301,188.71
Deceased	1	7,159.32
Recovery exhausted	5	109,614.42
Total	56	846,411.89

11.9 The above accounts represents 0.22% of all business rates collected in the last 6 years.

12.0 SUNDRY DEBTS

12.1 Invoices are raised for a range of goods and services provided by the Council. There are 101 different types of debt to be recovered however approximately a third of all invoices raised relate to Adults social care with the majority being for non-residential care. Typical debt types are as follows however the list is not exhaustive:

- Adults social care services
- Trade waste
- Ground rents
- Allotments
- Community alarms
- Commercial Rents
- Hire charges
- Pest control charges
- Licensing fees
- Planning fees
- Market rents
- School meals

12.2 The lowest value invoices raised are for £2.50 for ground rents and highest value up to £8 million in respect of an NHS payment. The total invoices raised for sundry debts in 2018/19 are detailed below:

Table 17: Total invoices and value raised by year:

Financial Year	No of invoices raised	Value of invoices
2013-14	30841	£49,736,099.39
2014-15	32155	£46,081,958.10
2015-16	41944	£50,055,037.87
2016-17	41404	£43,942,797.21
2017-18	38335	£47,959,543.28
2018-19	38023	£69,070,864.56
2019-20 (to end September 2019)	20065	£40,510,384.66

Of those invoices above the number that related to Adults social care is detailed next.

Table 18: Invoices raised to date and value relating to Adults social care

Invoices Raised 2018/2019	Number	Value
Residential Care	5263	£5,857,099.91
Non-residential Care	15,224	£4,451,633.87
Direct Payments	144	£223,276.32
Adult Placement	612	£115,300.65

- 12.3 The recovery of monies relating to any adults care services is recognised among local authorities as the most difficult to collect due to the customer cohort and the emotive nature of payment for services which many believe should be free. Although this is the area of highest arrears, the care service cannot cease to provide its services by law. Often families act on behalf of elderly or vulnerable family members and do not want their relative's savings to be spent on their care and so simply do not pay or deem that the care provided was flawed in some way which can be many years after the care was provided. One example is a person in residential care with arrears in excess of £80k refusing to pay her care fees. The individual cannot be denied service in accordance with Care Act 2014 legislation.
- 12.4 An added difficulty in collecting some sundry debts is that they are very low in value and debtors again feel that it is not a priority as the services or goods have already been provided.

13.0 SUNDRY DEBTS COLLECTION

- 13.1 Unlike Council Tax and Business Rates the recovery of Sundry Debts is not contained in one specific piece of legislation. Specific legislation does exist in relation to the recovery of specific debt types only. For example a land charge can never be written off in law and yet can take years to recover, which is usually at the point of house sale providing the Council is aware of the sale to ensure the solicitors are aware. Ground rents are equally difficult to recover as they are often such low value that it is in many cases uneconomic to raise an invoice annually.

- 13.2 **Table 19: Sundry Debts cash collected by year**

Financial Year	Sundry Debts Cash collected £ million
2013/14	£41.5
2014/15	£42.5
2015/16	£44.3
2016/17	£38.0
2017/18	£43.8
2018/19	£63.4
Total collected in last 6 years	£273.5m

The average collected per account in the last year was £1,023.

- 13.3 Each local authority generally determines the fees and charges applied to goods and services they provide. Unfortunately MHCLG do not collect any data on sundry debts therefore there is no comparative data on services provided or costs. However, the fees and charges for goods and services in Tameside is set following approval of the Executive Cabinet Fees and Charges report prior to the commencement of each financial year.
- 13.4 Depending on debt type regular invoices can be raised throughout the year for a pre-determined frequency for the same person for the same service, for example with home care services the invoice is raised monthly and with commercial rents. In the case of a planning fee or licence for example the invoice will be a one-off. Some invoices are also

raised at the start of the financial year for the entire year for example community alarms, market rents and trade waste.

- 13.5 Payment instalments also differ according to debt type with some being invoiced in arrears, to be paid immediately, some invoiced in advance to be paid by instalments throughout the year and some are one-off invoices for immediate payment, however payment combinations and invoice raising can be any combination of these.
- 13.6 The most cost effective process for providing goods and services is for services to request invoices be raised and paid in full before service is provided. This would remove the need for costly and resource intensive recovery action to take place. Where debts remain unpaid and service continues to be requested then the decision should be made that the service should cease to be provided. A good example of this is in the case of trade waste provision where the service has ceased to be provided until arrears are paid, and also where a kerb is to be dropped to accommodate a drive where payment is made in advance.
- 13.7 It is acknowledged that the above practice cannot be adopted for all debt types raised. All adults social care invoices (which comprise a third of all invoices raised) cannot suspend service wherever a care need is identified as stated in legislation contained in the Care Act 2014.
- 13.8 The sundry debtor's service has always worked closely with Adults Social Care. Individual debtor's cases are now discussed with social workers where appropriate however the sums of money involved in providing care are considerable and these are the most challenging and difficult debts to recover.
- 13.9 Invoices can now be paid via the payment line and by direct debit, both of which have in the past proved problematic with Agresso system. As with recovery of Council Tax and Business Rates ability to pay is considered and a repayment arrangement agreed where possible. Direct debit is also encouraged as many people prefer to pay all bills by this method.

14.0 SUNDRY DEBTS RECOVERY

- 14.1 The process of recovery of sundry debts in most authorities is typically that an invoice is issued, a reminder is sent and then a final letter before a claim form (equivalent to a summons) is filed with County Court. After 14 days a judgement is made by County Court (known as a County Court Judgement or CCJ). The CCJ enables the Council to recover the debt in other ways such as by attaching the debt to a debtors benefit or earnings or use of the County Court Bailiffs. Where the value of the debt was in excess of £10k then previously Legal Services became involved in the recovery of monies.
- 14.2 This process was largely manual and as such resource intensive for little benefit in terms of recovery rates. After reviewing this process in terms of effectiveness of recovery, Exchequer has implemented a new recovery method has been implemented in the last year which is fully compliant with the legal process.
- 14.3 The process now is that an automated invoice is sent then a reminder and final notice. Then a decision is made on the next recovery step according to debt type and circumstances as there are eight different recovery routes. In most cases a final letter is now sent advising that the account will be passed to one of the newly appointed enforcement agencies for recovery unless immediate arrangements are made to pay the debt. If the account is passed to an enforcement agency then a compliance stage commences i.e. further contact is made with the debtor by the enforcement agency to prompt discussion and repayment. Already this is proving more effective in terms of debtors contacting us to make arrangements to pay arrears and also engaging with the enforcement agencies, where it has been necessary to send the account there.

- 14.4 In some cases and particularly adults social care cases, where there has been no contact at all from the debtor after the issue of the final reminder, a statement of account is sent, which is then followed up with a phone call to the debtor to advise that the next stage of the recovery process is referral to an enforcement agent. This is already proving useful in terms of recovery.
- 14.5 The sundry debtor service work closely with service areas to advise of the arrears and debt in that area and this is still in development. It is very clear however that all services in the Council have a role to play in terms of recovering payment for goods and services.

Table 20: Recovery action taken on sundry debtor accounts 2018/19 and 2019/20.

Fin Year	First reminder	Final reminder	Enforcement referral	Letter before court action	County court claim issued
2013-14	4786	2395	448	900	410
2014-15	4731	4796	266	691	831
2015-16	5238	5646	317	719	278
2016-17	5303	2679	278	266	405
2017-18	5884	2412	389	189	179
2018-19	6484	2038	181	10	45
2019-20 Apr - Sep	2,466	1,983	3	0*	0*

*Note new recovery process detailed in Section 13.3

- 14.6 There are currently over 3,000 invoices which have nil paid which have been raised between April and July with a value of £3m, however it must be noted that, depending on debt type, may not be due for immediate payment.
- 14.7 Whenever a debtor's whereabouts become known after a debt has been written off, there is a clear process to 'write back' the debt and continue recovery of monies owed.

15.0 SUNDRY DEBTS IRRECOVERABLE DEBTS BY STATUTE

- 15.1 As detailed in previous sections, collecting money for any reason carries an element of bad debt i.e. debt which is uncollectable. With regard to sundry debts a third of which relate to care, it is recognised nationally by debt collection and enforcement agencies that some of these debts are particularly difficult to collect and enforce, and more so when the debtor is vulnerable and residing in a care home, is losing, or has lost mental capacity.
- 15.2 Unlike Council Tax and Business Rates there is no comparable data available either locally or nationally on either charges made for the range of services the Council provides, nor the collection and recovery. Many other Councils write off sundry debts under delegated powers of the Section 151 Officer however in Tameside the transparency of writing off any debt is considered in the public domain and in relation to the transparency on the effects of such debts on the public purse.
- 15.3 In the case of sundry debts requiring write off the most common reasons are as follows:

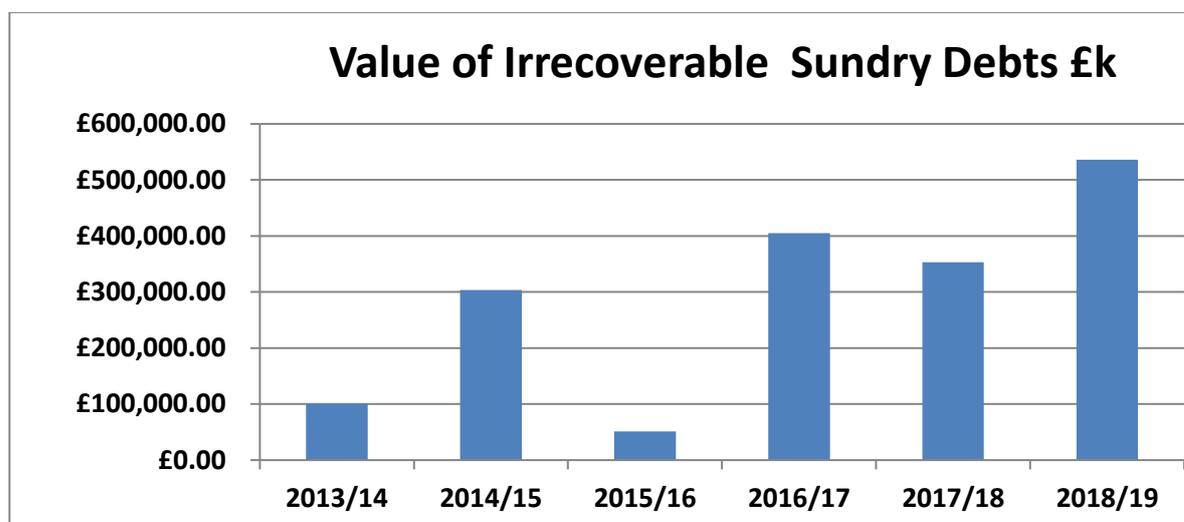
Statute Barred – where part of the debt or all of the debt not in recovery must be written off as the debt is more than 6 years old.

Many of these cases relate to recovery being exhausted after extensive and costly recovery action has been taken by both Exchequer Services and Legal Services. The debt may be uneconomic to collect, or the debtor may have absconded and costly trace procedures have not traced the person or the debt relates to overpaid housing benefit where information has been received from HMRC or DWP of a change in circumstances, or

income, where the debtor has failed to notify the Council and therefore too much benefit has been paid up to the point of that notice. Some debts relate to potential S117 person. Section 117 refers to adults care service users who are sectioned under the Mental Health Act and for whom care is not chargeable. Equally some debts have been raised and the debtor and Executors are now deceased and there are no monies left in the estate after verification with the Probate Office.

15.4 In all such cases some form of recovery action has taken place and which now cannot be collected and must, by law, be written off. The cases in respect of sundry debts are detailed at Appendix Four.

15.5 The graph below details the amount of bad debt written off in relation to sundry debts in Tameside between 2013 and 2018/19. The amount written off totals £1.74m in respect of 11,200 accounts, and 0.6% of all monies collected in the last 6 years as detailed in section 13.2.



15.6 At the present time there are 72 sundry debtor accounts that are over 6 years old in terms of recovery action taken and over £3k. These accounts cannot be recovered and must be written off primarily for the reason that recovery is exhausted, deceased and no monies in the estate and are statute barred as detailed below:

Table 21: Sundry debtor accounts over 6 years old and over £3k

Debt Type	Number of accounts	Value £
Recovery Exhausted	37	243,949.63
Unable to trace	9	124,103.20
Moved away unable to trace	1	3,392.69
Absconded	2	6,911.48
Deceased no monies in estate	23	409,912.46
Total	72	788,269.46

15.7 The above accounts represent less than 0.28% of all monies collected in respect of sundry debts in the last 6 years. The cases relating to the above accounts are detailed at Appendix Four and include a range of debt types including adults care charges for homecare and residential care, overpaid housing benefits based on information from HMRC and DWP and unpaid developer contributions.

16 RISKS

16.1 There are risks to the recovery of monies where goods and services are provided prior to payment being received. While it is acknowledged that payment receipt prior to provision is

not appropriate for every service (for example Adults care charges as the Care Act 2014 state that the local authority has a duty to provide care needs identified), it is appropriate for many goods and services provided by the council.

- 16.2 A potential risk is in the loss of income where interest may be charged on arrears according to debt type, and services could consider this prior to requesting the Sundry Debt Service to raise an invoice.
- 16.3 A further potential risk is loss of resource and income can arise where services continue to provide goods or a service for customers in arrears. It is acknowledged that this may not apply to all debt types however and services could consider ceasing service provision in arrears cases. A corporate income, charging and collection policy will address the identified risks and which will be drafted jointly by Exchequer Services and Financial Management.
- 16.4 There is a risk to incorrect reporting of the council's bad debt provision. Collecting money, whether for public or private funds, carries an element of bad debt i.e. debt which becomes uncollectable. This can, and does, manifest itself in Freedom of Information requests, and it is therefore essential that debts that are irrecoverable by law are written off systems to enable accurate financial accounting and forecasting.

17 CONCLUSION

- 17.1 In addition legislative recovery methods in place for the recovery of Council Tax, Business Rates and Sundry Debts further mechanisms are in place to prompt payments such as text reminders, self-service on-line accounts, and the creation of the Arrears Support Team. A single person discount review is currently being undertaken and a procurement exercise will be undertaken this financial year to engage and identify empty properties and to identify potential increases in rateable values for business premises.
- 17.2 Arrears continue to be collected for many years after the payment is due and which in requires costly recovery action to be undertaken using Council resource, the Court process and enforcement action. Some debts are particularly difficult to collect and which tend to be high in value such as adults social care charges. Whenever an absconder's whereabouts become known after a debt has been written off, there is a clear process to 'write back' the debt and continue recovery of monies owed.
- 17.3 Some debts cannot be recovered according to circumstances as the law does not permit recovery in such cases. Tameside is second lowest in the Greater Manchester area in terms of amounts of Council Tax which by law must be written off. The total amount written off in Tameside in the last 6 years was £3m which is 0.58% of total collected over the last 6 years.
- 17.4 Tameside is the lowest in Greater Manchester in terms of the amount of Business Rates which, by law, must now be written off. The total amount written off in Tameside in the last 6 years was £4.6m, this being 1.24% of all Business Rates collected in the last 6 years and below the average of GM of £9.5m. Comparable data is not available either locally or nationally in respect of sundry debts as Councils charge different amounts for fees and charges, and some services are not charged in some authorities.
- 17.5 Services can assist in the accrual of arrears by ceasing to provide services for debtors in arrears and by ensuring that payment is made before the service is provided and a corporate income, charging and collection policy will be drafted jointly by Exchequer Services and Financial Management.
- 17.6 There are 72 sundry debtor accounts and 56 business rates accounts which are now more than 6 years old, over £3k and by law are irrecoverable and which must now be written off, and which is 0.25% of the total monies collected in respect of sundry debts and business rates in the last 6 years.

18.0 RECOMMENDATIONS

18.1 Recommendations are detailed as at the front of this report.

APPENDIX ONE

Attachment of benefit and earnings deductions and enforcement agents fees set by MHCLG

Monthly Attachment of Earnings Rates (weekly and daily are also available)	
Net earnings	Deduction rate %
Not exceeding £300	0
Exceeding £300 but not exceeding £550	3
Exceeding £550 but not exceeding £740	5
Exceeding £740 but not exceeding £900	7
Exceeding £900 but not exceeding £1,420	12
Exceeding £1,420 but not exceeding £2,020	17
Exceeding £2,020	17 in respect of the first £2,020 and 50 in respect of the remainder

Attachment of Benefit Deductions
<p>The current AOB rate is £3.70 per week, sent 4 weekly at £14.80. More than one Attachment can be set up at any one time, however the DWP can also Attach an overpayment of benefit and so setting up more than two Attachments is not always possible.</p>

Enforcement Agent (EA) Fees		
Fee	Cost	Information
Compliance fee	£75	The EA writes to the debtor and urges contact to discuss a payment arrangement.
Enforcement fee	£235	These are costs for the EA attending the property. Plus 7.5% of the value of the original debt that exceeds £1500
Removal and Disposal Stage Fee	£110	This fee reflects the uplift and disposal of goods to the value of the debt. Plus 7.5% of the value of the original debt that exceeds £1500

APPENDIX TWO

RECOVERY PROCESSES

Council Tax and Business Rates Processes

Recovery Action	Information	Timescale	Council Tax	NNDR
Bill / Demand Notice	Bill will issue instalments due on 1 st or 15 th of each month and method of payment i.e. Direct Debit, cash etc.	Within 20 working days of receipt of information	Yes	Yes
Pre reminder text	Text messages sent to anyone who has provided a mobile phone number and not paid the instalment by the due date.	Sent on 23 rd of each month.	Yes	No
Reminder Notices	The unpaid instalments become due and payable in full within seven days of the issue of the reminder notice. If the instalments are not brought up to date then the full amount for the year becomes payable at the expiry of a further period of seven days. If the reminder notice is the second to be issued in the year it must state that if payment is made and then a further failure to pay occurs, the unpaid balance for the period will become due on the day following the day of the failure to pay.	Reminders are run in the 1 st and 2 nd day of every month and pick up any missed instalments due on 1 st or 15 th of the previous month for Council Tax. Reminders are run on 16 th of every month for Business Rates instalments due on 1 st or 15 th of each month.	Yes	Yes
Final Notice	If two reminders are served, the taxpayer will become liable for the whole outstanding amount following a third failure to pay without the need for another reminder. A final notice would be served in this case.	Final Reminders are run in the first week of every month and pick up any missed instalments after the issue of 2 reminders and where the debtor has again fallen into arrears.	Yes	No
Summons	Failure to pay in accordance with a reminder notice or final notice will result in a summons being issued for the debtor to attend the Magistrates Court as the Council seeks to pursue the debt in other ways by the Magistrates approving an application for a Liability Order. Summons costs are £86.00 for Council Tax and £129.00 for NNDR which is added to the debt.	Summonses are produced in first week of every month and pick up any missed instalments following the issue of Reminder notices. Summons production must align in terms of legal timeframe for Magistrates Court hearings which are usually at the end of each month.	Yes	Yes
Liability Order (LO)	The granting of a Liability Order enables the Council to obtain relevant information about the charge payers financial and other circumstances and allows for further recovery routes to pursue the debt.	Granted by Magistrates at Court hearing at the end of each month. The debtor may appear before the Magistrates to	Yes	Yes

		present their case, or make a further arrangement with costs.		
Attachment of the debt	The debt may be attached to a debtor's earnings (where such information is known) or Department for Work and Pensions (DWP) benefit and a set amount is deducted at source and paid to the Council. Employers and the DWP are under a legal obligation to do this. The rate of deduction is set nationally.	This can be only be implemented after a LO has been granted and takes place within a maximum of 7 days or when such information becomes known.	Yes	No
14 day notice issued	Where information on employment or benefits claimed is not known a notice is sent to the debtor requesting that such details are provided within 14 days.	Sent one day after the granting of the LO issue.	Yes	No
Enforcement Agent referral	If the debt cannot be attached to either earnings or benefit (for example where other debts are already attached or where the debtor does not provide information) the debt is referred to an Enforcement Agent for collection. Enforcement Agents add their own costs to the debt. Returned debts from one Enforcement Agents may be referred to a second Enforcement Agent.	After 17 days of sending out 14 day notice request if no information received then cases are referred to Enforcement Agents.	Yes	Yes
Bankruptcy	Where Enforcement Agents have been unable to collect the debt or the debtor has failed to contact then Bankruptcy is considered for debts that meet the eligibility criteria, i.e. own property, not on benefit.	No specific timescale as these cases are selected after being returned from the Enforcement Agents.	Yes	Yes
Charging order	Used in cases where a charge can be made against the property to ensure that the debt will be paid from the proceeds of sale.	No specific timescale as these cases are selected after being returned from Enforcement Agents and where specific criteria are met.	Yes	No
Committal	Used where all other recovery methods have failed. Committal cases rarely result in monies being paid and are at the discretion of Magistrates.	No specific timescale as these cases are selected after being returned from Enforcement Agents and where specific criteria are met. The preferred option is to contact the debtor again write or visit again. Reality is that most Business Rates accounts have ceased due to company going into liquidation/ insolvency etc.	Yes	Yes

Sundry Debt Recovery Processes

For general debt cases only

Recovery Action	Information	Timescale
Invoice raised	Invoice details and amount received from service areas	Within 20 working days of receipt
Reminder	If no payment made when instalment falls due	Day 10
Final Notice	Sent where continued non-payment of some payment made but account in arrears	Day 20
Contact letter & statement of account	Advising that next stage of recovery is to refer to an external enforcement agency. Statement of account provided. Gives them 14 days to contact	Day 30
Referral to enforcement agent	Compliance phase commences and agent contacts debtor direct	By Day 60
Enforcement agent visit	Visit to engage debtor in repayment where all other contact has failed and costs added to the account.	The majority of cases are not visited and dealt with at compliance stage. A person has not been in touch within 14 days following compliance stage an enforcement visit would take place.

In addition to the above there are 7 different recovery routes for the following types of debt:

- Community Alarm
- Companies
- Deceased
- Small Balances
- Markets
- Social Services
- Trade Waste

The reminders being issued vary from day 10 to day 20 and final notices from day 20 to day 45. Decision on further recovery varies from day 30 to day 55.

APPENDIX THREE

IRRECOVERBLE DEBTS BY LAW

Individual Voluntary Arrangement (IVA)

Any arrears and any liability for an individual who has received a bill for the financial year in which a person is subject to an IVA must be written off and cannot be legally recovered. Confirmation of the IVA being granted is required as evidence from insolvency practitioners or from customers direct. Copy bills are sent to insolvency practitioners to confirm the debts owed to the Council.

Debt Relief Order (DRO)

This pertains to individuals and affects the arrears accrued only up to the point of the Debt Relief Order being granted. We receive notice from either the customer or from insolvency practitioners and legally the debts accrued up to the DRO being granted cannot be recovered.

Bankruptcy

Any arrears and any liability for an individual, who has received a bill for the financial year in which a person is made bankrupt, must be written off and cannot be legally recovered. Confirmation of the bankruptcy order being granted is required as evidence from insolvency practitioners or from customers direct. Copy bills are sent to insolvency practitioners to confirm the debts owed to the Council.

Company Voluntary Arrangement (CVA)

Any arrears and any liability for a company which has received a bill for the financial year in which the company is subject to the CVA must be written off and cannot be legally recovered. Confirmation of the CVA being granted is required as evidence from insolvency practitioners. Copy bills are sent to insolvency practitioners to confirm the debts owed however dividends from insolvency practitioners are rarely received. Where dividends are received then balance of the debt is reduced accordingly.

Dissolved

Companies go through the process of liquidation in order to dissolve the company and assets are often sold prior to the company being dissolved. The process can take years to conclude during which time the Council has to continue to try to recover accruing arrears. Extensive searches are undertaken where a company ceases trading and prior to official notice of the date of dissolve being made publicly available on Companies House website.

Statute barred

This term relates to not being able to recover any debt which is more than 6 years old and has not had any recovery action taken to recover that debt within the 6 year period. The exception is where a Liability Order granted in a Magistrates Court or County Court Judgement has been granted within the 6 year period, in which case the debt can continue to be recovered. Debts accrued prior to the Care Act 2014 relating to Adults Social Care Debts have a statute barred limit of 3 years.

Additional irrecoverable debts

Deaths

Where a person dies leaving debts we are notified by either the next of kin or the Registrars Service. Enquiries are made to identify the Executors and payment is requested via sending of copy bills/invoices. Written confirmation and evidence by way of funeral bills and copies of closing bank and building society statements are required in order to determine that there are insufficient monies in the estate to pay any monies owed. Wherever there is doubt or no information is provided by the Executor we contact the Probate Office to determine if there are any monies in the deceased estate. Where no estate exists or the estate has been used to pay funeral expenses

with nothing left then the debt should be considered to be written off as there is no prospect of recovering the monies owed.

Gone Away

Tracing procedures commence on any individual who we become aware of that has left a property without providing a forwarding address and where money is owed. Quite often information is available to identify the individuals' new address whether by notice from solicitors, landlords, letting agents, and using existing internal systems. However where these prove futile, extensive searches then are invoked with Locta (a national Local Authority database for tracing purposes used for Housing Benefit, Council Tax, Business Rates and the Electoral Register) and also credit reference agencies such as Experian via the National Anti-Fraud (NAFN) in addition to Companies House for businesses. Such searches are not an exhaustive list and all searches are resource intensive. Searches yield the best results where the debtors date of birth and national insurance number are known, however not all debtors details are known to this extent. Wherever debt is written off processing systems, and a person is subsequently traced at a later date, then the debt can be written back onto the system. However such instances are a rare occurrence as the majority of debtors where trace procedures have been exhausted are rarely found.

APPENDIX FOUR

STATUTORY IRRECOVERABLE DEBTS IN EXCESS OF £3K OVER 6 YEARS OLD PRE JULY 2013

REF:	DEBT:	FINANCIAL YEAR(S)	BALANCE	REASON
65577477 Paradise Pubs Limited Ruby Rooms, 11 Market Street, Stalybridge	Business Rates	2007-2008 Balance for liability from 12.02.2007 – 30.08.2007	£4,003.28	Company dissolved
65450206 MS Properties Manchester Limited 16 Victoria Street, Denton	Business Rates	2012-2015 Balance for liability from 13.07.2012 – 25.07.2014	£5,915.44	Company dissolved
Personal details redacted	Business Rates	2011-2016 Balance for liability from 01.12.2005 – 01.04.2016	£9,582.92	Individual Voluntary Arrangement
Personal details redacted	Business Rates	2012-2019 Balance of liability from 26.06.2012 – 24.08.2016	£31,001.77	Bankrupt
65464717 F47 Derby Ltd 40 Staveleigh Mall, Ladysmith Centre, Ashton	Business Rates	2013-2015 Balance of liability from 05.03.2013 – 18.02.2015	£33,622.36	Company in liquidation
65514339 Jersey Street Properties Limited Offices G12 & G13, Clarence Arcade, Stamford Street, Ashton	Business Rates	2015-2019 Balance of liability from 01.09.2012 – 08.05.2018	£42,216.60	Company in administration
65459739 High Views Developments Ltd Epsilon House, Alphagate Drive, Denton	Business Rates	2010-2016 Balance of liability from 01.08.2009 – 10.09.2018 .	£64,330.71	Company in liquidation
65463158 Berkeley (UK) Ltd, Berkeley Business Park, Turner Street, Ashton	Business Rates	2011-2018 Balance of liability from 05/09/11 to 05/06/17	£150,989.04	In Receivership
Personal details redacted	Business Rates	2007-2013 Balance of liability for 01.04.2007 – 05.01.2013	£3,041.08	Statute barred
Personal details redacted	Business Rates	2012-2014 Balance of liability from 21.11.2011 – 30.07.2013	£3,054.40	Absconded
Personal details redacted	Business Rates	2011-2013 Balance of liability from 01.10.2010 – 01.12.2012	£3,193.81	Statute barred
Personal details redacted	Business Rates	2011-2012 Balance of liability from 24.06.2011 – 01.12.2011	£3,271.07	Statute barred
Personal details redacted	Business Rates	2012-2015 Balance of liability from 10.07.2012 – 01.10.2014	£3,294.21	Trace unsuccessful
Personal details redacted	Business Rates	2010 - 2012 Balance of liability from 01.04.2005 – 05.10.2011	£3,366.29	Statute barred

Personal details redacted	Business Rates	2009-2011 Balance of liability from 01.04.2005 – 09.08.2010	£3,759.18	Statute barred
Personal details redacted	Business Rates	2012-2013 Balance of liability from 11.05.2012 – 31.10.2012	£3,799.40	Statute barred
Personal details redacted	Business Rates	2006-2009 Balance of liability from 09.08.2006 – 23.07.2008	£3,805.20	Statute barred
Personal details redacted	Business Rates	2013-2014 Balance of liability from 28.06.2013 – 18.11.2013	£3,850.45	Statute barred
Personal details redacted	Business Rates	2012-2016 Balance of liability from 09.07.12 – 09.12.15	£3,919.52	Statute barred
Personal details redacted	Business Rates	2010-2013 Balance for liability from 01.11.2010 – 31.03.2013	£4,744.67	Statute barred
Personal details redacted	Business Rates	2009-2010 Balance of liability from 17.01.2009 – 16.01.2010	£4,836.90	Statute barred
Personal details redacted	Business Rates	2006-2009 Balance of liability from 13.12.2006 – 01.01.2009	£4,928.70	Statute barred
Personal details redacted	Business Rates	2010-2011 Balance of liability from 24.03.2006 – 15.10.2010	£5,167.29	Statute barred – absconded to Spain
Personal details redacted	Business Rates	2010-2012 Balance of liability from 02.04.2010 – 12.05.2011	£5,512.11	Statute barred
Personal details redacted	Business Rates	2013-2015 Balance of liability from 01.10.2013 – 16.07.2014	£5,603.47	Trace unsuccessful
Personal details redacted	Business Rates	2006-2013 Balance of liability from 22.02.2007 – 13.05.2013	£5,660.03	Statute barred
Personal details redacted	Business Rates	2010-2013 Balance of liability from 01.02.2011 – 30.11.2012	£5,672.59	Statute barred
Personal details redacted	Business Rates	2008-2009 Balance of liability from 17.12.2007 - 22.04.2010	£5,830.00	Statute barred
Personal details redacted	Business Rates	2007-2008 Balance of liability from 11.06.2007 – 03.03.2008	£5,848.93	Statute barred
Personal details redacted	Business Rates	2013-2015 Balance for liability from 19.03.2013 – 18.02.2015	£5,984.40	Trace unsuccessful
Personal details redacted	Business Rates	2012-2015 Balance of liability from 21.02.2013 – 24.05.2014	£6,746.46	Recovery exhausted
Personal details redacted	Business Rates	2012-2014 Balance of liability from 01.04.2012 – 04.11.2013	£6,967.75	Statute barred
Exors details redacted	Business Rates	2012-2016 Balance of liability from 03.08.2012 – 15.04.2015	£7,159.32	Deceased

Personal details redacted	Business Rates	2009-2010 Balance for liability from 24.03.2006 – 15.04.2010	£7,283.50	Statute barred
Personal details redacted	Business Rates	2010-2012 Balance of liability from 16.07.2010 – 17.02.2012	£7,594.58	Statute barred
Personal details redacted	Business Rates	2012-2013 Balance of liability from 12.12.2011 – 18.03.2013	£8,124.64	Statute barred – insolvent
Personal details redacted	Business Rates	2012-2016 Balance for liability from 01.04.12-10.06.2015	£8,329.69	Trace unsuccessful
65563683 Aurora Property Co Ltd Spice Indian Cuisine, Craven Street, Droylsden	Business Rates	2011-2013 Balance of liability from 09.12.2009 to 01.04.2013	£8,582.49	Statute barred
Personal details redacted	Business Rates	2012-2016 Balance of liability from 01.09.2012 – 27.04.2015	£10,151.75	Absconded abroad
Personal details redacted	Business Rates	2007-2011 Balance of liability from 01.02.2008 – 01.07.2010	£10,236.34	Statute barred
Personal details redacted	Business Rates	2009-2012 Balance of liability from 11.01.2010 – 14.04.2012	£11,223.21	Absconded abroad
Personal details redacted	Business Rates	2012-2016 Balance for liability from 18.05.2012 – 15.09.2015	£11,239.00	Trace unsuccessful
Personal details redacted	Business Rates	2011-2014 Balance for liability from 09.08.2010 – 08.04.2013	£11,370.84	Absconded abroad
Personal details redacted	Business Rates	2013-2017 Balance of liability from 15.07.2013 – 01.12.2016	£12,955.18	Trace unsuccessful
65012413 The Craft Shop UK Limited 55 Grosvenor Street, Stalybridge	Business Rates	2011-2014 Balance for liability from 01.10.2010 – 29.08.2013	£13,456.24	Statute barred – company no longer trading
Personal details redacted	Business Rates	2010-2012 Balance of liability from 09.08.2010 – 29.02.2012	£13,507.68	Statute barred
Personal details redacted	Business Rates	1997-2009 Balance of liability from 01.04.2005 – 25.12.2008	£13,724.22	Statute barred
Personal details redacted	Business Rates	2008-2012 Balance of liability from 01.04.2008 – 22.11.2011	£14,055.35	Statute barred – property repossessed
65430868 Holik Plastics Limited Former Maine Commercial, Bayley Street, Stalybridge	Business Rates	2010-2013 Balance of liability from 01.05.2010 – 01.04.2013	£14,546.39	Statute barred
Personal details redacted	Business Rates	2013-2017 Balance of liability from 19.11.2013 – 30.04.2016	£15,300.96	Statute barred
Personal details redacted	Business Rates	2010-2016 Balance of liability from 20.10.2010 – 30.06.2015	£16,126.39	Trace unsuccessful
Personal details redacted	Business Rates	2012-2014 Balance of liability from 13.07.2012 – 10.09.2013	£16,238.48	Absconded- trace unsuccessful

Personal details redacted	Business Rates	2006-2011 Balance of liability from 01.11.2006 – 19.07.2010	£17,320.00	Statute barred
Personal details redacted	Business Rates	2012-2018 Balance of liability from 06.07.2012 – 16.06.2017	£22,891.92	Trace unsuccessful
Personal details redacted	Business Rates	2005-2013	£59,058.14	Statute barred
Personal details redacted	Business Rates	2010-2017 Balance of liability from 25.05.2007 – 25.05.2012	£62,415.55	Trace unsuccessful
TOTAL			£846,411.89	

INCOME: STATUTORY IRRECOVERABLE DEBTS IN EXCESS OF £3K OVER 6 YEARS OLD PRE JULY 2013				
Reference	Debt	Financial Year	Balance	Reason
Personal details redacted	Foster care debt	2011-2012 £3041.50	£3,041.50	Statute barred
Personal details redacted	Housing Benefit	2005-2006 £3080.00	£3,080.00	Statute barred
Personal details redacted	Damaged lamp column	2009-2010 £3171.48	£3,171.48	Statute barred - Absconded
Personal details redacted	Business Rates	2002-2004 £3392.69	£3,392.69	Statute barred
Personal details redacted	Housing Benefit	2005–2006 £3540.00	£3,540.00	Statute barred
Personal details redacted	Homecare charges	2008-2014 £3559.60	£3,559.60	Statute barred
Personal details redacted	Residential care charges	2008-2009 £3600.00	£3,600.00	Statute barred
Personal details redacted	Housing Benefit	2002- 2004 £3654.78	£3,654.78	Statute barred
Personal details redacted	Care charge	2012-2013 £3654.79	£3654.79	Statute barred
Personal details redacted	Business Rates	2000-2002 £3740.00	£3,740.00	Statute barred - Absconded
Personal details redacted	Housing Benefit	2007-2008 £3755.69	£3,755.69	Statute barred
Personal details redacted	Housing Benefit	2010-2011 £4015.29	£4,015.29	Statute barred
Personal details redacted	Developer contribution	2009-2010 £4263.55	£4,263.55	Statute barred
Personal details redacted	Housing Benefit	2004-2005 £7306.90	£7,306.90	Statute barred
Personal details redacted	Residential care charges	2010-2011 - £4415.37	£4,415.37	Statute barred
Personal details redacted	Housing Benefit	2008–2009 £4740.00	£4,740.00	Statute barred
Personal details redacted	Housing Benefit	2006-2007 £4681.50	£4,681.50	Statute barred
Personal details redacted	Care charges	2013-2014 £4773.04	£4773.04	Statute barred
Personal details redacted	Residential care charges	2009-2011 £4918,43	£4,918.43	Statute barred

Personal details redacted	Housing Benefit	1999-2000 £7500.00	£7,500.00	Statute barred
Personal details redacted	Housing Benefit	2005–2006 £5190.00	£5,190.00	Statute barred
Personal details redacted	Housing Benefit	2010-2011 £5199.15	£5,199.15	Statute barred
Personal details redacted	Car loan	2011-2012 £4954.31	£4,954.31	Statute barred
Personal details redacted	Housing Benefit	2009-2010 £5359.19	£5,359.19	Statute barred
Personal details redacted	Costs personal injury claim	2011-2012 £5405.00	£5,405.00	Statute barred
Personal details redacted	Housing Benefit	2006-2007 £6050.00	£6,050.00	Statute barred
Personal details redacted	Housing Benefit	2010-2011 £6232.77	£6,232.77	Statute barred
Personal details redacted	Housing Benefit	2004-2005 £6484.79	£6,484.79	Statute barred
Personal details redacted	Housing Benefit	2002-2003 £7024.66	£7,024.66	Statute barred
Personal details redacted	Care charge	2011-2012 - £9123.85	£9,123.85	Statute barred
Personal details redacted	Housing Benefit	2007–2008 £7760.00	£7,760.00	Statute barred
Personal details redacted	Housing Benefit	2008–2009 £7609.28	£7,609.28	Statute barred
Personal details redacted	Housing Benefit	2008–2009 £7688.81	£7,688.81	Statute barred
Personal details redacted	Housing Benefit	2001-2002 £7837.00	£7,837.00	Statute barred
Personal details redacted	Housing Benefit	2006-2007 £9079.95	£9079.95	Statute barred
Personal details redacted	Care charges	2011-2012 £9108.50	£9,108.50	Statute barred
Personal details redacted	Housing Benefit	2006–2007 £9114.00	£9,114.00	Statute barred
Personal details redacted	Market rent	2010-2016 £9668.66	£9,668.66	Statute barred
Personal details redacted	Housing Benefit	2010-2011 £9,972.18	£9,972.18	Statute barred
Personal details redacted	Housing Benefit	2010–2011 £10177.52	£10,177.52	Statute barred
Personal details redacted	Developer contribution	2010-2011 £10462.22	£10,462.22	Statute barred
Personal details redacted	Housing Benefit	2008-2009 £11784.59	£11,784.59	Statute barred Unable to trace
Personal details redacted	Housing Benefit	2002-2003 £12464.12	£12,464.47	Statute barred
Personal details redacted	Housing Benefit	2002–2003 £12890.72	£12,890.72	Statute barred Unable to trace
Personal details redacted	Housing Benefit	2010-2012 £15071.64	£15,071.64	Statute barred Unable to trace
Personal details redacted	Market rent	2010-2015 £16240.37	£16,240.37	Statute barred Unable to trace
Personal details redacted	Care charge	2012-2013 £17071.13	£17,071.13	Statute barred
588645 Park Properties (NW) Ltd Long Bourn, Smith Lane Mobberley	Developer contributions	2009-2010 £18768.41	£18,768.41	Statute barred Unable to trace

Personal details redacted	Housing Benefit	2005-2006 £29759.22	£29,759.22	Statute barred Unable to trace
Exors details redacted	Residential & Homecare charges	2012-2014 £3033.39	£3,033.39	Deceased- No monies in estate
Exors details redacted	Residential care charges	2009-2014 £3124.55	£3,124.55	Deceased - No monies in estate
Exors details redacted	Residential & Homecare charges	2007-2017 £3126.31	£3,126.31	Deceased - No monies in estate
Exors details redacted	Residential care charges	2009-2011 £3636.20	£3,636.20	Deceased - No monies in estate
Exors details redacted	Homecare charges	2011-2013 £3006.58	£3,006.58	Deceased - No monies in estate
Exors details redacted	Residential care charges	2005-2007 £4166.30	£4,166.30	Deceased - No monies in estate
Exors details redacted	Residential & Homecare charges	2011-2017 £4624.10	£4,624.10	Deceased - No monies in estate
Exors details redacted	Residential care charges	2013-2014 £5240.00	£5,240.00	Deceased - No monies in estate
Exors details redacted	Residential care charges	2012-2015 £6088.28	£6,088.28	Deceased - No monies in estate
Exors details redacted	Residential care charges	2013-2015 £8988.45	£8,988.45	Deceased - No monies in estate
Exors details redacted	Residential care charges	2009-2012 £9666.62	£9,666.62	Deceased - No monies in estate
Exors details redacted	Homecare charges	2012-2014 £10357.84	£10,357.84	Deceased - No monies in estate
Exors details redacted	Community alarm/ Homecare/ Residential care charges	2012-2014 £11024.60	£11,024.60	Deceased - No monies in estate
Exors details redacted	Residential care charges	2012-2015 £14360.75	£14,360.75	Deceased - No monies in estate
Exors details redacted	Residential care charges	2010-2014 £15917.52	£15,917.52	Deceased - No monies in estate
Exors details redacted	Housing Benefit	2002-2003 £19827.60	£19827.60	Deceased - No monies in estate
Exors details redacted	Homecare charges	2012-2018 £20071.86	£20,071.86	Deceased - No monies in estate
Exors details redacted	Residential care charges	2013-2016 £24548.19	£24,548.19	Deceased - No monies in estate
Exors details redacted	Residential care charges	2008-2015 £29943.41	£29,943.41	Deceased - No monies in estate
Exors details redacted	Homecare charges	2010-2018 £42,003.22	£42,003.22	Deceased - No monies in estate
Exors details redacted	Residential care charges	2010-2016 £49,933.20	£49,933.20	Deceased - No monies in estate

Exors details redacted	Residential care charges	2008-2012 £55,580.28	£55,580.28	Deceased - No monies in estate
Exors details redacted	Residential care charges	2012-2016 £61,643.21	£61,643.21	Deceased - No monies in estate
TOTAL		£788,269.46		