

**Westminster City Council**  
**Business Rates Recovery Policy**

**1) Introduction**

The City Council undertakes billing and recovery activities to collect unpaid Business Rates in accordance with the Local Government Finance Act 1988 and the National Non-Domestic Rates (Administration and Enforcement) Regulations 1989. The process includes the service of a bill, reminder notice, final notice, issue of a Summons and an application for a Liability Order.

The Council's recovery process will cease if the rate payer:-

- (i) pays the debt in full (including costs)
- (ii) agrees (and adheres to) a payment arrangement with the City Council's business rates office
- (iii) is found not to be liable for the business rates as demanded

It is important that the Council utilises the available statutory recovery options to ensure that a culture of non-payment does not develop within the borough and to enable it to continue to meet its obligations regarding payments to central government and the GLA under the national business rates retention scheme.

Businesses are encouraged to engage with the City Council's business rates office if they face financial difficulties to discuss options such as extending the instalment payment plan.

**2) Post Liability Order Recovery Options**

Once a Liability Order has been granted by the magistrates' court, the City Council has the ability to choose to undertake any of the following recovery options:-

- To instruct enforcement agents
- To seek to have the business ratepayer made bankrupt
- To seek to have the business ratepayer (if a UK limited company) wound-up

The City Council will consider each case on its own merits based on the information available.

**Key Considerations**

The following key considerations will be taken into account by the City Council when determining the recovery action to be undertaken:

**Instruction of Enforcement Agents**

This is likely to be the default recovery method if the person has not contacted the Council.

**Compulsory Winding-Up of a Limited Company**

This action can be taken where the ratepayer is a limited company registered at Companies House and is considered to be insolvent given the failure to pay the business rates that are overdue. This action will normally be instigated after the Council's enforcement agents have advised that they are unable to collect the debt. A Statutory Demand will be served prior to a

winding up petition being lodged at the High Court. The costs involved in winding up are substantial and will be recovered from the company or during the liquidation of its assets.

### **Bankruptcy**

Where a person is unable to pay their business rate debt, they are considered to be insolvent.

The City Council will consider the circumstances and vulnerability of the ratepayer before commencing this form of action based on the information available, including:

- The City Council's knowledge of property/assets owned by the person
- The known circumstances of the person, including any vulnerability issues
- The anticipated costs / impact of a bankruptcy action for the City Council and for the person when compared with the effectiveness of the other potential recovery options.

The Council will also have undertaken the following actions:

- Sent a "pre-bankruptcy warning" letter
- A senior officer will have reviewed all previous communications relating to the person and the debt.
- Attempted to visit the property (either by a Council officer or by the City Council's enforcement agents)
- Contacted the City Council's Adult Social Services to determine any known vulnerability issues (if the person is resident in Westminster)

### **Recording the determination**

The Council will keep a record of the rationale for selection of winding up, bankruptcy or committal proceedings. The Council will also record the outcome of each of these recovery actions.

### **Debt Respite Scheme (Breathing Space)**

The City Council abides by the requirements to place a hold on all communications and action against any person that is subject to a Debt Respite Scheme (Breathing Space) following receipt of formal notification.

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