**Business Rates Debt Recovery Policy**

**1) Introduction**

The Council will undertake billing and recovery of unpaid Business Rates in accordance with the Local Government Finance Act 1988 and the National Non Domestic Rates (Administration and Enforcement) Regulations 1989. This process includes the service of a bill, reminder notice and an application for a Liability Order.

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

1. pays the debt in full (including costs)
2. agrees (and adheres to) a payment arrangement with the City Council

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.

**2) Post Liability Order Recovery Options**

Once a Liability Order has been granted the Council has the ability to choose to undertake any of the following recovery options:-

* To instruct bailiffs
* To seek to have the business ratepayer made bankrupt
* To seek to have the business ratepayer (if a company) compulsory wound-up
* To seek the business ratepayer’s committal to prison (there must have previously been an unsuccessful bailiff action)

The 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 bailiffs**

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

**Compulsory winding-up of a company**

This action can only be taken where the ratepayer is a limited company and will normally only be initiated after the Council’s bailiff has confirmed that they are unable to collect the debt.

**Committal to Prison**

This action can only be undertaken where the Council’s bailiff has confirmed that they are unable to collect the debt. This action is unlikely to be chosen where the Council is aware that the ratepayer owns their property or has assets that could be subject to a Bankruptcy action.

Before commencing this action the Council will consider the circumstances and will also have undertaken the following actions:

* + Sent a Means Enquiry letter to the debtor
  + A senior officer will have reviewed all previous communications relating to

the debtor and the debt and any evidence relating to wilful refusal or culpable neglect

* + Attempted to visit the property (either by a Council officer or by the Council’s bailiffs)
  + Contacted the Council’s Adult Social Services determine any known vulnerability issues.

**Bankruptcy**

Where a debtor is unable to pay their debts they are insolvent.

Before commencing this action the Council will consider the circumstances and vulnerability of the ratepayer. The commencement of bankruptcy proceedings will be considered based on the information available to the Council, including:

* + The Council’s knowledge of property/assets owned by the debtor
  + The known circumstances of the debtor, including any vulnerability issues
  + The anticipated costs / impact of a bankruptcy action for the Council and for the debtor 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 debtor and the debt.
  + Attempted to visit the property (either by a Council officer or by the Council’s bailiffs)
  + Contacted the Council’s Adult Social Services to determine any known vulnerability issues

**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.

**Pre Action Protocol October 2017**

The protocol does not apply to collection of business rates as statutory procedures take precedence however it is the Council’s aim to comply with the spirit of the protocol by waiting 30 days before initiating proceedings and by sign posting businesses who are individuals or sole traders to organisations that offer free, impartial and non-judgemental advice.

October 2017