

Subject:	Local Land Charge Debts – Progress Report		Status:	For Publication	
Report to:	Performance Overview and Scrutiny		Date:	30 th January 2012	
Report of:	Finance Manager		Portfolio Holder:	Finance and Resources	
Key Decision:	<input type="checkbox"/>	Forward Plan <input checked="" type="checkbox"/>	General Exception <input type="checkbox"/>	Special Urgency <input type="checkbox"/>	
Community Impact Assessment:	Required:	Yes /No	Attached:	Yes /No	
Biodiversity Impact Assessment	Required:	Yes /No	Attached:	Yes /No	
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1.	RECOMMENDATION(S)
1.1	The Members note the recovery progress explained in the report and support the proposed collection actions at item 5.5.

2. PURPOSE OF REPORT

- 2.1
- To provide Members with an update on the collection of works in default debts registered on the land charges register.
 - To advise Members on the proposed actions for continuing to collect these debts.

3. CORPORATE PRIORITIES

- 3.1 The matters discussed in this report impact directly on the following corporate priorities:
- A Clean and Green Rossendale** – creating a better environment for all, this priority focuses on clean streets and well managed open spaces.
 - A Healthy and Successful Rossendale** – supporting vibrant communities and a strong economy, this priority focuses on health inequality, building resilient communities and supporting businesses.
 - Responsive and value for money local services** – responding to and meeting the different needs of customers and improving the cost effectiveness of services.

Strong financial control ensures the effective management of the Council's resources, which then enables the provision and delivery of value for money services.

4. RISK ASSESSMENT IMPLICATIONS

- 4.1 All the issues raised and the recommendation(s) in this report involve risk considerations as set out below:
- The Council needs to ensure that it continues to work towards balancing its resources over the medium term, including the provision of efficient and effective collection of debts. However, in some cases members and officers may need to balance the cost of continued recovery efforts against the realistic potential to receive any funds.

5. BACKGROUND AND OPTIONS

In 2011 Members received a report which showed £307k of default work debts held on the Local Land Charges Register and not yet collected. Of this amount £234k has been fully

provided for and £72.9k remained on the Council's Balance Sheet at the 31st March 2011.

5.1 In October officers from the legal and finance teams reported on the processes for urgent works done in default and the procedure for the subsequent collection of the costs. It was explained to members how the land charges register presents the last method of collection where all other recovery actions fail. As and when properties come up for sale in the future then solicitor searches present an opportunity to force the settlement of the debt before the sale can proceed.

In November and December staff investigated the nature of these charges to critically assess the potential for earlier collection and have broken the amounts down as follows:-

Year raised	Original Amounts	Not yet invoiced	Received	Being collected by installments	Provided for	Legal recovery in progress	Work in progress	Collectable balance
Pre 2006/07	228.6							
2006/07	2.3	0.1	0.6	0	0.5	0	1.1	1.5
2007/08	1.9	0.4	0.2	0	0.7	0	0.5	1.2
2008/09	9.4	0	4.5	0.1	0.6	2.7	1.5	4.8
2009/10	31.3	1.4	9.4	0.4	0.3	18.4	1.5	20.6
2010/11	9.8	0.9	4.9	0	0.2	1.2	2.6	4.1
2011/12	23.6	0.3	1.9	20.3	0	0	1.1	21.4
Total	306.9	3.1	21.5	20.8	2.3	22.3	8.3	53.6

5.2 Pre April 2006

Recovery through the courts is time-limited to six years, therefore officers have concentrated on default works since April 2006. The most cost-effective method of collecting debts from before this time remains the Local Land Charges Register. Since 2006 just over £9.3k has been recovered from 34 pre-sale searches through this approach.

The total of the older debts is £228.6k, which includes one very large retaining wall project undertaken in 1997 at a cost of £64.8k and spread over 6 properties.

5.3 Post April 2006

Of the values reported last year £78.3k have occurred since April 2006.

Subsequently £21.5k has now been received and a further £20.8k is being repaid gradually under approved instalment plans.

After checking all sources of records there appears to have been £3.1k spent on works where to date no invoice has been issued. There may have been several reasons for this, but the most likely is that staff have struggled to identify the legal owners in order to issue an invoice. In these cases the most realistic way of recovering funds is again to leave the debt on the register and wait for a pre-sale search.

To date £2.3k has been invoiced and subsequently written off. This only happens where all reasonable efforts to recover funds have been exhausted and the most realistic action is again to leave the debt on the register and wait for a pre-sale search.

Legal staff have already begun proceedings through the courts to recover £22.3k of debts. which have or could lead to County Court Judgements (CCJs) and their subsequent enforcement. Included within this figure is one project costing £10.9k pertaining to a road works case, prior to the highways agency transfer, which is being discussed with Lancashire County Council.

This leaves £8.3k still to be considered for legal action. There are 24 invoices which make up this total, with a maximum single value of £1,332 and only 5 invoices are over £500. Legal staff will now begin to pursue these cases, balancing cost of pursuit against the invoice value and the likelihood of collection.

5.4 Interest

The works which generate these debts are initiated by several legal statutes and some of these acts prevent the local authority charging any interest should the debts not be paid. Typically the Environmental Protection Act 1990 does allow the Council to charge interest where debts are not paid promptly, but the Local Government Act 1982 and the Building Act 1984 prevent such interest from being charged. Of the values since April 2006 which remain collectable through the Local Land Charges register only around £4k could attract interest, which is added by officers at the time of the pre-sale search.

5.5 Suggested actions

- Continue to collect the £20.8k outstanding on invoices being paid by instalments, ensuring that any slippage in payments is referred immediately for legal pursuit.
- Maintain current legal proceedings with the £22.3k shown above, ensuring that any CCJs obtained are fully enforced to obtain the funds.
- Continue recovery of the £8.3k on a priority basis of value, age and likelihood of recovery.
- The leaves the following £234k of costs on the Local Land Charges Register to be recovered following any future pre-sale searches:
 - Pre 2006/07 £228.6k
 - Post 2006/07 not yet invoiced £3.1k
 - Post 2006/07 invoiced but written off £2.3k

Officers will now review the individual cases to determine if any since 2000 might meet the Council's new enforced sales policy to speed up that recovery process.

COMMENTS FROM STATUTORY OFFICERS:

6. SECTION 151 OFFICER

6.1 Financial matters are dealt within the report

7. MONITORING OFFICER

7.1 Unless specifically commented upon within the report, there are no implications for consideration.

8. HEAD OF PEOPLE AND POLICY (ON BEHALF OF THE HEAD OF PAID SERVICE)

8.1 Unless specifically commented upon within the report, there are no implications for consideration.

9. CONSULTATION CARRIED OUT

9.1 Head of Legal & Democratic Services and Head of Finance

10. CONCLUSION

10.1 That efficient and effective use of resources may sometimes mean that debts are held on the Local Land Charges Register pending a subsequent pre-sale search. Legal recovery processes will always remain the first course of action if debts are not paid promptly, but at some point officers must exercise a judgment call on the collectability of debts.

Background Papers

Document	Place of Inspection
Detailed financial records going back to 1971 are held within Financial Services	Financial Services
Local Land Charges Register	Local Land Charges at the One Stop Shop