

Town Hall  
Lord Street  
Southport  
PR8 1DA

To: Members of the Cabinet

Date: 2 February 2012

Our Ref:

Your Ref:

**Please contact:** Steve Pearce

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Dear Councillor

**CABINET - THURSDAY 2ND FEBRUARY, 2012**

I refer to the agenda for the above meeting and now enclose the following report(s) which were unavailable when the agenda was printed.

<b>Agenda No.</b>	<b>Item</b>
6 a)	<b><u>Revenues - Write off of Irrecoverable Non Domestic Rate Debts with balances over £10,000</u></b> Report of the Head of Corporate Finance and ICT

Yours sincerely,

M. CARNEY

Chief Executive

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**Report to:** Cabinet

**Date of Meeting:** 2<sup>nd</sup> February 2012

**Subject:** Revenues – Write off of Irrecoverable Non Domestic Rate debts With balances over £10,000

**Report of:** Head of Corporate Finance and ICT

**Wards Affected:** None

**Is this a Key Decision?** Yes

**Is it included in the Forward Plan?** Yes

**Exempt/Confidential** NO

## Purpose/Summary

To seek approval to write off debts amounting to £460,941.25.

## Recommendation(s)

It is recommended that 25 non-domestic rate debts amounting to £460,941.25 be written off.

## How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

## Reasons for the Recommendation:

The debts have proved to be irrecoverable.

## What will it cost and how will it be financed?

# Agenda Item 6a

**(A) Revenue Costs** Any uncollectable non-domestic rates that are written off can be offset against the Council's contribution to the Non Domestic Rates Pool. Provision has been made for this in the closing accounts for the Pool each year since 1990.

**(B) Capital Costs - None**

## Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<b>Legal</b>	The writing off of debts above £10,000 in any one case must be approved by the Cabinet
<b>Human Resources</b>	None
<b>Equality</b>	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

## Impact on Service Delivery:

None

## What consultations have taken place on the proposals and when?

**December 2011 -**

The Head of Corporate Finance (FD1149) and Head of Corporate Legal Services (LD515/11) have been consulted and any comments have been incorporated into the report.

## Are there any other options available for consideration?

No

## Implementation Date for the Decision

Following the expiry of the "call-in" period for the Minutes of the Cabinet Meeting

**Contact Officer:** Margaret Rawding, Head of Corporate Finance and ICT

**Tel:** 0151 934 4096

**Email:** [Margaret.Rawding@sefton.gov.uk](mailto:Margaret.Rawding@sefton.gov.uk)

**Contact Officer:** Christine Finnigan, Customer and Transactional Service Client Manager

**Tel:** 0151 934 4161

**Email:** [Christine.Finnigan@sefton.gov.uk](mailto:Christine.Finnigan@sefton.gov.uk)

## 1. Introduction/Background

# Agenda Item 6a

- 1.1 This report is about Non Domestic Rate debts with balances greater than £10,000 that have proved irrecoverable.
- 1.2 Sums below this range are delegated to either the Cabinet Member for Corporate Resources or the Head of Corporate Finance & ICT and the Head of Legal Services.

25 individual accounts, with balances over £10,000 and totalling £460,941.25 have been identified for write off. These can be summarised as follows: -

<b>NDR</b>			
<b>Write Offs Over £10k</b>			
<b>Write Off Reason</b>	<b>No of Cases</b>	<b>Amount for Write Off</b>	
Administration / IVA / CVA	2	£	54,363.58
Bankrupt	3	£	42,881.92
Ceased Trading No Assets	15	£	233,476.55
Gone No Trace	3	£	55,344.24
Liquidation	1	£	50,773.58
Unable to Collect	1	£	24,101.38
<b>Totals</b>	<b>25</b>	<b>£</b>	<b>460,941.25</b>

- 1.3 Any uncollectible non-domestic rates that are written off can be offset against the Council's contribution to the Non-Domestic Rates Pool. Provision has been made for this in the closing accounts for the Pool in each year since 1990.
- 1.4. Prior to write off every effort has been made to seek recovery. Internal Audit has reviewed the write off process, has independently scrutinised a sample of the cases submitted and has no objection to these debts being written off. (Attached)
- 1.5. Whenever an amount is written off it is possible that further sums may be recovered in due course as new information is obtained. This would happen in the following instances:
- Where a new address is found for an absconded debtor attempts will be made to recover any outstanding sums.
  - Whenever a firm or individual goes into bankruptcy, liquidation, receivership etc., the Council's interest is registered with the Receiver, Liquidator etc. and the receiver may pay a dividend to creditors.
  - Companies that have ceased trading but have not entered into insolvency may restart their business.
- 1.6. Schedules of the debts are attached as **Annex A (TO BE CONSIDERED IN PRIVATE SESSION)** and the Memo from the Chief Internal Auditor who has no objections is attached as **Annex B**.

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## Memorandum

From **Janice Bamber** Chief Internal Auditor

To **Christine Finnigan** Finance Transactional Services Client Mgr.  
**Mark Barry** Revenues Manager

Our Ref AU/SC/NNDR/Write-off/Mar-11

Date 25<sup>th</sup> March 2011

Please Contact Mrs Susan Callister  
Extension 4372

### **RE: NNDR Write offs**

I refer to the NNDR Write-off schedules containing 211 cases with a total value of £1,057,114.70

My Internal Audit Section undertakes an examination of a sample from the schedule, to ensure the appropriate recovery actions have been exhausted and only debts that are deemed irrecoverable are submitted for write-off. Cases are also checked for evidence of review by more than one officer and an appropriate level of authorisation.

An examination of a sample of 27 cases with a total value of £438,962.53 (out of a population of 211) was tested. Of those no irregularities were identified and all the relevant criteria have been met.

Therefore, I have no objection to all 211 cases being written-off under the appropriate delegated powers based on the following totals.

#### **Under £2,000 - Chief Officer Report**

68 cases = £43,594.56

#### **£2,000 to £10,000 - Cabinet Member for Corporate Resources**

118 cases = £552,578.96

#### **Over £10,000- Cabinet**

25 cases = £460,941.25

If we can be of any further assistance in this instance please do not hesitate to contact Susan Callister.

**JANICE BAMBER  
CHIEF INTERNAL AUDITOR  
CORPORATE FINANCE AND ICT**

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