
Report to: Cabinet

Date of Meeting: 2nd 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?

(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:

Legal	The writing off of debts above £10,000 in any one case must be approved by the Cabinet
Human Resources	None
Equality	
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

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1. Introduction/Background

- 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: -

NDR		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
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
Totals	25	£ 460,941.25

- 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**.