



CABINET – 5TH MARCH 2013

SUBJECT: WRITE-OFF OF DEBTS OVER £20,000 – NNDR ARREARS FOR LTD COMPANIES

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 On 15th September 2009, Cabinet approved a revised write-off procedure for debts that are material, where the individual debt is greater than £20,000. Approval is sought to write-off three NNDR debts where, in each case, the individual debt is greater than £20,000.

2. SUMMARY

- 2.1 This report gives details of an amount of business rate that the Authority is required to write off as a bad debt.

3. LINKS TO STRATEGY

- 3.1 To comply with Financial Regulations.

4. THE REPORT

- 4.1 Policy & Resources Scrutiny Committee receives half yearly reports on monies due to the Council which cannot be collected. Unpaid business rate is pursued through a magistrates' court liability order that empowers the Authority to instruct bailiffs.
- 4.2 Due to debtors absconding, declaring themselves insolvent through bankruptcy/liquidation or other proceedings, ceasing to trade, dying with no estate, and because of limited means there are inevitably circumstances when debts cannot be collected. After all legal means have been exhausted a decision is made to write-off debts. Policy and Resources Scrutiny Committee receive a report every 6 months summarising the value of debts written off by the Authority
- 4.3 The first case involves The Recycling People 2010 (Wales) Ltd, a company that occupied Unit 17 Heads of the Valley Industrial Estate, Rhymney. The unpaid rates of £25,203.59 are in respect of an occupied rate liability (reference no. 510282091), covering the period 1st April 2011 to the 1st October 2012 inclusive. The Authority issued rate demands and obtained liability orders in respect of the debt, a payment arrangement plan was agreed and subsequently, a bailiff was instructed to recover the debt. The total liability (including £165.00 court costs) was £52,740.70, of which an amount of £27,537.11 has been collected, leaving an unpaid balance of £25,203.59. The company went into liquidation on the 6th September 2012 and the Authority has submitted a claim for the outstanding debt to the insolvency practitioners. However, as business rate is an unsecured debt, it is very unlikely that the Authority will receive any payment as a result of the insolvency proceedings.

4.4 The second case involves Monnington Leisure Ltd, a company that traded from the Maes Manor Hotel, Blackwood until 16th November 2011 (reference no. 510203268). The unpaid rates of £29,845.99 are in respect of an occupied rate liability covering the period 1st April 2011 to the 16th November 2011 inclusive. The Authority issued rate demands, obtained a liability order in respect of the unpaid rates and agreed a payment arrangement plan to clear the outstanding debt. Payments were being received as agreed and so bailiffs were not instructed. The total rate liability was £35,233.99, of which an amount of £5,388.00 was paid, leaving an outstanding balance of £29,845.99. The company went into administration on the 17th November 2011 and the Authority has submitted a claim for the outstanding debt. However, as business rate is an unsecured debt, it is very unlikely that the Authority will receive any payment as a result of the insolvency proceedings.

4.5 In these cases, the Authority has no further legal powers to recover the unpaid debts.

5. FINANCIAL IMPLICATIONS

5.1 There are no direct financial implications to the Authority as the Authority collects NNDR on behalf of Welsh Government.

6. EQUALITIES IMPLICATIONS

6.1 There are no potential equalities implications of this report and its recommendations on groups or individuals who fall under the categories identified in Section 6 of the Council's Strategic Equality Plan, therefore no Equalities Impact Assessment has been carried out.

7. PERSONNEL IMPLICATIONS

7.1 There are none.

8. CONSULTATIONS

8.1 There are no consultation responses which have not been reflected in this report.

9. RECOMMENDATIONS

9.1 It is recommended that Cabinet determine the debts detailed in paras 4.3 and 4.4. and be written-off on the grounds that they are irrecoverable.

10. REASONS FOR THE RECOMMENDATIONS

10.1 To write-off bad debts due to the Authority where no further legal remedy exists.

11. STATUTORY POWER

11.1 Local Government Act 1972 and 2000.

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