



## CABINET – 11TH DECEMBER 2013

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

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND S151 OFFICER**

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### 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 amounts of business rates that the Authority is required to write off as a bad debts.

### 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 Extensive Property Services Ltd, a company that held the lease for Unit 2 Gelligaer Court, Penpedairheol. The unpaid rates of £36,405.95 are in respect of an unoccupied rate liability (reference nos: 510275813), covering the period 15th July 2009 to the 3rd September 2012 inclusive. The Authority issued rate demands and obtained liability orders in respect of the debt with a bailiff instructed to recover the majority of the debt. However, the bailiff was unable to secure payment as the rate liability was in respect of an empty property and the company was not in occupation of any other property, hence there were no goods available on which to levy distress. The company was dissolved on the 4th September 2012; consequently it is no longer possible to undertake any further recovery action.

- 4.4 The second case involves Sitting Bear Ltd, a company that traded from the Black Cock Inn, Caerphilly until 27th May 2012 (reference no. 510284234). The unpaid rates of £20,787.34 are in respect of an occupied rate liability covering the period 29th March 2010 to the 27th May 2012 inclusive. The Authority issued rate demands and obtained liability orders in respect of the debt, a payment arrangement plan was agreed to clear the outstanding balances and subsequently, a bailiff firm was instructed to recover the debt. The total liability (including £220.00 for court costs) was £36,569.34, of which an amount of £15,782.00 was paid, leaving a balance outstanding of £20,787.34. The company vacated the property on the 27th May 2012 and was subsequently dissolved on the 12th March 2013; consequently it is no longer possible to undertake any further recovery action.
- 4.5 The third case involves Viridis Plastics UK Ltd, a company that traded from Unit 1 Blackwood Business Park, Pontllanfraith until 27th January (reference no. 510301477). The unpaid rates of £30,237.25 are in respect of an occupied rate liability covering the period 4th May 2012 to the 30th November 2012 inclusive. The Authority issued rate demands and obtained a liability order in respect of the debt, a payment arrangement plan was agreed to clear the outstanding amount and subsequently, a bailiff firm was instructed to recover the debt. The total liability (including £55.00 for court costs) was £36,636.04, of which an amount of £6398.79 was paid, leaving a balance outstanding of £30,237.25. The company vacated the property on the 30th November 2012 and is not in occupation of any other property, hence there were no goods available on which to levy distress. The company went into liquidation on the 23rd May 2013; consequently it is no longer possible to undertake any further recovery action.
- 4.6 In these cases, the Authority has no further legal powers to recover the unpaid debts.

## **5. EQUALITIES IMPLICATIONS**

- 5.1 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.

## **6. FINANCIAL IMPLICATIONS**

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

## **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, 4.4 and 4.5 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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