



CABINET – 6TH SEPTEMBER 2017

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

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES & SECTION 151 OFFICER

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 two national non-domestic rate (NNDR), also known as business rate, 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.
- 3.2 The writing-off of unrecoverable debts is an important element of prudent financial management. Effective financial management contributes to the following Well-being Goals within the Well-being of Future Generations Act (Wales) 2015:-
- A prosperous Wales
 - A resilient Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of cohesive communities
 - A Wales of vibrant culture and thriving Welsh language
 - A globally responsible Wales

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. It should be noted that business rate is an unsecured debt in the event of bankruptcy/liquidation.

- 4.3 The first case involves New Mr Phone Ltd, a company that occupied 85 Cardiff Road Caerphilly. The unpaid rates of £26,944.26 are in respect of an occupied rate liability (reference no. 510313297) covering the period 14th June 2012 to 31st December 2014 inclusive. The Authority issued rate demands and obtained liability orders in respect of the debt, a voluntary payment plan was agreed and payments of £5,212.00 were collected. Subsequently, an enforcement agent was instructed to recover the debt but before any further sums could be recovered, the company was dissolved. The total liability (including £112.33 court costs) was £32,765.30, of which £5,933.37 has been collected, leaving an unpaid balance of £26,944.26. The company was dissolved on 21st July 2015 via voluntary 'strike off' according to Companies House records. In the unlikely event that any future payment is received in respect of these arrears, an equivalent amount of the debt will be reinstated.
- 4.4 The second case involves ADS Express Freight LLP, a company that occupied Unit 2 Gelligaer Court, Hospital Road, Penpedairheol, Hengoed. The unpaid rates of £20,209.87 are in respect of an occupied rate liability (reference no. 510327616) covering the period 1st September 2013 until 31st March 2016 inclusive. The Authority issued rate demands and obtained liability orders in respect of the debt. No payments were received and subsequently an enforcement agent was instructed to recover the debt. The total liability (including £171.10 court costs) was £34,898.29, of which £14,859.52 has been collected, leaving an unpaid balance of £20,209.87. The company went into liquidation on 1st April 2016 and the Authority submitted a claim for the outstanding debt to insolvency practitioners. In the unlikely event that any future payment is received in respect of these arrears, an equivalent amount of the debt will be reinstated.
- 4.5 In these cases the Authority has no further legal powers to recover the unpaid debts.

5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 Effective financial management is a key element in ensuring that the Well-being Goals in the Well-being of Future Generations Act (Wales) 2015 are met. The process of writing-off unrecoverable debts ensures that financial liabilities are recognised as they occur and are not deferred as potential future liabilities.

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. FINANCIAL IMPLICATIONS

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

8. PERSONNEL IMPLICATIONS

- 8.1 There are none.

9. CONSULTATIONS

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

10. RECOMMENDATIONS

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

11. REASONS FOR THE RECOMMENDATIONS

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

12. STATUTORY POWER

12.1 Local Government Act 1972 and 2000.

Author: J. Carpenter, Council Tax & NNDR Manager

E-mail: carpewj@caerphilly.gov.uk Tel: 01443 863421

Consultees: Cllr Barbara Jones, Deputy Leader & Cabinet Member for Finance, Performance and Governance

Nicole Scammell, Acting Director of Corporate Services & Section 151 Officer

Stephen Harris, Interim Head of Corporate Finance

Gail Williams, Interim Head of Legal Services & Monitoring Officer

Background Papers:

Contact Council Tax & NNDR Manager (ext 3421)