



Report to: Cabinet

Subject National Non-Domestic Rates Write Off

Date 7 April 2011

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1. PURPOSE OF REPORT

Trent Concrete Ltd, Business Rates customer in the Borough of Gedling, has entered into administrative receivership and therefore this report requests the write off of £72,595.00 in respect of outstanding National Non-Domestic Rates (NNDR) for the company's property.

2. BACKGROUND

Trent Concrete Ltd's liability in the Borough of Gedling started in 1996 and is ongoing.

Trent Concrete Ltd went into administrative receivership on 9 September 2010. At this time, the overpaid amount of £8553.36 for the 2010/11 financial period liability up to 8 September 2010 was offset against the remaining debt owing.

There is no statutory requirement for the receiver to pay National Non-Domestic Rates. The amount outstanding can only be registered as an unsecured claim as and when the company is placed into liquidation.

Gedling Borough Council seek to write the full outstanding amount off and then write the total dividend back onto the account as and when it is paid. This is done because of the time taken to pay a dividend and the uncertainty over the exact amount that will be paid.

3. FINANCIAL PROCESSES

Council procedures allow NNDR debts up to £5,000 to be authorised for write off by the Head of Corporate Services and for debts up to £25,000 to be authorised for write off by the Chief Executive. Any debts over £25,000 must be passed to Cabinet for authorisation for write off. These provisions are detailed in the Council's Financial Regulations at 4.23e.

The Council holds a provision for write offs as part of its financial management processes, which is reviewed annually. The current bad debt provision balance is £200,450.00 as at 1 April 2009.

So far between 1996 and the current financial period, no monies have been written off for Trent Concrete Ltd.

The Council collects NNDR on behalf of the Central Government and therefore any write off amounts and other un-recoverable monies are offset against Gedling Borough Council's contribution to the NNDR pool. This means that any balance written off in respect of NNDR has no impact on the General Fund.

4. AMOUNTS OUTSTANDING

Balance outstanding for 2010/11 financial year is £72,595.00.

5. RECOMMENDATIONS

Recommend that Cabinet write off the full balance of £72,595.00 owed by Trent Concrete Ltd.