

## Report to Cabinet

**Subject:** National Non-Domestic Rates Write Off

**Date:** 12 September 2013

**Author:** Service Manager, Revenues Services.

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### Wards Affected

All.

### Purpose

The purpose of this report is to request the write off of £26,811.27 in respect of outstanding National Non-Domestic Rates (NNDR) payable an NNDR customer in the Borough of Gedling. The amounts requested for write off are broken down as follows:

Financial Year	Balance
2013/14	£18,562.56
2012/13	£8,248.71

### Key Decision

This is not a key decision.

### Background

- 1 The debtor's liability began in the Borough on 28 November 2012 at an address in Arnold. No payments for National Non-Domestic Rates have been made by the debtor at this address. Since this liability began, distress has been attempted and many letters have been issued to the last known address demanding payment.
- 2 Attempts to levy distress at the last known address have been unsuccessful and bailiffs have returned the case to the Council as the debtor is now bankrupt.

- 3 A check of court papers shows that the debtor was made bankrupt in the Nottingham County Court on 16<sup>th</sup> April 2013 number 185 of 2013.
- 4 Proof of the Council's debts have been submitted to the Official Receiver in order that if any dividend is paid from the bankruptcy, the Council will receive an equal share of monies distributed to un-secured creditors.
- 5 Information from the Official Receiver states the debtor is un-employed, has total liabilities of £243,540.00 and has no realisable assets.
- 6 A full breakdown of the recovery action attempted in this case is attached at Appendix 1.

### **Proposal**

- 7 It is proposed that the full balance as stated above is written off as the amount is not deemed to be collectable.

### **Alternative Options**

- 8 There is no alternative to the proposal as the debtor is bankrupt so no other methods of debt recovery can be used to recover the outstanding monies.

### **Financial Implications**

- 9 Council procedures allow NNDR debts up to £5,000 to be authorised for write off by the Corporate Director (Chief Financial Officer) 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.
- 10 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 £93,907.00 as at 1<sup>st</sup> April 2013.
- 11 No monies have been written off in relation to this debt prior to the writing of this report.
- 12 Whilst the Council collects NNDR that is set and controlled by Government, the consequence of "Business Rates Retention" is that write offs will affect the net level of income collected. Growth in NNDR collection above our target is retained locally and as such, any write offs will be offset against growth.
- 13 This offset against growth has the potential to affect the level of resources available to the Council in future years.

### **Appendices**

- 14 Appendix 1 – Breakdown of recovery action taken.

## **Background Papers**

15 None identified.

## **Recommendation(s)**

THAT:

- (a) Cabinet agrees to write off the full balance as stated above as the amount is not deemed to be collectable.

## **Reasons for Recommendations**

16 The amount of £26,811.27 is not deemed to be collectable as the debtor is bankrupt and has no realisable assets.