

Report To: Cabinet meeting

Date of Meeting: 29th April 2014

Lead Member / Officer: Julian Thompson Hill / Paul Mcgrady

Report Author: Rod Urquhart / Head of Revenues and Benefits

Title: Business Rates write offs

1. What is the report about?

The report is to seek approval from Cabinet to write off business rates for companies where recovery action cannot continue because they have either been wound up or dissolved. The balances outstanding have for some time had to be accounted for in the bad debt provision and on statutory returns to Welsh Government.

2. What is the reason for making this report?

A decision is sought to write off irrecoverable Business rates arrears.

3. What are the Recommendations?

To write off the irrecoverable Business Rates shown in appendix 1.

4. Report details.

Denbighshire County Council (DCC) is required by legislation to administer and collect Business Rates on behalf of central government. An annual bill is issued providing businesses 10 monthly instalments in which to pay. Failure to make payment will result in the issue of reminders, final notices and summonses to attend Magistrates' Court.

At the Magistrates court DCC asked for and was granted liability orders in each of the cases below. The liability order provides Denbighshire the authority to take more rigorous recovery action. The day following the granting of a liability all accounts are issued to the bailiff for collection unless the business had made a prior arrangement and is paying.

In each of these cases bailiffs were instructed to collect but were unable to as the companies have been liquidated or simply ceased trading and disappeared.

The first company Aegis CRS Ltd went into administration in 2004, subsequent investigations by the Administrators found there was limited funds and assets to make any dividend payments to secured creditors. All unsecured creditors, including DCC were notified no dividend payment would be made.

The second company 'WMB Sales UK Ltd' ceased trading in Feb 2013 and was subject to a winding up order. We supplied all the relevant information to the insolvency service. In March 2014 the Insolvency Service confirmed there was no prospect of a dividend, as such there is no likelihood of any payment of the Business Rates debt.

The third company 'Knight Morjaria & Co' ceased trading in Dec 2008, but was still liable for empty property rates until March 2014. It is clear the company has ceased to exist and despite numerous attempts at tracing the debtor all efforts have been in vain. As the lease / ownership of the property is unknown the matter has been referred to the Treasury Solicitor at Whitehall.

Table 1: Summary of write offs

Company name	Financial Year	Amount
Aegis CRS Ltd in Administration	2004/05	£24,948.00
WMB Sales Uk Ltd	2012/13	£40,468.50
Knight Morjaria & Co	2008/09 – 2012/13	£22,193.29
Total		£87,609.79

5. How does the decision contribute to the Corporate Priorities?

This is not applicable as it is a legislative requirement to manage the income and debts as part of Business Rates administration.

6. What will it cost and how will it affect other services?

As the Business Rates income is passed over to the National Pool any bad debts are met by the pool, as such there is no cost to DCC.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This is not applicable.

8. What consultations have been carried out with Scrutiny and others?

Not applicable.

9. Chief Finance Officer Statement

Numerous attempts have been made to recover the money owed but have been unsuccessful. These bad debts are written off against the national scheme.

10. What risks are there and is there anything we can do to reduce them?

By prompt processing of cases for write off we minimise the cash flow impacts to DCC, in terms of payments of Business Rates to the National Pool and reduce our contribution levels, in line with the collectable debt.

11. Power to make the Decision

- The power to make the decision is contained within Denbighshire's Financial Standing Orders under Section 25.