

Report To: Cabinet

Date of Meeting: 20 March 2018

Lead Member / Officer: Julian Thompson Hill / Richard Weigh

Report Author: Richard Weigh, Head of Finance

Title: Non-Domestic Rates (NDR) Write-offs

1. What is the report about?

The report is to seek approval from Cabinet to write off NDR (business rates) for companies and individuals where recovery action cannot continue because they have either been subject to insolvency action or have absconded. 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 NDR debt

3. What are the Recommendations?

To write off the irrecoverable values shown in Table 1.

4. Report details

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

At the magistrates' court DCC asked for and was granted liability orders in the case 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 Enforcement Agent for collection unless the business had made a prior arrangement and is paying.

The case relates Grabal Alok UK Ltd, which traded under the title of Store 21 at The White Rose Centre, Rhyl. The company which had shops across the United Kingdom suffered a significant downturn in trade, which triggered it going into administration. Since then the administrators have attempted to realise the assets value and keep as many of the shops open as possible. The shop in the White Rose centre has now been taken on by a new company.

Whilst there had been some successes across the UK, it was evident the company could not be saved and it was put into liquidation in April 2017 and wound up on 10th July 2017. There were significant outstanding liabilities and limited assets to make any payments against these debts. Because of this, all unsecured creditors, including DCC have been advised that no dividend payment would be made. The amounts to be written off are as below:

Table 1: Summary of write offs

Company	Financial Year	Amount
Grabal Alok UK Ltd	2016/17	£47,221.72
	2017/18	£13,163.35
Total		£60,385.07

- 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 NDR administration.
- 6. What will it cost and how will it affect other services?**
 All NDR 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 Well-being Impact Assessment? The completed Well-being Impact Assessment report can be downloaded from the [website](#) and should be attached as an appendix to the report**
 There is no impact associated with this report as the NDR debt is collected on behalf Welsh Government by all Council's in Wales and does not affect our residents.
- 8. What consultations have been carried out with Scrutiny and others?**
 Not applicable
- 9. Chief Finance Officer Statement**
 As indicated above there is no prospect at all of recovering these NDR debts. The correct process has been followed and all options have been exhausted. Also as indicated above there is no direct cost to DCC as the NDR income is passed over to the National Pool any bad debts are met by the pool.
- 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 NDR 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 Regulations under Section 25.