

CABINET

DATE	9 th March 2022
REPORT OF	Councillor Stan Shreeve - Deputy Leader and Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director Environment, Economy and Resources
SUBJECT	Write off of uncollectable National Non-Domestic Rates Debts
STATUS	Open
FORWARD PLAN REF NO.	CB 03/22/10

CONTRIBUTION TO OUR AIMS

The recommendations of this report adhere to good accounting practices as outlined in the Financial Regulations and Procedure Rules and the Corporate Debt Management Strategy which underpin the achievement of the Council's aims.

EXECUTIVE SUMMARY

This report requires members to exercise their executive power to write off uncollectable National Non-Domestic Rates (Business Rates) debts as write off of individual debts of over £50k require Cabinet approval. The total figure for write off is £574,974.51. The debts will remain in the Council's records and write-off of the debts does not preclude receipt of payments that may be received in the future, although this is unlikely

RECOMMENDATIONS

To approve the recommendation to write off the uncollectable National Non-Domestic Rates outlined within Appendix A, and to instruct the Executive Director Environment, Economy and Resources to formally write off the sum of £574,974.51.

REASONS FOR DECISION

The Council's Financial Procedure Rules require Cabinet approval to write off debts of over £50k. In each of the cases recommended for write off, the company has ceased trading. Where appropriate, claims have been sought via the liquidators.

1. BACKGROUND AND ISSUES

- 1.1 The full and appropriate range of debt recovery processes have been undertaken in the pursuit of these debts in accordance with the Council's Corporate Debt Management Strategy.
- 1.2 Once written off the debts will remain in the Council's records. In the event

that payments are received in the future the level of written off debt will reduce.

- 1.3 Whilst the debts will remain in the Council's records, it is important to note that obtaining payments against these debts in future is very unlikely and the write off of these accounts is in accordance with good accounting practices.
- 1.4 Appendix A provides details of individual amounts for each account to be written off and reasons for the write off of each individual account, detailing why the debts cannot be recovered.
- 1.5 In all of these cases the companies are no longer trading, and there are no further dividends to be paid to creditors.

2. RISKS AND OPPORTUNITIES

- 2.1 Failure to approve the recommendation will mean that the Council will not have acted in accordance with the Council's Financial Regulations and Procedure Rules and the Council's Corporate Debt Management Strategy.

3. OTHER OPTIONS CONSIDERED

- 3.1. If Cabinet does not agree to approve write off of these debts, they will remain within the NNDR system with little or no prospect of collection. A review of outstanding debts is necessary for North East Lincolnshire Council to ensure effective management of outstanding debt. The amounts in the report are recommended for write off in accordance with prudent accounting methods and have already been taken into account in the 2021/22 NNDR estimates. The Council's bad debt provision has already been adjusted to reflect these debts.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1. There are potential negative reputational implications for the Council resulting from the decision. This is due to the requirement of the Council to follow good accounting practices outlined in the Financial Regulation and Procedure Rules and the Councils Corporate Debt Management Strategy.

5. FINANCIAL CONSIDERATIONS

- 5.1. The proposal outlined within the report supports the Council's key financial objective to adhere to the Financial Regulation and Procedure Rules. The proposal will be financed through the Councils bad debt provision. The proposal is consistent with the Council's Corporate Debt Management Strategy and will help to contribute to improved value for money within the service.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1. There are no direct Children and Young People implications arising from the contents of this report.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1. There are no direct environmental implications arising from the contents of this Report

8. CONSULTATION WITH SCRUTINY

- 8.1. No consultation with scrutiny is necessary regarding the contents of this report.

9. FINANCIAL IMPLICATIONS

- 9.1. A bad debt provision is maintained for NNDR debt, which considers known likely bankruptcies when assessing the overall balance required to cover bad debt write offs.

10. LEGAL IMPLICATIONS

- 10.1. The level of debt recommended to be written off exceeds the level that officers have delegated power to approve. The Council has a statutory duty under Local Government Finance Act 1988, as amended, to levy and collect National Non-Domestic Rates (NNDR) on all relevant properties in the Borough.
- 10.2. The entries in Appendix A show 39 individual liabilities arising from 3 companies. The total debt amounts to £574,974.51, which is recommended for write off. IPM Turnaround Limited started voluntary strike off action on 11th July 2017, this action was suspended until 05th January 2021 when the company was dissolved via voluntary strike off. IPM (Parity) Grimsby Limited started compulsory strike off action on the 13th March 2018. After several suspensions of this action the company was finally dissolved via compulsory strike off on the 15th December 2020. Keith Brown Properties (Hull) Limited went into administrative receivership the 20th June 2014. The company was dissolved via voluntary strike off on the 2nd July 2019.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the contents of this report.

12. WARD IMPLICATIONS

There are no direct ward implications arising from the contents of this report.

13. BACKGROUND PAPERS

- 13.1. North East Lincolnshire Council's Financial Regulations and Procedure Rules
<https://intranet.nelincs.gov.uk/wp-content/uploads/2016/11/Financial-Regulations-and-Procedure-Rules.pdf>
- 13.2. North East Lincolnshire Council's Corporate Debt Management Strategy -
<https://www.nelincs.gov.uk/assets/uploads/2021/05/North-East-Lincolnshire-Council-Debt-Management-Strategy-A11y-v2.pdf>

14. CONTACT OFFICER(S)

14.1. Liz Kelly, Strategic Lead Debt Management and Technical Development,
Local Taxation and Benefits Shared Service, 01724 296150.

Sharon Wroot, Executive Director – Environment, Economy and Resources
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COUNCILLOR STAN SHREEVE
DEPUTY LEADER AND PORTFOLIO HOLDER FOR FINANCE, RESOURCES
AND ASSETS

Appendix A

Name and address	Report & Page	Account Number	Individual Liabilities	Total	Reason	
IPM Turnaround Limited Unit 4 Oakhill Trading Estate, Devonshire Road, Worsley, Manchester, M28 3PT	WO BANK Report 2588 Page 2 2015	4404222153	£5,485.50		Company started voluntary strike off action on 11th July 2017, the company was officially dissolved on the 5th January 2021. No dividend has been realised.	
		4404222164	£1,859.02			
		4404222175	£5,267.29			
		4404222186	£2,539.63			
		4404222197	£0.08			
		4404222380	£10,806.94			
	WO BANK Report 2589 Page 2 2016	4404222153	£20,252.75			
		4404222164	£7,865.00			
		4404222175	£19,507.25			
		4404222186	£10,188.50			
		4404222197	£6,171.00			
		4404222380	£35,287.00			
		£125,229.96				
		IPM (Parity) Grimsby Limited Unit 4 Oakhill Trading Estate, Devonshire Road, Worsley, Manchester, M28 3PT	WO BANK Report 2590 Page 2 2017			4404240019
4404240133	£66,842.60					
4404240575	£25,214.41					
4404248626	£8,435.70					

Appendix A

WO BANK Report 2591 Page 2 2018	4404248637	£7,151.45		
	4404248784	£22,830.35		
	4404248795	£4,143.20		
	4404248819	£3,820.63		
	4404248831	£4,450.73		
	4404248875	£4,596.16		
	4404249016	£9,914.33		
	4404240019	£11,477.90		
	4404240133	£39,244.23		
	4404240575	£21,950.71		
	4404248626	£8,870.24		
	4404248637	£9,227.37		
	4404248637	£1,493.15		
	4404248784	£23,278.16		
	4404248795	£4,855.67		
	4404248819	£5,725.65		
	4404248831	£6,523.64		
	4404248875	£9,600.00		

Appendix A

	WO BANK Report 2592 Page 2 2019	4404249016 4404240575 4404248875	£7,331.47 £21,898.60 £4,910.00	 £360,827.37	
Keith Brown Properties (Hull) Limited C/O Price waterhouse coopers Benson House 33 Wellington Street Leeds LS1 4JP	WO BANK Report 2587 Page 2 WO BANK Report 2588 Page 2	4404201243 4404201243	£37629.02 £51288.16	 £88,917.18	Company went into administrative receivership on the 20th June 2014, the company was officially dissolved via voluntary strike off on the 2nd July 2019. No Dividend has been realised.
				TOTAL £574,974.51	