

CABINET

DATE	13 th March 2024
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director Place and Resources
SUBJECT	Write off of uncollectable National Non-Domestic Rates Debts
STATUS	OPEN
FORWARD PLAN REF NO.	CB 03/24/07

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 £117,421.33. 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

It is recommended that Cabinet:

1. Approves the write off of the uncollectable National Non-Domestic Rates outlined within Appendix A.
2. Instructs the Executive Director Place and Resources to formally write off the sum of £117,421.33.

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

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

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 considered in the 2023/24 NNDR estimates. The Council's bad debt provision has already been adjusted to reflect these debts.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

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 Council's Corporate Debt Management Strategy.

5. FINANCIAL CONSIDERATIONS

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 Council's 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

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

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

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

8. CONSULTATION WITH SCRUTINY

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

9. FINANCIAL IMPLICATIONS

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 liabilities arising from 2 companies. The total debt amounts to £117,421.33, which is recommended for write off as the sums are now reasonably unable to be collected due to the nature of the company and occupational issues and dissolution respectively.

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

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>

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)

Neil Smith, Debt Management Manager, Local Taxation and Benefits Shared Service, 01472 325970.

Sharon Wroot, Executive Director – Place and Resources 01472 324423

Councillor Stephen Harness
Portfolio Holder for Finance, Resources and Assets

Name and address	Report & Page	Account Number	Individual Liabilities	Total	Reason
Alverstone Ltd C/O Mr Simon A Morris, 18 Ainsdale Avenue, Manchester, Lancs, M7 4LS	WO OTHER Report 2901 Page 2 2011	4400223914 4400223492 4400190087 4400223594 4400227654 4400230215 4400226639 4404010368 4404053589 4404082317 4404139846	£1,423.75 £1,250.55 £1,315.50 £1,445.40 £1,120.65 £1,380.45 £1,856.75 £1,553.65 £1,726.85 £2,138.20 £1,748.50		Alverstone Limited is a liability dispute dating between 1999 and 2014 on several commercial properties. Communication between the Council and the company has been ongoing for many years culminating in leases being produced that provided proof that another company was liable for Non-Domestic Rates at the time of the period in question. The Council are now unable to Bill the actual liable party as too much time has expired, and as per legislation the Council would not be seen to be billing them as soon as was practicable
	WO OTHER Report 2902 Page 2 2012	4400223914 4400223492 4400190087 4400223594 4400227654 4400230215 4400226639 4404010368 4404053589 4404082317 4404139846	£1,717.50 £1,534.30 £1,603.00 £1,740.40 £753.94 £902.05 £1,174.17 £1,854.90 £2,038.10 £2,473.20 £2,061.00		
	WO OTHER Report 2903 Page 2 2013	4400223914 4400223492 4400190087 4400223594 4404010368 4404053589 4404082317 4404139846	£1,524.30 £1,577.85 £1,648.50 £1,544.62 £1,646.24 £2,095.95 £2,194.99 £1,829.16		

	WO OTHER Report 2904 Page 2 2014	4400223492 4400190087 4404053589	£1,614.70 £1,687.00 £2,144.90	£54,321.02	
Chill Fresh Fish Limited – Dissolved Insolvency Service Official Receiver’s Office, Leeds, PO BOX 16647, Birmingham, B2 2NQ	WO BANK Report 2886 Page 2 2016	4404192689 4404192689 4404250342 4404250353	£3,447.57 £202.20 £156.21 £1,266.33		Chill Fresh Limited started compulsory strike off action on the 11th December 2018, this action was discontinued on 18th December 2018. On the 11th September 2019 the company was wound up by an order of the court when a petition by another company was made against them. The company was dissolved via winding up proceedings on the 11th March 2022.
	WO BANK Report 2887 Page 2 2017	4404250342 4404250353 4404250386	£1,770.80 £13,980.00 £985.78		
	WO BANK Report 2888 Page 2 2018	4404250375 4404250342 4404250353 4404250386 4404250364	£3,312.00 £915.06 £12,661.25 £1,188.00 £3,072.00		
	BANKRUPT2 Report 2908 Page 2 All Years (2019)	4404250342	£49.40		
	WO BANK Report 2889 Page 2 2019	4404250375 4404250342 4404250353 4404250386 4404250364	£3,387.90 £1,865.80 £3,662.38 £1,988.55 £3,142.40		

	BANKRUPT2 Report 2908 Page 2 All Years (2020)	4404250375 4404250342 4404250386	£2,886.54 £1,465.86 £1,694.28		
				£63,100.31	
				TOTAL: £117,421.33	