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 £149,587.60. 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 and to instruct the Director of Resources and Governance to formally write off the sum of £149,587.60.

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 2019/20 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. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the contents of this report.
7. CONSULTATION WITH SCRUTINY

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

8. FINANCIAL IMPLICATIONS

8.1 A bad debt provision is maintained for NNDR debt, which takes into account known likely bankruptcies when assessing the overall balance required to cover bad debt write offs. The Council’s share of this provision and therefore the cost of establishing the provision is 49% of the total.

8.2 The debts outlined will be written off against the existing bad debt provision.

9. LEGAL IMPLICATIONS

9.1 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.

9.2 The entries in Appendix A show 9 individual liabilities arising from 2 companies. The total debt amounts to £149,587.60, which is recommended for write off. Parity Bars (Grimsby) Limited went into Administration on 19th October 2015 it was dissolved via liquidation on 25th January 2017. IPM Utilities 1 Limited went into Liquidation on 26th February 2018, due in depth investigations into the company reflects that the liquidation is on-going, however the last report from the liquidators was that there would be no dividend realised from the liquidation of the company.

10. HUMAN RESOURCES IMPLICATIONS

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

11. WARD IMPLICATIONS

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

12. BACKGROUND PAPERS


12.2 North East Lincolnshire Council’s Corporate Debt Management Strategy -
13. CONTACT OFFICER(S)

Sharon Wroot, Director of Resources and Governance 01472 324423.

Cllr Stan Shreeve
Portfolio Holder for Finance and Resources
### Appendix A

<table>
<thead>
<tr>
<th>Name and address</th>
<th>Report &amp; Page</th>
<th>Account Number</th>
<th>Individual Liabilities</th>
<th>Total</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parity Bars (Grimsby) Limited C/O Capa Audit &amp; Property Advisors, Audit Department, Po Box 29416, Glasgow, G67 1XU</td>
<td>WO BANK Report 2269 Page 2</td>
<td>440419631</td>
<td>£9,436.78</td>
<td>£9,436.78</td>
<td>Company administrators were appointed on the 19th October 2015. Company officially dissolved on the 25th January 2017. No dividend has been realised.</td>
</tr>
<tr>
<td></td>
<td>WO BANK Report 2270 Page 2</td>
<td>440419631</td>
<td>£34,222.00</td>
<td>£34,222.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>WO BANK Report 2271 Page 2</td>
<td>440419631</td>
<td>£19,222.96</td>
<td>£19,222.96</td>
<td></td>
</tr>
<tr>
<td></td>
<td>WO BANK Report 2271 Page 3</td>
<td>440422063</td>
<td>£4,973.1</td>
<td>£4,973.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>£67,854.84</strong></td>
<td></td>
</tr>
<tr>
<td>IPM Utilities 1 Limited</td>
<td>WO BANK Report 2271 Page 2</td>
<td>440421492</td>
<td>£3,869.91</td>
<td>£3,869.91</td>
<td>Company liquidators appointed on the 26th February 2018. Due to the structure of the business and significant investigations into the company, the liquidation and winding up procedure is still ongoing, however the last report dated 25th February 2019 states that the company had no bank account and that there will be no dividend realised for any of the creditors including HMRC.</td>
</tr>
<tr>
<td></td>
<td>WO BANK Report 2271 Page 2</td>
<td>440421493</td>
<td>£14,781.92</td>
<td>£14,781.92</td>
<td></td>
</tr>
<tr>
<td></td>
<td>WO BANK Report 2271 Page 2</td>
<td>440421494</td>
<td>£3,201.63</td>
<td>£3,201.63</td>
<td></td>
</tr>
<tr>
<td></td>
<td>WO BANK Report 2271 Page 3</td>
<td>440421495</td>
<td>£25,304.64</td>
<td>£25,304.64</td>
<td></td>
</tr>
<tr>
<td>WO BANK Report 2271 Page 3</td>
<td>440421496</td>
<td>£34,574.66</td>
<td>£81,732.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------</td>
<td>-----------</td>
<td>-----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>£149,587.60</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>