

REPORT TITLE: NON-DOMESTIC RATES – WRITE OFF OF IRRECOVERABLE DEBTS

20 MARCH 2017

REPORT OF: COUNCILLOR STEPHEN GODFREY (PORTFOLIO HOLDER FOR FINANCE)

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WARD(S): ALL

PURPOSE

This report seeks approval to write off seven Non-Domestic Rates debts, amounting to £496,532 which the Council is unable to recover. Under the Council's Financial Procedure Rules, paragraph 11.7 f), amounts in excess of £50,000 and up to £250,000 should be authorised by Cabinet. These debts are fully provided for as part of the budget setting processes and there is no impact on the Council's underlying financial position as a result of this paper.

All of the debtors listed have become insolvent except for one which is untraceable. The debts in all cases span a number of years. This is the case because action to write off debts is not taken until all avenues for recovering monies has been exhausted. In these cases there was still a possibility of recovering the debts right up to the point the company was dissolved or the whereabouts of the operation of the company became unknown. In the case of dissolved companies it can take time afterwards for the administrator to announce any dividends which may be available to creditors from funds not used to meet the expenses of the liquidation. In the absconded case, numerous attempts to trace the company were made by the Revenues team.

The debts listed in this report became unrecoverable more than a year ago in most cases. However, as there is no longer any possibility of recovering monies from these companies the Revenues team will concentrate its resources on debts which can be recovered.

RECOMMENDATIONS:

That the debts listed in Appendix A amounting to £496,532 be approved for write off as no further action to recover them is available to the Council.

IMPLICATIONS:

1 COUNCIL STRATEGY OUTCOME:

- 1.1 Delivering an entrepreneurial approach to public services - ensuring the Council maximises key income streams by increasing Business Rates collection. This outcome will be assisted by the write off of debts which are incapable of recovery. It will improve the clarity of the data reviewed by officers and allow them to focus on those debts where part or full recovery is possible.

2 FINANCIAL IMPLICATIONS:

- 2.1 Writing off NNDR bad debts results in a debit (reduction) to the NNDR collection fund which is currently shared between Central Government, Winchester City Council, Hampshire County Council, and Hampshire Fire and Rescue. An estimate of bad debts is made every January, for the next financial year, in the NNDR1 and forms part of the retained business rates budget estimate. A full provision for the debts listed in this report was included in the latest budget estimate for 2017/18.

3 LEGAL AND PROCUREMENT IMPLICATIONS:

- 3.1 None

4 WORKFORCE IMPLICATIONS:

- 4.1 None

5 PROPERTY AND ASSET IMPLICATIONS:

- 5.1 None

6 CONSULTATION AND COMMUNICATION

- 6.1 Not applicable

7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

8 EQUALITY IMPACT ASSESSEMENT

- 8.1 None.

9 RISK MANAGEMENT

Risk	Mitigation	Opportunities
<i>Property</i>	n/a	n/a
<i>Community Support</i>	n/a	n/a
<i>Timescales – ensuring an up to Business Rates debit</i>	These write offs will ensure a more accurate financial position for the Council to base its forecasts on	n/a
<i>Project capacity</i>	n/a	n/a
<i>Financial / VfM</i>	n/a	n/a
<i>Legal</i>	n/a	n/a
<i>Innovation</i>	n/a	n/a
<i>Reputation</i>	By ensuring an up to date listing, the Council can focus resources more on collection of Business Rates from companies capable of payment	n/a
<i>Other</i>		

10 SUPPORTING INFORMATION:

- 10.1 In the case of the six ratepayers who have been deemed insolvent, there is no further recourse for the Council to recover these debts and so the Council has no alternative but to write off these debts as irrecoverable.
- 10.2 In the case of African Relief Trust, they have vacated the properties previously occupied in the Winchester District and are no longer in occupation at the property known to us as its registered office. A trace and several investigations have been undertaken to locate the organisation which is unsuccessful. The organisation has, over a number of years, occupied premises in Local Authorities around the country and is sought after in all cases for the large amount of debt they have left unpaid. Their scheme was commonly considered to be a rate avoidance scheme amongst Local Authorities and failed in most cases to receive the charitable rate relief from Councils which would have allowed the Landlord of the relevant properties to avoid paying business rates.
- 10.3 As a charity with very little income it is not likely that it is in a position to pay the debts outstanding even if the Council could locate the Trust or Trustees. If the company does appear again in the future and there is any possibility of recovering the debt the Council always has the option to reverse the write off.

10.4 Summary of Debts

	£
Liquidation / company dissolved	400,795.57
Absconded	95,736.70
Total	496,532.27

11 OTHER OPTIONS CONSIDERED AND REJECTED

- 11.1 The other option is to not write off these debts and leave them accruing as arrears. If the Council is able to reclaim any funds owed to it through these organisations in the future then it will collect this money and write the debt 'back on'.

BACKGROUND DOCUMENTS:-Previous Committee Reports:-

None

Other Background Documents:-

None

APPENDICES:

Appendix A – detailed list of the debts to be written off

Ratepayer	Property Address	Year	Debt o/s	Costs	Reason for Write off	
The Public Safety Charitable Trust Ltd	Gnd Flr, Unit 15, Fulcrum 2, Solent Way, Whiteley, Fareham, Hampshire, PO15 7FN	2010	8,431.99		Compulsory liquidation	
		2011	19,160.25			
		2012	20,266.50			
		2013	5,652.67			
	Wifi Site At, 49 Main Road, Colden Common, Winchester, SO21 1RP	2011	4.90			
	49 Main Road, Colden Common, Winchester, Hampshire, SO21 1RP	2011	760.38			
	Wi Fi Site At Gnd Flr Unit 15, Fulcrum 2, Solent Way, Whiteley, Fareham, Hampshire, PO15 7FN	2010	3.81			
		2011	8.66			
		2012	9.16			
		2013	2.56			
		Debt for write off		54,300.88	£0.00	
		Total		£54,300.88		
	The Unlevel Playing Field	1644 - 1645 Parkway Whiteley Fareham PO15 7AH	2013	2,226.28		Voluntary Liquidation
			2014	8,943.08		

	1633 Parkway Whiteley Fareham PO15 7AH	2014	4,959.32	£110.00	
	Hamble House 1637 Parkway Whiteley Fareham PO15 7AH	2014	1,824.63		
	Brooklands House 1637 - 1638 Parkway Whiteley Fareham PO15 7AH	2014	4,959.32	£110.00	
	1640 - 1643 Parkway Whiteley Freham PO15 7AH	2013 2014	4,322.88 17,299.18	£110.00	
	1636 Parkway Whiteley Fareham PO15 7AH	2013 2014	1,599.46 6,400.70	£110.00	
	Debt for write off		<u>52,534.85</u>	<u>£440.00</u>	
	Total		£52,974.85		
Africa Relief Trust	West Wing, Crown Walk, Jewry Street, Winchester, Hampshire, SO23 8BB	2014 2013 2012	2,019.78 31,321.50 1,418.55	£110.00 £110.00	Gone away - unable to trace. Charity Commission undertook a statutory inquiry in to their conduct in respect of rate relief applications submitted to to Local Authorities.
	1st Flr, 2 Crown Walk, Jewry Street, Winchester, Hampshire, SO23 8BB	2014 2013 2012	13,014.00 12,717.00 6,222.43	£110.00 £110.00 £110.00	

	Gnd Flr, 2 Crown Walk, Jewry Street, Winchester, Hampshire, SO23 8BB	2013	7,820.21	£110.00	
	1st & 2nd Flrs, 1 Crown Walk, Jewry Street, Winchester, Hampshire, SO23 8BB	2014	20,433.23	£110.00	
	Debt for write off		<u>94,966.70</u>	<u>£770.00</u>	
	Total		£95,736.70		
The Square Winchester Ltd	The Bar In The Square, 31B The Square, Winchester Hampshire, SO23 9EX	2014	19,301.13	£110.00	Compulsory Liquidation
		2013	20,811.75	£110.00	
	Vodka Bar And Night Club, Upper Brook Street, Winchester Hampshire, SO23 8AL	2014	11,525.48	£110.00	
		2013	8,894.80	£110.00	
		2013	12,248.58		
	Debt for write off		<u>72,781.74</u>	<u>£440.00</u>	
	Total		£73,221.74		
Crazy Canutes Ltd	1636 Parkway Whiteley Fareham PO15 7AH	2014	2,491.87		Struck off Companies House register and Dissolved
		2015	6,254.77	£110.00	

1633 Parkway Whiteley Fareham PO15 7AH	2014	2,491.87	
	2015	6,254.77	£110.00
1640 - 1643 Parkway Whiteley Fareham PO15 7AH	2014	6,734.79	
	2015	16,904.78	£110.00
1644 - 1645 Parkway Whiteley Fareham PO15 7AH	2014	3,468.42	
	2015	8,705.96	£110.00
Brooklands House 1637 - 1638 Parkway Whiteley Fareham PO15 7AH	2014	4,647.01	
	2015	11,664.30	£110.00
1624 Parkway Whiteley Fareham PO15 7AH	2014	1,941.42	
	2015	4,855.41	£110.00
Debt for write off		<u>76,415.37</u>	<u>£660.00</u>
Total		£77,075.37	

Alt2prison Ltd

	2013	2,334.35		
	2014	3,636.79		
1621 & 1623 Parkway Whitely Fareham PO15 7AH	2014	9,377.21	£110.00	Director imprisoned and company dissolved
	2015	5,600.80		

	2013	2,334.34	
	2014	3,636.79	
1625 -1627 Parkway Whiteley Fareham PO15 7AH	2014	9,377.21	£110.00
	2015	5,600.80	
	2013	2,226.28	
	2014	3,468.42	
1646 - 1647 Parkway Whiteley Faeham PO15 7AH	2014	8,943.08	£110.00
	2015	5,341.51	
	2013	1,599.46	
	2014	2,491.87	
1635 Parkway Whiteley Fareham PO15 7AH	2014	6,425.13	£110.00
	2015	3,837.59	
	2013	1,623.34	
	2014	2,491.87	
1632 Parkway Whiteley Fareham PO15 7AH	2014	6,425.13	£110.00
	2015	3,837.59	
	2013	1,250.88	
1624 Parkway Whiteley Fareham PO15 7AH	2014	5,005.83	£110.00
	2013	2,334.35	
1620 & 1622 Parkway Whiteley Fareham PO15 7AH	2014	2,567.15	£110.00

	Debt for write off		<u>101,767.77</u>	<u>£770.00</u>	
	Total		£102,537.77		
Artys Ltd	Unit D South Square Knowle Fareham PO17 9FL				Compulsory strike-off of Companies House register and Dissolved
		2014	4,356.84	£110.00	
		2013	7,507.50	£110.00	
		2012	7,312.50	£110.00	
		2011	5,851.75	£110.00	
		2010	6,727.50	£110.00	
		2009	7,881.25	£110.00	
		2008	387.62		
	Debt for write off		<u>40,024.96</u>	<u>£660.00</u>	
	Total		40,684.96		
	Total Debts for write off		<u><u>£496,532.27</u></u>		