

REPORT OF STRATEGIC DIRECTOR OF SERVICE REFORM

TO THE LEAD MEMBER FOR FINANCE AND SUPPORT SERVICES

ON

26 November 2020

TITLE: Write Off of Irrecoverable Debt –Business Rates

RECOMMENDATIONS: The lead Member for Finance & Support Services is requested to approve the write -off of the irrecoverable debts for Business Rates to the value of **£506,569.14**

EXECUTIVE SUMMARY:

The Business Rates Team continues to make progress with the collection of outstanding debts achieving in year 2019/2020 collection of 98.22% .There are however, debts that are uncollectible because of a variety of reasons and these debts need to be written off to maintain the efficient maintenance of the accounts. The Council has budget provision to cover the cost of debt written off

BACKGROUND DOCUMENTS:

Write off strategies for each fund

Case files have been prepared for high value debts where current recovery methods have been unsuccessful.

KEY DECISION: YES

The write - off of irrecoverable debts is provided for in the forward plan

DETAILS:

Members have previously approved the current write-off strategy which sets out the circumstances where the debt is likely to be deemed irrecoverable. Such circumstances include categories like: **Absconders, Ceased to trade, Bankruptcy and Liquidation.**

Details of each individual account to be written off and written on can also be supplied if required.

All cases referred to in this report are now terminated and therefore do not have ongoing Business Rates liability, with the exception of one case. A retrospective change to an account has generated debt in years 2011 and 2012 which we are unable to recover under statute barred. Full case reviews have been completed for high value cases being put forward for Write Off and where appropriate legal advice sought on recoverability and enforcement options open to seek payment in full.

Table 1 shows a summary of the proposed cases for write-off under the appropriate categories.

Table 1		
Category	Number	Amount
Absconded	0	£ 0.00
Insolvency	41	£ 479,885.63
Uneconomical/Irrecoverable	10	£ 42,942.39
Total	51	£ 522,828.02

Table 2 shows a summary of write-on accounts by reason

Table 2		
Category	Number	Total All Years
Absconded	2	£ 145.07
Insolvency	13	£ 16,113.81
Uneconomical/Irrecoverable	0	£ 0.00
Total	15	£ 16,258.88

Recommendation:

The total running value of write-offs, during 2019/2020 is falling. This reflects an improvement in account management during the financial year, with higher value write-offs being requested earlier in the year when accounts are reviewed i.e. not allowing larger debts to accrue.

The Lead Member is requested to approve the write-off of irrecoverable business rates liabilities totalling £506,569.14

The write-off of these debts has been provided for in terms of the bad debt provision.

KEY COUNCIL POLICIES: Performance Management

EQUALITY IMPACT ASSESSMENT AND IMPLICATIONS: NA

ASSESSMENT OF RISK: The write - off of irrecoverable debts is an essential part of The administration of Business Rates accounts.

LEGAL IMPLICATIONS Supplied by: NA

FINANCIAL IMPLICATIONS Supplied by: The finance team have confirmed the bad debt provisions

PROCUREMENT IMPLICATIONS Supplied by: NA

HR IMPLICATIONS Supplied by: NA

CLIMATE CHANGE IMPLICATIONS Supplied by: NA

OTHER DIRECTORATES CONSULTED: NA

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WARDS TO WHICH REPORT RELATES:

The write-off of irrecoverable debts may relate to properties in any ward.