

Policy and Resources Committee

29 July 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Irrecoverable Business Rates

Final Decision-Maker	Policy and Resources Committee
Lead Director or Head of Service	Zena Cooke, Director of Regeneration and Communities
Lead Officer and Report Author	Stephen McGinnes, Head of Revenues and Benefits
Classification	Non-exempt
Wards affected	All wards

This report makes the following recommendations to the final decision-maker:

1. That the unpaid business rates debt identified within Appendix A is approved for write off.

This report relates to the following corporate priorities:

- Great People
- Great Place
- Great Opportunity

Timetable

<i>Meeting</i>	<i>Date</i>
Policy and Resources Committee	29 July 2015

Irrecoverable Business Rates

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To approve the write off of business rates debt where the council has exhausted all options to collect the debt and has no prospect of recovery.

2. INTRODUCTION AND BACKGROUND

- 2.1 The council collects business rates amounting to £59,837,059 from 4682 rate payers, with an average collection rate of 97.68%.

- 2.2 Where the council is unable to collect the business rates that are payable, it takes a robust approach to recovery. This involves progressive action which would typically include;

- Reminder for non payment
- Final Notice for non payment
- Summons for non Payment
- Application to the Magistrates Court for a liability order
- Instruction of a Bailiff to recover
- Bankruptcy or Liquidation, where appropriate
- Proceedings to seek committal to prison (individuals)

- 2.3 Throughout the collection process the Council actively encourages contact from any business experiencing difficulty in order to negotiate arrangement for payment.

- 2.4 The council has exhausted all recovery processes in trying to collect the unpaid business rates from 18 businesses identified within appendix A, with no prospect of recovering the arrears.

The outstanding business rates arrears and amount identified as irrecoverable can be broken down as follows.

Financial Year	Gross Debt	Arrears Outstanding	Proposed write off	Write off as % of gross debt
2008/09	£56,176,756	£21,334	£7,085	0.01%
2009/10	£59,975,085	£34,296	£2,072	0.00%
2010/11	£59,162,504	£141,692	£7,761	0.01%
2011/12	£60,912,607	£229,081	£67,370	0.11%
2012/13	£63,986,563	£371,792	£109,801	0.17%
2013/14	£66,572,476	£949,840	£289,546	0.43%
2014/15	£67,990,994	£1,557,914	£153,248	0.22%
TOTAL	£434,776,985	£3,305,949	£636,883	0.15%

2.4.1 Please note that information relating to individuals is protected by data protection legislation and has therefore been redacted within Appendix A.

3. AVAILABLE OPTIONS

3.1 Whilst the council can continue to hold the debt as outstanding, it has no prospect of recovery and this will therefore distort the council's true financial position, and is therefore not recommended.

4. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

4.1 The council's accounts will be amended to reflect the fact that the payments identified are not expected to be recovered.

5. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Financial	The Council maintains a provision for bad debts, the extent to which the provision is used is linked to the level of arrears at the end of the financial year. There is sufficient resource available from the provision and the in-year budget for non-collection to cover the value of write off proposed while retaining adequate provision for the projected outstanding debt at 31st March 2016.	Director of Regeneration & Communities
Legal	There are no legal implications in the decision to be taken.	Estelle Culligan Deputy Head of Legal Partnership

6. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: table of irrecoverable business rates
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7. BACKGROUND PAPERS

None