

MAIDSTONE BOROUGH COUNCIL

LEADER OF THE COUNCIL]

REPORT OF HEAD OF REVENUES AND BENEFITS SHARED SERVICE

Report prepared by Stephen McGinnes

Date Issued: 7 August 2014

1. Irrecoverable Business Rates

1.1 Key Issue for Decision

1.1.1 To consider the outstanding business rates debts that have been identified for write off.

1.2 Recommendation of Head of Revenues and Benefits

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

1.3 Reasons for Recommendation

1.3.1 The council collects business rates amounting to £57,782,565 from 4682 rate payers, with an average collection rate of 97.66%.

1.3.2 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)

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

1.3.4 The council has exhausted all recovery processes in trying to collect the unpaid business rates from the 17 businesses identified within appendix A, with no prospect of recovering the £273,273 arrears.

Please note that with Appendix A information relating to individuals which is protected through the data protection act has been redacted.

1.4 Alternative Action and why not Recommended

1.4.1 Whilst the council can continue to hold the debt as outstanding, it has no prospect of recovery and will therefore distort the true financial position.

1.5 Impact on Corporate Objectives

1.5.1 The correct classification of irrecoverable debt supports the effective financial management of the council.

1.6 Risk Management

1.6.1 The recovery processes adopted within the Revenues and Benefits Team are subject to regular review through internal and external audit. This provides the necessary assurance that arrangements are effective and proportionate.

1.7 Other Implications

1.7.1

1.	Financial	x
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

Financial – The attached appendix recommends writing off irrecoverable debt to the value of £273,273. Total business rates arrears at 31st March 2014 were £2.4m, of which £1.2m relates to

arrears for the last financial year. The Council maintains a provision for bad debts, however 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 2015.

1.8 Relevant Documents

1.8.1 Appendices

Appendix A – Debts identified for write off

1.8.2 Background Documents

None

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan?

...08.07.2014.....

This is a Key Decision because: ...Value exceeds £250,000.....

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Wards/Parishes affected: ...All

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How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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