

Agenda Item IMD31

INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 2016/31

TITLE	Write off of Non Collectable Debt.
DECISION TO BE MADE BY	Anthony Pollock, Executive Member for Economic Development and Finance
DATE AND TIME	Friday 9 September 2016 12.10
WARD	None Specific
DIRECTOR	Graham Ebers, Director of Finance and Resources
REPORT TO BE PUBLISHED ON	1 September 2016
VENUE	Shute End, Ground Floor 2

OUTCOME / BENEFITS TO THE COMMUNITY

The write-off of a non-collectable debt ensures that Council ledgers are accurate and up to date.

The debt to be written off is in respect of business rates liabilities for the 2014/2015 and 2015/2016 financial year. Any debt written off has a financial impact as the Council incurs 49% of the loss.

RECOMMENDATION

Agree to write-off the business rates liabilities of £29,911.75 relating to 2014/2015 and £17,348.53 relating to 2015/2016, totaling £47,260.28 as unrecoverable.

SUMMARY OF REPORT

Luckings Logistics Ltd occupied premises in Headley Road East, Woodley, RG5 4BJ for the period 5 July 2014 until 31 August 2015. They were issued with a bill and as no payments were made, they were subsequently issued with a Reminder Notice and a Summons Notice and a Liability Order was obtained in accordance with our recovery timetable. Again no payments were made.

Before progressing the account to enforcement agents for collection of the outstanding debt, contact was attempted – a telephone number for the company accounts department was located and a message left. On a further attempt to contact the company the officer was informed that the company had entered into administration and we were given a contact at SFP Restructuring Ltd.

A contact address for SFP Restructuring Ltd was added at this time and bills with the outstanding balance for Luckings Ltd were issued to the administrators.

Background

Luckings Logistics were registered for business rates at a property in Headley Road East, Woodley. The principal trading activity of Luckings Logistics was the transportation of freight by road. A Company who held a charge on Luckings Logistics made an application for administrators to be appointed and a winding up petition had previously been issued by HMRC on 16 July 2015 (with a hearing date of 14 September). The account has been closed from the date Joint Administrators were appointed. A proof of debt form has been submitted but as an unsecured debtor there is little likelihood of a payment being made.

Analysis of Issues

We have exhausted all possible steps to enforce payment of the outstanding business rates liabilities and it is now covered under an Administration Order. If the debt is not written off it will remain as a bad debt outstanding on our records. 49% of the total amount outstanding, £23,157.54 is a loss to the Council, and Central Government funds the remainder. We are likely to exceed our target for collection on business rates this financial year and therefore I would suggest that the 49% loss could be offset against the expected excess income collected.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£23,157.54	Yes	Revenue
Next Financial Year (Year 2)	£0		
Following Financial Year (Year 3)	£0		

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None identified

SUMMARY OF CONSULTATION RESPONSES

Director – Finance and Resources	None received
Monitoring Officer	None received
Leader of the Council	The council has no chance of recovering these debts and therefore I reluctantly support the writing off of these business rates debts

List of Background Papers
None

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