

Agenda Item IMD28

INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 2016/28

TITLE	Write off of Non Collectable Debt.
DECISION TO BE MADE BY	Executive Member for Economic Development and Finance
DATE AND TIME	Friday 9 September 2016 12.00
WARD	Non 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 2012/2013 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 £33,858.88 relating to 2012/2013 as unrecoverable.

SUMMARY OF REPORT

Nanda Trading Limited occupied premises at 55a and 55b Crockhamwell Road, Woodley, Reading, Berkshire, RG5 3JP for the period 25 April 2012 to 10 March 2013. 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.

The debt was passed to Enforcement Agents for collection but was returned by 3 separate agencies unpaid due to no contact being established. Companies House records were checked in September 2015 and a new contact address was found. A bill was issued to this address but when there was no response a further check of Companies House was made and their records confirmed that the company had been placed into liquidated on 9 March 2015.

A final bill was issued to the Insolvency Practitioners with a proof of debt form. It has been confirmed on the creditors report from the Insolvency Practitioners dated 8 March 2016, that a dividend will not be declared to unsecured creditors as the funds realised have been used to make payments to meet the expenses of the liquidation. Therefore there is no alternative other than to pass the debt for write off.

Background

Nanda Trading Limited were registered for business rates at a shop in Crockhamwell Road, Woodley. The principal trading activity of Nanda Trading Limited was the letting of commercial property. The company traded from the director, Mr Nanda's private residence in Hounslow. The company traded in the letting of commercial properties on a licence basis and sublet them out for a profit margin. The company was run by the director, Mr Nanda and no employees were hired. Difficulties arose when a large corporation tax liability was paid in full, which had a detrimental effect on the company's financial position. Due to the large amount owed to HM Revenue & Customs, they petitioned for the company to be struck off. It is stated in the Creditors report that it was the Directors' opinion that this resulted in that the company having no option but to cease trading.

Analysis of Issues

We have exhausted all possible steps to enforce payment of the outstanding business rates liabilities. If the debt is not written off it will remain as a bad debt outstanding on our records. 49% of the total amount outstanding, £16,590.85, 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 this loss will be covered from the excess income.

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)	£16,590.85	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

No Implications

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

Contact: Sharon Pearce	Service Finance
Telephone No 0118 908 8423	Email Sharon.Pearce@wokingham.gov.uk
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