

Agenda Item IMD31

NOTICE OF INDIVIDUAL EXECUTIVE MEMBER DECISION

ITEM NO.	IMD 2015-31
TITLE	Write off of Non-Collectable Debt
DECISION TO BE MADE BY	Anthony Pollock, Executive Member for Economic Development and Finance
DATE AND TIME OF DECISION	Friday 11 September 2015 at 08.35am
VENUE	David Hicks Room, Council Offices, Shute End, Wokingham
REPORT TO BE PUBLISHED ON	Thursday 3 September 2015

**INDIVIDUAL EXECUTIVE MEMBER DECISION
REFERENCE IMD: 2015-31**

TITLE	Write Off of Non-Collectable Debt
FOR CONSIDERATION BY	Anthony Pollock, Executive Member for Economic Development and Finance
ON	Friday 11 September 2015
TIME	8.35 am
WARD	None Specific
DIRECTOR	Graham Ebers, Finance and Resources

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 years 2012/2013, 2013/2014 and 2014/2015. Due to the changes in Business Rates funding any debt that is written off has a financial impact on the Council in that 49% of the loss is incurred by the Council.

RECOMMENDATION

That the Executive Member agree to write off business rates liabilities in the sums of £25,521.97 as unrecoverable. £6,000 relates to 2012/2013, £10,997.25 relates to 2013/2014 and £8,524.72 relates to 2014/2015.

SUMMARY OF REPORT

Britisheco Limited was a company that had been in operation for two and a half years at a business unit in Wokingham, moving in during February 2012. Initially the business rates liability was paid, but towards the end of 2012, the account was beginning to fall into arrears and recovery action was taken, which resulted in some further payments being made.

In August 2014 we were advised that the company was going to appoint an Administrator and in September 2014 Administrators were appointed.

We have been advised by the Administrators that a payment to any class of creditor is not considered likely. As a result WBC have no option but to write off the debt totalling £25,521.97.

Background

Britisheco Limited (in Administration) were registered for business rates at a business unit from February 2012. They paid their business rates regularly until November 2012 when the first recovery action was taken. Ad hoc payments continued to be paid and arrangements for payment were made during regular contact with the Directors and Senior Managers of the company. Recovery action was taken on the debt for 2013/14 and for 2014/15 and arrangements for payment were made. However, we were advised in August 2014 that the company was to go into administration, and Administrators were appointed in September 2014.

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, £12,505.77, is a loss to the Council, and Central Government funds the remainder. We will 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)	12,505.77	Yes	Revenue
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications (how does this decision impact on other Council services, including property and priorities?)

No implications

SUMMARY OF CONSULTATION RESPONSES

Director - Resources	None received
Monitoring Officer	None received
Leader of the Council	None received

List of Background Papers
None

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