

Agenda Item IMD15

INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: 2016/15

TITLE	Write Off of Non-Collectable Debt
FOR CONSIDERATION BY	Anthony Pollock, Executive Member for Economic Development and Finance
ON	Friday 18 March 2016
TIME	8.30am
WARD	Non Specific
DIRECTOR	Graham Ebers, Director of Finance and Resources
REPORT TO BE PUBLISHED ON	9 March 2016
VENUE	DH2 Room, Council Offices, Shute End.

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 2014/2015 and 2015/2016. 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

The Executive Member for Economic Development and Finance agrees to write off business rates liabilities in the sums of £37,164.02 as unrecoverable. £22,471 relates to 2014/2015 and £14,693.02 relates to 2015/2016.

SUMMARY OF REPORT

Magnus Clay Limited was a company that had been in operation at the property, a restaurant in Wokingham, for 20 months, moving in during March 2014. Payments were not made, recovery action was taken, and on the issue of a summons in June 2014 the 2013-14 rates were paid in full (£521.33). In July 2014 a summons was issued for the 2014-15 debt and an arrangement was made to pay £400 per week.

In August 2015, after payments had stopped and we could not get any response from the company, a search on Companies House indicated that there was a proposal for the company to be written off and an inspection of the property in Wokingham confirmed that the property was empty and no one was trading. A later search on Companies House confirmed that the company was dissolved on 3 November 2015.

As the company has been dissolved, there is no alternative other than to pass the debt for write off.

Background

Magnus Clay Limited were registered for business rates at a restaurant from March 2014. After not initially making any payments, they paid the 2014/15 rates in full on the issue of a summons and made an arrangement for the 2015/16 rates on the issue of a summons for that debt. They paid the arrangement as agreed, and once payment had stopped, we tried to make contact with the company. After being unable to make contact we arranged for a visit to the premises and searched on Companies House to ascertain the status of the company. This indicated that there was a proposal for the company to be struck off. The company was incorporated in March 2014, with one director and £1 share capital

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, £18,210.37, 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)	£18,210.37	Yes	Revenue
Next Financial Year (Year 2)			
Following Financial Year (Year 3)			

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

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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