

RIBBLE VALLEY BOROUGH COUNCIL DECISION
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 13

meeting date: 12 NOVEMBER 2013
title: NATIONAL NON DOMESTIC RATES WRITE OFF
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To obtain Committee's approval to write off National Non-Domestic Rate debts.

1.2 Relevance to the Council's ambitions and priorities:

❖ ***Council Ambitions/Community Objectives/Corporate Priorities***

Without the revenue collected from rates, council tax and sundry debtors we would be unable to meet the Council's ambitions, objectives and priorities.

2 BACKGROUND

NNDR

2.1 No specific statute exists to give guidance on the circumstances under which debts, in general, can be written off other than the statute of limitations. Any debt for which recovery action has not been taken within six years still remains but legal action cannot be taken.

2.2 As a matter of law, we are under an obligation to take reasonable steps to collect business rate debts.

2.3 We do this by various means, including summonses, distraint of goods, bankruptcy, winding up and committal warrants. However, there are some cases where debtors simply leave their property with arrears and where we have no forwarding address, or are declared bankrupt, insolvent or cease trading.

2.4 The onset of the recession has seen more companies get into financial difficulties. Companies that get into the most financial difficulties have to take the administration/receivership options if they are unable to agree terms with their creditors.

3 CURRENT POSITION

3.1 There are now a number of cases where the company has gone into administration or liquidation and therefore we need to write off some NNDR debts.

3.2 Annex 1 shows details of the various debts we are seeking approval to write off – these total £34,692.76.

4 FINANCIAL IMPLICATIONS

- 4.1 Until 31 March 2013 when NNDR debts were written off the costs were met from the non-domestic rate pool and therefore did not impact this Council's finances directly.
- 4.2 The new rates retention scheme came into effect on 1 April 2013 and as a result the cost of NNDR write offs are now met in part by central government and in part by local government.

5 RECOMMENDED THAT COMMITTEE

- 5.1 Approve writing off £34,692.76 of NNDR debts where it has not been possible to collect the amounts due.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES

PF63-13/ME/AC
4 November 2013

Background papers: None

For further information please ask for Mark Edmondson.

Policy and Finance Committee

Write Offs - NNDR

| Year | Name | Property | Amount £ |
|---|------------------------------|--|------------------|
| ADMINISTRATION | | | |
| An administration order is a process designed to protect limited companies from their creditors while a debt restructuring plan is carried out and presented to creditors and courts. It is unlikely that in these cases, as an unsecured creditor, we will receive any funds, but if we do an adjustment will be made of the amount written off. | | | |
| 2012/13 | Nextep Inns Limited | Bayley Arms Hotel, Hurst Green, BB7 9QB | 5,024.00 |
| 2013/14 | | | 9,367.41 |
| 2013/14 | Nextep Inns Limited | Fieldens Arms, Mellor Brook, BB2 7PR | 2,745.64 |
| | | | 17,137.05 |
| 2013/14 | Sandersons Confectioners LLP | 2 Whalley Road, Mellor Brook, BB2 7PR | 477.86 |
| 2013/14 | Sandersons Confectioners LLP | Ramsgreave Bakery, Pleckgate Road, Ramsgreave, BB1 8QW | 2,563.82 |
| | | | 3,041.68 |
| TOTAL | | | 20,178.73 |

| Year | Name | Property | Amount £ |
|---|--|---|------------------|
| LIQUIDATION | | | |
| Liquidation is the process by which a company (or part of a company) is brought to an end, and the assets and property of the company are redistributed. It is unlikely in these cases that, as an unsecured creditor, we will receive any funds but if we do an adjustment will be made to the amount written off. | | | |
| 2013/14 | Joilla Limited t/a La Vespa | 78-82 Whalley Road, Clitheroe, BB7 1EE | 2,160.14 |
| | | | 2,160.14 |
| 2011/12 | Longridge Law Limited | 54 Berry Lane, Longridge, PR3 3JP | 205.85 |
| 2012/13 | | | 1,365.00 |
| 2013/14 | | | 319.35 |
| | | | 1,890.20 |
| 2011/12 | The Public Safety Charitable Trust Limited | Former Olive Press, York Street, Clitheroe, BB7 2DL | 4,009.70 |
| 2012/13 | | | 6,450.80 |
| 2011/12 | The Public Safety Charitable Trust Limited | Communication equipment @ the former Olive Press, York Street, Clitheroe, BB7 2DL | 1.11 |
| 2012/13 | | | 2.08 |
| | | | 10,463.69 |
| TOTAL | | | 14,514.03 |