

RIBBLE VALLEY BOROUGH COUNCIL DECISION
REPORT TO POLICY AND FINANCE COMMITTEE

Agenda Item No 7

meeting date: 6 SEPTEMBER 2016
title: LOCAL TAXATION WRITE OFFS
submitted by: DIRECTOR OF RESOURCES
principal author: MARK EDMONDSON

1 PURPOSE

1.1 To obtain Committee's approval to write off certain 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, enforcement agents, 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 individuals and 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 CARR HALL HOME AND GARDEN CENTRE LTD

3.1 The debt relating to this company covers two main periods i.e. the first year of trading (approx. £30k) and the year between when the company ceased to trade and a new tenant was found for the property (approx. £33k).

3.2 The Valuation Office Agency took almost twelve months to bring this property into rating and initially gave it a substantially higher rateable value.

3.3 Mr Andrew Donelan who was the Director of Carr Hall Home and Garden Centre Ltd disputed his liability and a meeting took place attended by the Head of Revenues and Benefits, the ward Councillors and our MP.

3.4 An arrangement was made with Mr Donelan to hold action in relation to recovery of the rates for the first year to allow him to appeal against the assessment on the understanding that he would pay the full amount due once his appeal was settled.

- 3.5 Unfortunately, despite Mr Donelan's assurances, payment has not been forthcoming and the company has since gone into liquidation, and therefore we are unable to take any further action.
- 3.6 Once the company ceased to trade the property was emptied with effect from 1 April 2014 and a three month exemption was allowed for the period until 30 June 2014.
- 3.7 A dispute then arose with Mr Donelan as the property is owned by another one of his companies i.e. Donelan Trading Ltd and it was our view that that company could be liable for the rates payable from 1 July 2014 until the new tenant was found on 16 February 2015 i.e. approximately £33,000.
- 3.8 Mr Donelan instructed solicitors to dispute this and provide some evidence to suggest that Carr Hall Home and Garden Centre Ltd continued to pay the other utilities etc. in respect of the property.
- 3.9 A decision was then taken to accept that Carr Hall Home and Garden Centre Ltd remained liable for rates until 15 February 2015 as it was uncertain that the Council would be successful in obtaining a Liability Order against Donelan Trading Ltd at a contested hearing.

4 CURRENT POSITION

- 4.1 There are two cases where the companies have been dissolved and three cases where the companies have gone into liquidation and therefore we need to write off NNDR debts. Annex 1 shows details of the debts we are seeking approval to write off – these total £90,009.03.

5 FINANCIAL IMPLICATIONS

- 5.1 Until 31 March 2013 when NNDR debts were written off the costs were met from the non-domestic rate pool.
- 5.2 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 £90,009.03 of NNDR debts where it has not been possible to collect the amounts due.

HEAD OF REVENUES AND BENEFITS

DIRECTOR OF RESOURCES

PF39-16/ME/AC
22 August 2016

Write offs – NNDR

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.			
2015/16	House of Cards	4 Castle Street, Clitheroe BB7 2BX	1,400.66
2012/13	Panama Sports Horses UK Ltd	Gisburne Stables, Gisburne Park, Gisburn, Clitheroe BB7 4HU	2,561.50
2013/14			4,685.37
2014/15			6,446.50
2015/16			202.78
2010/11			Carr Hall Home and Garden Centre Ltd
2011/12	29,604.89		
2012/13	3,664.00		
2013/14	3,768.00		
2014/15	32,802.41		
Costs	60.00		
TOTAL			

Year	Name	Property	Amount £
DISSOLVED			
Dissolution is the last stage of liquidation, the process by which a company (or part of a company) is brought to an end and the assets and property of the company redistributed.			
2015/16	Onward and Outward Pursuits Ltd	Unit 3, Open Barn, Twitter Lane, Bashall Eaves, Clitheroe BB7 3LQ	440.44
2014/15		4 Pond Barn, Back Ridge Farm, Twitter Lane, Bashall Eaves, Clitheroe BB7 3LQ	402.99
2015/16			563.65
2012/13	Ribble Valley Antiques Centre Ltd	Watt Street, Sabden, Clitheroe BB7 9ED	1,066.50
2012/13		Georges Cauldron Café, Watt Street, Sabden, Clitheroe BB7 9ED	379.36
Total			2,852.94