



**Agenda
Item
7**

CABINET

Monday 11 March 2019

DECISION TO WRITE OFF NON-DOMESTIC RATES (CAB 24/19)

EXECUTIVE SUMMARY

1. One Non-Domestic Ratepayer ('the company') within the District has outstanding business rates liabilities of £61,341.05 dating back to 2nd November 2015 which has been processed through the Magistrate Court and Liability Orders for £61,341.05 issued.
2. Since the Liability Orders were issued, 'the company' has been found to have vacated the property on 31st January 2017 and has gone into liquidation on 19th May 2017, therefore further recovery action can not be undertaken and the only action left for the Council is to write off the debt.
3. Under the Council's Financial Procedure Rules, which is Part 4 of the Council's Constitution, paragraph 5.24 states "Individual sums to be written off that exceed £50,000 require approval of the Cabinet", which is what this report seeks.

Is the report Open or Exempt?	Open
Wards Affected:	All Wards in the District
Cabinet Member:	Councillor Stuart Lawson Cabinet Member with Responsibility for Resources
Supporting Officer:	Simon Taylor Chief Finance Officer and Section 151 Officer 01394 444570 simon.taylor@eastsoffolk.gov.uk

1 INTRODUCTION

- 1.1 The Council, as Billing Authority, is responsible for the billing and collection of non-domestic rates (also known as business rates) within the District of Suffolk Coastal. As part of the Council's collection responsibilities, when a non-domestic ratepayer has outstanding business rates liabilities with the Council, recovery action is undertaken to secure all monies owed.
- 1.2 The final action the Council will take is to secure via the Magistrate Courts, Liability Orders for the outstanding monies owed. Even when Liability Orders are secured, this does not guarantee the collection of outstanding liabilities as non-domestic ratepayers can still go bankrupt, into liquidation or vacate their sites to move overseas/become hard to trace.
- 1.3 When this happens, the Council is left with only one option which is to write off the outstanding debts.

2 BACKGROUND

- 2.1 The property concerned was occupied by 'the company' on 2nd November 2015. Non-domestic rates bills have been issued for each financial year since occupation and formal recovery proceedings through the Magistrates Court have been taken. The Council has Liability Orders to cover the whole balance of £61,341.05.
- 2.2 No payments were made direct to the Council by 'the company' and the Liability Orders were passed to the Enforcement Agent for collection with no success.
- 2.3 'The company' were found to have vacated the property on 31st January 2017 and went into liquidation from 19th May 2017, therefore further recovery action cannot be undertaken.

3 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 3.1 The Council, as Billing Authority, has a statutory responsibility to issue bills in relation to non-domestic rates and arrange for collection of those bills issued. The income generated from non-domestic rates is a significant income source not only for this Council, but also for Central Government and Suffolk County Council.
- 3.2 The income from non-domestic rates impacts directly on the East Suffolk Business Plan objective of becoming Financially Self-Sufficient, as without non-domestic rates income the Council would not be able to provide key services to the public.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 As the outstanding non-domestic rates debt is more than two years old, the Council will hold within the Collection Fund, a bad debt provision that is equal to the outstanding debt of £61,341.05. This means that the financial impact on the Council and Suffolk County Council (as this financial year is a 100% pilot with an 80/20 split respectively) will be mitigated by the release of the bad debt provision, causing no financial impact.

5 OTHER KEY ISSUES

- 5.1 No other key issues to consider.

6 CONSULTATION

- 6.1 None required.

7 OTHER OPTIONS CONSIDERED

7.1 No other options available.

8 REASON FOR RECOMMENDATION

8.1 Financial Procedure Rules requires Cabinet to approve the write off of sums that exceed £50,000 and there is no further action that can be taken to recover the debt.

RECOMMENDATIONS

That Cabinet agrees to write off the outstanding non-domestic rates debt of £61,341.05.

APPENDICES - none

BACKGROUND PAPERS - none