Committee:	**Cabinet**	**Agenda Item**
Date:	**26 March 2013**	18
Title:	**Write offs**	
Portfolio Holder:	**Cllr Robert Chambers**	Key decision: No

Summary

1. Under Financial Regulations, Cabinet approval is required to write off bad debts in excess of £5,000.

2. The appendices set out details of irrecoverable debts. The reason for recommending write off is that there is no prospect of recovering the balances due.

3. Debts in the name of limited companies are not subject to data protection so should be considered in part 1. These are set out in Appendix A. Debts in the name of private individuals are subject to data protection so should be considered in part 2. These are set out in Appendix B which is a part 2 paper.

Recommendations

4. The Cabinet is recommended to authorise the write off of irrecoverable debts set out as follows:

Appendix A (Part 1)	Business Rates total £148,683.97
Appendix B (Part 2)	Council Tax total £5,590.66

Financial Implications

5. The business rates write offs will be a charge against the Business Rates Bad Debt provision, the cost of which is met by the Collection Fund and affects the amount paid over to the National Non Domestic Rates Pool. There are no direct budgetary implications arising for the Council. This will change after 1 April under the new Localisation of Business Rates arrangements.

6. The Council Tax write off will be a charge to the Council Tax bad debt provision, the cost of which is met by the Collection Fund and apportioned between the major precepting authorities. Accordingly the direct loss to UDC is approx £800.

Background Papers

None.

Impact

Communication/Consultation	Correspondence has been exchanged with customers, bailiffs, etc.
Community Safety	None identified.
Equalities	None identified.
Health and Safety	None identified.
Human Rights / Legal Implications	None identified.
Sustainability	None identified.
Ward-specific impacts	None identified.
Workforce/Workplace	None identified.

Business Rates write offs

7. Appendix A includes one larger item in the sum of £109,212.04, relating to the insolvent company Hartford End Developments Ltd. The background to this case is as follows.

8. The company purchased the former Ridleys brewery from Greene King on 9 May 2007, with the intention of developing the site for housing. At that time empty industrial properties were permanently exempt from business rates whilst empty, but from 1 April 2008 the Empty Rate regulations were changed, making the owners of empty industrial properties liable for the full rate 6 months after they became empty. A bill was issued and not paid, culminating in a court hearing and liability order on 10 June 2008.

9. Following several visits, the bailiff determined that the company had no material assets other than the brewery premises itself. In July 2010 insolvency proceedings commenced. The company paid the full 2010/11 debt and agreement was made that other liabilities would be settled. The earlier debts were then put on hold and the insolvency did not commence. As no payments were received the recovery process recommenced, with correspondence continuing until February 2012. In June 2012 HMRC petitioned for Liquidation, but this process was not completed until December.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
None	-	-	No risks have been identified as this matter relates to internal administrative procedure.