

EXECUTIVE BOARD DECISION



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICERS: Director of Finance & Customer Services

DATE: Thursday, 13 June 2019

PORTFOLIO(S) AFFECTED: N/A

WARD/S AFFECTED: N/A

KEY DECISION: NO

SUBJECT:

Write off of Business Rates.

1. EXECUTIVE SUMMARY

The report details a Business Rate account that is deemed irrecoverable which, due to the amount, and in line with the Financial Procedure Rules within the Council's Constitution (Section 7 B.7.), requires Executive Board review and approval to write it off.

A full history of the case and the action taken has been included in Appendix A.

2. RECOMMENDATIONS

That the Executive Board:

Approves the request to write-off the Business Rates debt.

3. BACKGROUND

The Council's Financial Regulations stipulate that:

- the Director of Finance and Customer Services may authorise the write off of any individual debt up to the value of £5,000.
- for those debts above £5,000 and below £30,000, the Director of Finance and Customer Services, in conjunction with the Executive Member for Finance and Governance, can authorise the write off
- for those individual cases where the debt is over £30,000, the case must be referred to the Executive Board for authorisation.

In arriving at a decision to write off a debt, Officers must pursue a rigorous process to establish whether funds can be recovered before concluding as a last resort, that the debt is deemed to be irrecoverable.

In this specific case all statutory notices were issued promptly following occupancy of the property and commencement of the business. In addition, recovery action was instigated immediately once the ratepayer had failed to make appropriate payments.

The Enforcement Agents visited the business premises in Blackburn and the Head Office in London.

Once the business ceased to operate on the 1st December 2017, the options open to the Council to recover the money reduced significantly. Other options such as bankruptcy proceedings were deemed to be inappropriate due to the lease ending in June 2018 and the lack of assets/capital.

On the 19th March 2018, the Council was informed that the company had been dissolved, and as a consequence the debt was irrecoverable.

4. KEY ISSUES & RISKS

Business details

The company commenced a lease with the Mall effective from 12th June 2017; this was terminated on the 29th June 2018. However, the business only traded for a limited period from the 14th July 2017 to the 1st of December 2017. A significant amount of the debt was therefore accrued in respect of empty property business rates.

Every effort was made to recover the arrears, however, the Council was informed on the 19th March 2018 that the company had been dissolved, as a consequence the debt was deemed irrecoverable.

5. POLICY IMPLICATIONS

None.

6. FINANCIAL IMPLICATIONS

In accordance with recommended accounting practice, the Council maintains an accounting provision for write offs in respect of Business Rates. The adequacy of this provision is reviewed each year and is subject to audit review.

The amount for write off detailed in this report is £55,528. This can be offset against the annual provision already made and as such, does not impact on the Council's budget.

7. LEGAL IMPLICATIONS

None.

8. RESOURCE IMPLICATIONS

None.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision.

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision.

10. CONSULTATIONS

Not applicable.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

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DATE:	7 th May 2019
BACKGROUND PAPER:	