

CABINET

DATE	08 th March 2023
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot – Executive Director Place and Resources
SUBJECT	Write off of uncollectable National Non-Domestic Rates Debts
STATUS	Open
FORWARD PLAN REF NO.	CB 03/23/06

CONTRIBUTION TO OUR AIMS

The recommendations of this report adhere to good accounting practices as outlined in the Financial Regulations and Procedure Rules and the Corporate Debt Management Strategy which underpin the achievement of the Council's aims.

EXECUTIVE SUMMARY

This report requires members to exercise their executive power to write off uncollectable National Non-Domestic Rates (Business Rates) debts as write-off of individual debts of over £50k require Cabinet approval. The total figure for write off is £262,221.03. The debts will remain in the Council's records and write-off of the debts does not preclude receipt of payments that may be received in the future, although this is unlikely.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Approves the write off of the uncollectable National Non-Domestic Rates outlined within Appendix A, and instructs the Executive Director Place and Resources to formally write off the sum of £262,221.03.

REASONS FOR DECISION

The Council's Financial Procedure Rules require Cabinet approval to write off debts of over £50k. In each of the cases recommended for write off, the company has ceased trading. Where appropriate, claims have been sought via the liquidators.

1. BACKGROUND AND ISSUES

- 1.1 The full and appropriate range of debt recovery processes have been undertaken in the pursuit of these debts in accordance with the Council's Corporate Debt Management Strategy.
- 1.2 Once written off the debts will remain in the Council's records. In the event that payments are received in the future the level of written off debt will reduce.

- 1.3 Whilst the debts will remain in the Council's records, it is important to note that obtaining payments against these debts in future is very unlikely and the write off of these accounts is in accordance with good accounting practices.
- 1.4 Appendix A provides details of individual amounts for each account to be written off and reasons for the write-off of each individual account, detailing why the debts cannot be recovered.
- 1.5 In all of these cases the companies are no longer trading, and there are no further dividends to be paid to creditors.

2. RISKS AND OPPORTUNITIES

Failure to approve the recommendation will mean that the Council will not have acted in accordance with the Council's Financial Regulations and Procedure Rules and the Council's Corporate Debt Management Strategy.

3. OTHER OPTIONS CONSIDERED

If Cabinet does not agree to approve write off of these debts, they will remain within the NNDR system with little or no prospect of collection. A review of outstanding debts is necessary for North East Lincolnshire Council to ensure effective management of outstanding debt. The amounts in the report are recommended for write off in accordance with prudent accounting methods and have already been taken into account in the 2022/23 NNDR estimates. The Council's bad debt provision has already been adjusted to reflect these debts.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There are potential negative reputational implications for the Council resulting from the decision. This is due to the requirement of the Council to follow good accounting practices outlined in the Financial Regulation and Procedure Rules and the Council's Corporate Debt Management Strategy.

5. FINANCIAL CONSIDERATIONS

The proposal outlined within the report supports the Council's key financial objective to adhere to the Financial Regulation and Procedure Rules. The proposal will be financed through the Council's bad debt provision. The proposal is consistent with the Council's Corporate Debt Management Strategy and will help to contribute to improved value for money within the service.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

There are no direct Children and Young People implications arising from the contents of this report.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

There are no direct environmental implications arising from the contents of this Report

8. CONSULTATION WITH SCRUTINY

No consultation with scrutiny is necessary regarding the contents of this report.

9. FINANCIAL IMPLICATIONS

A bad debt provision is maintained for NNDR debt, which considers known likely bankruptcies when assessing the overall balance required to cover bad debt write offs.

10. LEGAL IMPLICATIONS

10.1. The level of debt recommended to be written off exceeds the level that officers have delegated power to approve. The Council has a statutory duty under Local Government Finance Act 1988, as amended, to levy and collect National Non-Domestic Rates (NNDR) on all relevant properties in the Borough.

10.2. The entries in Appendix A show 25 individual liabilities arising from 4 companies. The total debt amounts to £262,221.03, which is recommended for write off. GB Trading Worldwide Limited started compulsory strike off action on 25th June 2013, the company was dissolved via liquidation on the 17th March 2015. KWG Leisure Limited started compulsory strike off action on the 03rd November 2015. the company was dissolved via liquidation on the 05th September 2018. K/S Scandinavian Property Investments 6 was deleted as a company on the Danish companies register on the 28th December 2017. Arcadia Group Limited entered into a Companies Voluntary Arrangement (CVA) on the 12th June 2019. The CVA failed and an Administrator was appointed on the 01st December 2020. A Liquidator was appointed on the 01st June 2022, and an interim dividend has been announced. The dividend equates to £430.78. Further dividends may be received. This was a nationwide company, and due to the sizeable amount of assets that are still yet to be realised, it is felt that the conclusion of the liquidation could take many years. There are no further ongoing liabilities for the company so it would be prudent to write the amounts off. As per paragraph 1.2, in the event further dividend payments are received the level of debt written off will be reduced.

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications arising from the contents of this report.

12. WARD IMPLICATIONS

There are no direct ward implications arising from the contents of this report.

13. BACKGROUND PAPERS

North East Lincolnshire Council's Financial Regulations and Procedure Rules
<https://intranet.nelincs.gov.uk/wp-content/uploads/2016/11/Financial-Regulations-and-Procedure-Rules.pdf>

North East Lincolnshire Council's Corporate Debt Management Strategy -
<https://www.nelincs.gov.uk/assets/uploads/2021/05/North-East-Lincolnshire->

14. CONTACT OFFICER(S)

Liz Kelly, Strategic Lead Debt Management and Technical Development,
Local Taxation and Benefits Shared Service, 01724 296150.

Sharon Wroot, Executive Director Place and Resources 01472 324423

Councillor Stephen Harness
Portfolio Holder for Finance, Resources and Assets

Name and address	Report & Page	Account Number	Individual Liabilities	Total	Reason
GB Trading Worldwide Ltd T/A Bliss-Liquidation M. W Pickthall Official Receiver, Suite J, Anchor House, The Maltings, Silvester Street, Hull, HU1 3HA	WO BANK Report 2745 Page 2 2012	4404162892	£33,605.66		Company started compulsory strike off action on 25 th June 2013, the company was officially dissolved following liquidation on the 17 th March 2015. No dividend has been realised.
	WO BANK Report 2747 Page 2 2013	4404162892	£16,710.82		
				£50,316.48	
KWG Leisure Ltd T/A Karting World-In Liquidation The Insolvency Service Official Receivers Office, Leeds A, 3rd Floor, 1 City Walk, Leeds, LS11 9DA	WO BANK Report 2747 Page 2 2013	4404240019	£12,178.18		Company started compulsory strike off action on the 3 rd November 2015, the company was officially dissolved following liquidation on the 05 th September 2018. No dividend has been realised.
	WO BANK Report 2748 Page 2 2014	4404180112	£29,161.00		
	WO BANK Report 2749 Page 2 2015	4404180112	£19,232.39		
				£60,571.57	

K/S Scandanavian Property Investments 6 1 Bickenhall Street, London, W1U 6BD	WO BANK Report 2748 Page 2 2014	4404194958	£1,484.70		Company listed in Denmark, company number 29309485. Company deleted on the Danish register 28 th December 2017. No dividend has been realised.
		4404194969	£2,998.17		
		4404194970	£2,512.57		
		4404194981	£2,112.84		
		4404194992	£2,284.15		
		4404195020	£29,979.51		
		4404195326	£2,684.02		
	WO BANK Report 2749 Page 2 2015	4404194958	£1,183.74		
		4404194969	£3,004.88		
		4404194970	£2,003.25		
		4404194981	£1,684.55		
		4404194992	£1,821.14		
		4404195020	£23,902.42		
		4404195326	£3,414.63		
			£81,070.57		

Arcadia Group Plc T/A Top Shop Top Man Properties Ltd Hilco Profit Recovery Ltd, 84 Grosvenor Street, London, W1K 3JZ & Arcadia Group Ltd Deloitte Llp, Four Brindley Place, Birmingham, B1 2HZ	IN-ADMIN2 Report 2750 Page 2 2019	440019509	£36,036.00		Company entered into Company Voluntary Arrangement (CVA) on the 12 th June 2019. CVA Failed 30 th November 2020. An Administrator was appointed on the 01 st December 2020. Liquidator was appointed on the 12 th April 2022. As of the 1 st June 2022 an interim dividend of £430.78 was announced. It was also announced that this did not consider any future asset realisations, which they anticipated may realise a further dividend. At this stage the first dividend has not been received however the debts will remain on the Councils records and in the event further dividend payments are received the level of debt written off will be reduced.
		440402287	£918.00		
	IN-ADMIN2 Report 2750 Page 2 2019	440019509	£24,643.33		
		440402287	£833.95		
		440429927	£256.34		
		440429928	£7,574.79	£70,262.41	
				TOTAL: £262,221.03	