

## MEETING OF THE EXECUTIVE

8 MARCH 2004

### REPORT FROM THE DIRECTOR OF FINANCE

#### NNDR WRITE OFFS

Above

Below

Confidential Line  
with the exception of  
Appendices

FP REF: BFS/69

#### 1. SUMMARY

- 1.1 The Council's Financial Regulations require write-offs over £3,000 to be reported to the Executive twice a year.
- 1.2 This report includes a schedule of NNDR write-offs of over £3,000 that have been agreed by officers since July 2003. Capita took over responsibility for NNDR on 1 May 2003. They migrated the IT system from Anite to Academy in January 2004, and carried out a write off programme between July 2003 and December 2003 to clear the irrecoverable debts off the system before the migration to Academy.
- 1.3 There have been no Council Tax write-offs over £3,000 in this period.

#### 2. RECOMMENDATIONS

- 2.1 Members are asked to note the write-offs detailed in Appendix 1, 2, and 3.

#### 3. DIVERSITY IMPLICATIONS

- 3.1 As this report is purely for noting bad debts that have been written off the NNDR system, there is not considered to be any diversity implications on service delivery.

#### 4. LEGAL IMPLICATIONS

- 4.1 Under Part 4 of the Constitution, Chief Officers and the Borough Solicitor have delegated authority to write off debts up to £3,000 after taking reasonable steps to recover the debt, provided all such action is

notified to the Director of Finance and, in the case of debts over £1,000, the prior written approval of the Director of Finance is obtained. Regulation 4.2.11 of the Council's Financial Regulations requires debts over £3,000 written off to be reported twice a year to the Executive.

## **5. FINANCIAL IMPLICATIONS**

- 5.1 Local authorities collect business rates on behalf of central government, and have a duty to collect as much as possible. The annual contribution made by authorities to the National Pool is based on the total debit collectable, after allowing for deductions such as empty and charitable relief. There is also an allowance for "losses in collection" which is certified by the external auditor. This is to cover irrecoverable amounts.
- 5.2 Brent has been careful not to write off amounts until all efforts have been made to collect arrears. As a result, there is sufficient provision in the accounts to cover the write-offs listed in Appendix 1, 2, and 3. In addition, given the age and status of the debts involved, officers are satisfied that these debts are irrecoverable.
- 5.3 The total amount of the write-offs in Appendix 1 (Absconds) is £556,321, in Appendix 2 (Dissolved Companies) is £2,518,115, and in Appendix 3 (Liquidations and other) is £441,040. The overall total of write offs is therefore £3,515,476

## **6. DETAIL**

- 6.1 Before officers agree to write off a debt, every effort is made to recover the sum due.
- 6.2 If a company goes into liquidation, the Council makes a claim for the outstanding NNDR to the liquidator. NNDR is not a preferential debt in insolvency proceedings, and where the liquidator advises there will be no dividend payable to non-preferential creditors, there is no further method of recovering the debt due.
- 6.3 If a company does not formally go into liquidation but ceases trading and is recorded at Companies House as a dissolved company, there is no further method of recovering the debt due, unless an application is made to restore the company to the register in order that it can be put into liquidation. Generally, the cost and time involved in this would not be justified as if the company had any valuable assets its owners would probably seek restoration themselves.
- 6.4 For absconds (tax payers who have left the premises in respect of which their liability arose without leaving any forwarding address), the Council will endeavour to trace them through the bailiffs, utilities, other Council records, and enquiries with the neighbours and landlord. The

debt is only considered for write off if all tracing efforts fail. All the write-offs detailed in Appendix 1, 2, and 3 are closed NNDR accounts where the individual or company concerned no longer occupies the premises in respect of which the liability arose so there is no ongoing liability.

## **7. BACKGROUND INFORMATION**

- 7.1 Full details of each debt are held by the Client Manager for Local Taxation & Benefits.

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