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WRITE-OFF OF NATIONAL NON-DOMESTIC RATES

1. Summary

- 1.1 To consider writing-off Non Domestic Rate debts where it has not been possible to obtain payment because of insolvency, because the ratepayer cannot be traced or where the debt is otherwise irrecoverable.

2. RECOMMENDATION

- 2.1. That the sums shown at Appendix A, in the confidential part of the report, amounting to £252,367.72, be written off as uncollectible.

3. Background and Discussion

- 3.1. In each of the cases shown in Appendix A the debts are considered uncollectible for the reasons set out in this report.
- 3.2. The normal stages of recovery referred to in subsequent paragraphs are the issue of bills, reminders, final notices and the application for a liability order. Thereafter, a case may be subject to further action which can include the instruction of enforcement agents, the commencement of insolvency proceedings or an application for a warrant of commitment to prison.
- 3.3. Where a case has been recommended for write-off because there appears to be little or no prospect of a dividend to unsecured creditors, should such a dividend subsequently be paid, the amount of the dividend will be written on to reduce the sums written off as bad debt.
- 3.4. Where a case has been recommended for write-off because the ratepayer has gone away and all attempts to trace have proven unsuccessful, should their whereabouts subsequently become known, the debt will be re-instated.

Case 1

- 3.5. The ratepayer was registered on 10 March 2020, effective from 14 February 2020 per information from the liquidator of the previous occupier.
- 3.6. The ratepayer was originally granted 100% expanded retail discount for the year 2020/2021 leaving a balance payable for the period 14 February 2020 to 31 March 2020.

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- 3.7. When payment was not received reminder and final notices were issued. However, before a summons could be issued, the company went into administration on 30 November 2020.
- 3.8. Information from the administrators confirmed that the company had vacated the property on 11 June 2020 and the lease was disclaimed effective from 29 January 2021.
- 3.9. The amount of any potential dividend to unsecured creditors has not yet been determined. The debt is therefore submitted for write-off pending declaration and receipt of any dividend payment.

Case 2

- 3.10. The ratepayer was registered from 9 April 2013 and made payment of business rates up to and including 2020/2021.
- 3.11. The ratepayer was taken through all the normal stages of recovery culminating in the granting of a liability order on 27 August 2021.
- 3.12. Recovery action had to cease when it was discovered that the company had gone into liquidation on 8 July 2021.
- 3.13. The amount of any potential dividend to unsecured creditors has not yet been determined. The debt is therefore submitted for write-off pending declaration and receipt of any dividend payment.

Case 3

- 3.14. The ratepayer was registered on 16 September 2019, effective from 19 August 2019, as per information supplied by the landlord.
- 3.15. An initial payment was made and a Direct Debit set up but this was immediately cancelled.
- 3.16. Information was received that the property was vacated on 5 January 2020.
- 3.17. The ratepayer was taken through all the normal stages of recovery culminating in the granting of liability orders on 2 July 2021 and 27 August 2021.
- 3.18. Before the case could be progressed further, the company was dissolved on 5 October 2021.

Case 4

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- 3.19. The ratepayer entered in to a Corporate Voluntary Arrangement (CVA) on 14 August 2018. Outstanding debts were referred to Cabinet for write-off on 25 July 2019 and write-off was agreed (Minute no. 20).
- 3.20. On 14 March 2021 the Valuation Office Agency made an amendment to the local rating list which resulted in the raising of additional charges.
- 3.21. These charges are for the same period covered by the CVA and have therefore also been submitted for write-off.

Case 5

- 3.22. The ratepayer was registered retrospectively on 19 March 2019, effective from 30 January 2016, in accordance with information provided by the landlords. The end date of the liability was given as 24 January 2019 when a new tenant took over.
- 3.23. The ratepayer was taken through all the normal stages of recovery culminating in the granting of a liability order on 23 May 2019.
- 3.24. All documents were sent via the companies registered office address but some were returned undelivered. Enquiries were made but contact with the ratepayer was not established.
- 3.25. Enforcement agents were instructed on 30 July 2019 but they too were unable to establish contact with the ratepayer and returned the case on 23 October 2019.
- 3.26. Companies House indicates that compulsory strike off action had been commenced on 2 July 2019, suspended and then re-commenced. The company had filed accounts for several years declaring itself as a dormant company.
- 3.27. The company was finally dissolved on 21 December 2021 and the debt is therefore submitted for write-off as being irrecoverable.

Case 6

- 3.28. The ratepayer was registered on 17 May 2019, effective from 3 May 2019.
- 3.29. A Direct Debit was set up and an initial payment was made. However, subsequent payments were rejected as the rate payer had cancelled the instruction.

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- 3.30. On 15 November 2019 the ratepayer advised that they had vacated the property on 30 October 2019 and the account was closed.
- 3.31. The ratepayer was then taken through the normal stages of recovery culminating in the granting of a liability order on 28 January 2020.
- 3.32. On 19 February 2020 the ratepayer advised that they had vacated the property on 8 November 2019 and the account was amended to reflect the additional liability.
- 3.33. Recovery action was temporarily suspended during 2020/2021 due to the Covid-19 pandemic. When court dates became available again, the ratepayer was summoned and a liability order granted on 19 November 2021 for the additional debt.
- 3.34. Action had to cease when the company went into liquidation on 25 November 2021. The amount of any potential dividend to unsecured creditors has not yet been determined. The debt is therefore submitted for write-off pending declaration and receipt of any dividend payment.

4. Relationship to the Corporate Plan

Not applicable.

5. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	<p>Under the Business Rate Retention rules the cost of writing off uncollectible debt is shared between Central Government, Dartford Borough Council, Kent County Council and Kent & Medway Fire and Rescue Authority.</p> <p>As such, the potential cost to Dartford Borough Council is normally up to £110,947 this being 40% of the total debt recommended for write-off.</p> <p>A provision is set aside for these potential costs and the level of the provision is reassessed each year.</p>
Legal Implications	As set out in the body of the report
Staffing Implications	None
Administrative Implications	None
Risk Assessment	No uncertainties and/or constraints

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6. Appendices

Appendix A Non-Domestic Rate debts submitted for write-off.

This appendix has been placed on the closed part of the agenda because it relates to exempt information within the category contained in Standing Order 46(1) (b) Annex 1, namely paragraph 3 information relating to the financial business affairs of any particular person (including the authority holding the information) and in all the circumstances of the case, the public interest in not disclosing the information outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
NNDR system & EDMS	Various		Sue Cressall 01732 227041	Revenues	Appendix A SO46 (1) (b) Annex 1 Para. 3