

NON-DOMESTIC RATES - WRITE OFFS

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 7

**PORTFOLIO: CORPORATE SERVICES & PERFORMANCE (COUNCILLOR
GRAHAM HINCHEY)**

Appendices A and B to this report are exempt from publication by virtue of paragraph 14 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972

Reason for this Report

1. The purpose of this report is to obtain formal authorisation to write off Non-Domestic Rate debts which exceed £100,000 in value. This request is made in accordance with Part 3, section 2, of the Cardiff Council Constitution, Executive Decision making function number 20.

Background

2. Cardiff Council has a statutory obligation to levy and collect business rates from all relevant non-domestic properties in its area. There are around 11,000 rating assessments currently shown in the Rating List leading to rate liabilities varying in size from £250 to over £1.6 million per year. All business rate income collected is paid into a National Pool for Wales and redistributed back to local authorities on a per capita basis. This year Cardiff Council is responsible for billing and collecting approximately £190 million worth of business rates and inevitably there are occasions where collection of the full tax is not possible resulting in the writing off the outstanding debt.
3. This course of action is taken only after all possible recovery options have been exhausted. These include sending reminders, final notices, and the obtaining of liability orders from the Magistrate's Court, which then entitles the authority to instigate further action such as bankruptcy/liquidation proceedings or the ability to levy distress, (the distraining and selling of taxpayer's goods, the proceeds then being used to offset against the debt).
4. The total written off in 2013/14 was £3,985,412 of which £638,825 related to accounts of over £100,000. This compares to a total for this

year to date including the write offs in this report of £3,817,585 of which £995,956 relates to accounts over £100,000.

Issues

5. The confidential appendices detail a number of accounts which have an outstanding rate liability in excess of £100,000 and give a brief history of each case. The liabilities relate to both occupied and unoccupied property rate charges and despite best efforts it is highly unlikely that the outstanding debt will ever be recovered. If any money is subsequently received the accounts will be adjusted accordingly.

Reasons for Recommendations

6. It is recommended that the debts are written off as they are irrecoverable.

Legal Implications

7. The debts to be written off exceed the level at which officers have delegated powers to deal with, and therefore authorisation is required from the Cabinet.

Financial Implications

8. Business rates are collected on behalf of the Welsh Government. All collections are pooled and redistributed back to local government on a per capita basis. The cost of all write offs are borne by the pool and not directly by the Council.

RECOMMENDATION

Cabinet is recommended to authorise the write off of debts amounting to £731,395.87 as outlined in Appendix A

CHRISTINE SALTER

Corporate Director

13 March 2015

The following Appendices are attached

Appendix A – Summary of the debts to be written off (confidential)

Appendix B – Details of each case. (confidential)