

**CABINET MEETING: 27 JULY 2016**

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**NON-DOMESTIC RATES - WRITE OFFS**

**REPORT OF CORPORATE DIRECTOR RESOURCES**

**AGENDA ITEM: 5**

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**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 12,000 rating assessments currently shown in the Rating List leading to rate liabilities varying in size from £250 to over £1.75 million per year.
3. The collection rate for business income for the year 2015/16 was 96.08% which was an increase of 0.45% on the previous year. All business rate income is paid into a National Pool for Wales and redistributed back to local authorities on a per capita basis. For 2015/16 £188.68 million was paid into the national pool of which £101.25 million was redistributed back to Cardiff Council. A recent Independent Commission into Welsh Local Government Finance (LGF) has recommended that any future overhaul of the LGF system should include the localisation of business rates therefore the collection rate of each individual council could become more critical in future years.
4. For 2016/17, Cardiff Council is responsible for billing and collecting approximately £200 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. 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).

## **Issues**

5. The confidential appendices detail a number of accounts in respect of a single ratepayer which have an aggregate outstanding rate liability in excess of £100,000 and give a brief history of the case. The liabilities relate to occupied property rate charges and despite officer's 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).

## **Reason for Recommendation**

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

## **Financial Implications**

7. 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.

## **Legal Implications**

8. 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.

## **RECOMMENDATION**

Cabinet is recommended to authorise the write off of debts amounting to £1,849,173.37 as outlined in Appendix A.

## **CHRISTINE SALTER**

Corporate Director  
21 July 2016

*The following confidential appendices are attached:*

Appendix A – Summary of debts to be written off.  
Appendix B – Details of the case