

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer - Resources****Corporate Services Committee: 7 February 2024**

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**Subject: Write-off of National Non Domestic Rates 2023/2024****1. Purpose**

- 1.1** The purpose of this report is to recommend for approval the write-off of debts in respect of National Non-Domestic Rates (NNDR), which have been deemed as irrecoverable during the financial year 2023/2024.

**2. Recommendations**

- 2.1** It is recommended that the Committee approve the write-off of NNDR accounts totalling £219,032.33.

**3. Background**

- 3.1** The NNDR is a national rate of non-domestic properties and is determined each year by the Scottish Parliament. All local authorities collect the rates and the monies collected are pooled into a national central fund. The Scottish Government allocates a grant to each authority from this fund through the Local Government Finance settlement. The Council's annual billing amount for NNDR in 2023/24 is £87.6M. In 2022/23 the Council collected 96.34%
- 3.2** The grant distribution formula used by the Scottish Government has regard to the amount of NNDR collectable by each local authority. The Council makes an annual return to the Scottish Government detailing the amounts collected for each year. Included in this return is a note of any amounts written off as uncollectable. As such, NNDR collected by a local authority represents a receipt of grant income. Specific debts deemed uncollectable are written off and the reduction in NNDR collected locally is compensated for in future grant settlements.
- 3.3** Financial Regulation D4 gives the Chief Officer - Resources authority to write-off individual debts up to £5,000. The Chief Officer - Resources is required to seek the approval of Members prior to writing off any debt in excess of £5,000.
- 3.4** A report is submitted annually to Committee seeking approval for write-off of irrecoverable debts. The write-offs are not specific to any one year but instead are the debts which have been deemed irrecoverable during 2023/24.

- 3.5** The table below shows the distribution of the recommended write off over the years from which the debts were originally raised. Write off can be due to a number of reasons, for example, a company has ceased trading or a review of outstanding cases has now deemed that the debt is irrecoverable.

Financial Year Debt Created	Value of write-off
2017/2018	£17,289.38
2018/2019	£32,735.64
2019/2020	£26,312.33
2021/2022	£40,251.27
2022/2023	£79,007.40
2023/2024	£23,436.31
<b>Total</b>	<b>£219,032.33</b>

- 3.6** Where a company has ceased trading through liquidation or administration the Council formally submits a claim to the trustee up to and including the date of liquidation/administration. At this stage the Council would propose this amount for write off. In such cases the Council is classed as an unsecured creditor (i.e. secured creditors are organisations such as HMRC and Banks) and in these cases it is extremely unlikely that any recovery of the outstanding monies will be received in full: generally low or nil recovery is the outcome. If such a recovery was received this would be credited to the rates account and the write off to this value reversed or reduced.

#### **4. Main Issues**

- 4.1** Debts totalling £219,032.33 are submitted for write off. Non-collection of debts and request for write off is predominately due to the businesses being liquidated, dissolved or administration. The following table identifies the reasons for NNDR write off in more detail.

Reason	Alexandria	Clydebank	Dumbarton	Grand Total
Administration		£23,436.31		<b>£23,436.31</b>
Dissolved		£108,451.04		<b>£108,451.04</b>
Liquidation				
Sheriff Officers <sup>1</sup>		£44,290.47	£42,854.51	<b>£87,144.98</b>
<b>Total</b>		<b>£176,177.82</b>	<b>£42,854.51</b>	<b>£219,032.33</b>

The attached appendix provides details of the individual debts involved. Since all these are limited companies, details and corresponding addresses have been provided.

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<sup>1</sup> Sheriff Officer advising all avenues have been exhausted and irrecoverable in collecting the rates and recommending write-off along with a brief background

4.2 Although the debts are treated as written off, should any circumstances change whereby debts can be collected, the Council will pursue them.

## **5. People Implications**

5.1 There are no people implications.

## **6. Financial and Procurement Implications**

6.1 The NNDR debts written off totalling £219,032.33 will be notified to the Scottish Government NNDR pool for reimbursement. There are no Procurement implications.

## **7. Risk Analysis**

7.1 The grant distribution formula adopted by the Scottish Government assumes the Council will collect NNDR liabilities. If sums deemed uncollectable are not notified to the Scottish Government, this will have an adverse effect on the Council's cash flow. Prudent financial accounting practice also requires that uncollectable debt should be written-off in a timely manner.

## **8. Equalities Impact Assessment**

8.1 No significant issues were identified in a screening for potential equality impact of this measure.

## **9. Consultation**

9.1 Consultation has taken place with Legal Services and there are neither any issues nor concerns with the proposal.

## **10. Strategic Assessment**

10.1 The write off of uncollectable NNDR debts forms part of the financial governance of the Council. Sound financial practice and budgetary control are imperative to assist with the governance of the Council and support officers of the Council in achieving the five strategic priorities.

**Laurence Slavin**  
**Chief Officer - Resources**  
**Date: 8 January 2024**

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**Appendices:** None

**Background Papers:** EIA

**Wards Affected:** All Council Wards.

## **Notes:**

### **Administration**

Going into Administration under insolvency legislation effectively means a company is being taken under the management of a court appointed administrator – who must be a licensed insolvency practitioner - appointed by the courts, creditors, or company directors, where they are required to act in the best interest of the insolvent company.

### **Dissolved**

Where a limited company has been dissolved or struck off it legally closes and is removed from the Register at Companies House where there are reasonable grounds to believe that no business is being carried on. Dissolution officially ends a business owner's continued responsibility for taxes, debts and other commitments.

### **Liquidation**

The process of Liquidation is when a company is either at or near to the end of its life and the remaining assets need to be liquidated for distribution to creditors and shareholders. The role of the liquidator is to maximise the realisation of assets of the company. Once the assets have been realised and if sufficient cash has accumulated then the job of the Liquidator is agree all creditors' claims and to pay dividends accordingly.

### **Sheriff Officers**

When the Council has exhausted our in-house arrears procedures the debt is passed to our Sheriff Officers for collection. The Sheriff Officers will attempt to collect the debt using a variety of approaches and solutions which are appropriate to each individual case. In certain cases the Sheriff Officer will submit to the Council a write-off pro forma, advising all avenues have been exhausted and irrecoverable in collecting the rates and recommending write-off along with a brief background.

## Appendix 1 – Details of Debt Write-off

### 2017/2018 Specific Write-Off List

Reference Number	Name	Address	Balance for Write-Off	Reason
37026208151836	Hydro Grp Ltd	Unit 1 Block 11, Vale of Leven Ind Estate, Dumbarton, G82 3PL	£9,235.23	Sheriff Officers - Irrecoverable
37098659121833	Mosspark Ltd	The Cabin Inn, 474 Dumbarton Road, Clydebank, G81 4DN	£8,054.15	Dissolved
		<b>Total</b>	<b>£17,289.38</b>	

### 2018/2019 Specific Write-Off List

Reference Number	Name	Address	Balance for Write-Off	Reason
37026208151933	Hydro Grp Ltd	Unit 1 Block 11, Vale of Leven Ind Estate, Dumbarton, G82 3PL	£18,084.00	Sheriff Officers - Irrecoverable
37035878091934	Lynx Gifting Ltd	50 Sylvania Way, Clydebank, G81 2TL	£6,783.71	Dissolved
37098659131934	TW Cabin Inn Ltd	The Cabin Inn, 474 Dumbarton Road, Clydebank, G81 4DN	£7,867.93	Dissolved
		<b>Total</b>	<b>£32,735.64</b>	

### 2019/2020 Specific Write-Off List

Reference Number	Name	Address	Balance for Write-Off	Reason
37026208152038	Hydro Grp Ltd	Unit 1 Block 11, Vale of Leven Ind Estate, Dumbarton, G82 3PL	£15,535.28	Sheriff Officers - Irrecoverable

37035878092030	Lynx Gifting Ltd	50 Sylvania Way, Clydebank, G81 2TL	£10,777.05	Dissolved
<b>Total</b>			<b>£26,312.33</b>	

### 2021/2022 Specific Write-Off List

Reference Number	Name	Address	Balance for Write-Off	Reason
37035193212235	Amazing Cardz Ltd	3 Sylvania Way, Clydebank, G81 2RR	£12,947.07	Sheriff Officers - Dissolved
37116029042237	ESI Carbon Trading Limited	Suite 2-14, 1 Aurora Avenue, Clydebank, G81 1BF	£5,313.00	Sheriff Officers - Dissolved
37123025012236	North Avenue Boxing Academy CIC	11 North Avenue, Clydebank Business Park, Clydebank, G81 2QP	£5,821.20	Dissolved
37123297012238	Designer Homes (6) Ltd	Main Area, 41 Sylvania Way South, Clydebank, G81 1EA	£16,170.00	Sheriff Officers - Dissolved
<b>Total</b>			<b>£40,251.27</b>	

### 2022/2023 Specific Write-Off List

Reference Number	Name	Address	Balance for Write-Off	Reason
37035193232331	Derorationshub Limited	3 Sylvania Way, Clydebank, G81 2RR	£14,379.75	Dissolved
37035320102330	Candylicious CB Ltd	51 Sylvania Way, Clydebank, G81 2RR	£9,596.26	Dissolved
37035347162334	Homegiftsx Ltd	55 Sylvania Way, Clydebank, G81 2RR	£15,064.50	Dissolved

37038176062338	JMJM Management Limited	Glenhead Tavern, 44 Dumbarton Road, Hardgate, G81 6HD	£18,221.48	Dissolved
37039210172335	The Clyde Glasgow Ltd	The Duntiglennan, 68 Dumbarton Road, Duntocher, G81 6DN	£5,968.77	Dissolved
37123025012333	North Avenue Boxing Academy CIC	11 North Avenue, Clydebank Business Park, Clydebank, G81 2QP	£5,916.24	Dissolved
37123297012335	Designer Homes (6) Ltd	Main Area, 41 Sylvania Way South, Clydebank, G81 1EA	£9,860.40	Sheriff Officers - Dissolved
<b>Total</b>			<b>£79,007.40</b>	

#### 2023/2024 Specific Write-Off List

Reference Number	Name	Address	Balance for Write-Off	Reason
37036106022432	Clydebank Cinema 2 Limited	23 Britannia Way, Clydebank, G81 2RZ	£8,186.75	Administration
37099337042430	Wilko Retail Ltd	117A Sylvania Way, Clydebank, G81 2RR	£15,249.56	Administration
<b>Total</b>			<b>£23,436.31</b>	