

WEST DUNBARTONSHIRE COUNCIL**Report by Strategic Lead - Resources****Corporate Services Committee: 14 February 2019**

Subject: Write-off of National Non Domestic Rates**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 2018/19.

2. Recommendations

- 2.1** It is recommended that the Committee approve the write-off of NNDR accounts totalling £674,392.21.

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 2018/19 is £81.2M (including utility charges). In 2017/18 the Council collected 98.36%. At 31 December 2018, 92% NNDR was collected which is likely to increase until 31 March 2019.
- 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 Strategic Lead Resources authority to write-off individual debts up to £5,000. The Strategic Lead 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 2018/19. 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
2012/2013	£9,900.00
2013/2014	£8,126.68
2014/2015	£27,994.56
2015/2016	£96,922.73
2016/2017	£345,573.40
2017/2018	£179,043.84
2018/2019	£6,831.00
Total	£674,392.21

- 3.5** 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 £674,392.21 are submitted for write off. Non-collection of debts and request for write off is predominately due to the businesses being liquidated, dissolved or sequestration. The following table identifies the reasons for NNDR write off in more detail.

Reason	Alexandria	Clydebank	Dumbarton	Grand Total
Dissolved	£28,795.32	£270,984.01	£40,298.62	£340,077.95
Liquidation		£28,519.70	£6,800.98	£35,320.68
Sheriff Officers ¹	£26,367.00	£198,853.22	£73,773.36	£298,993.58
Totals	£55,162.32	£498,356.93	£120,872.96	£674,392.21

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

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

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

- 4.3** On 22 August 2018, the Corporate Services Committee agreed to publicise the businesses that have not paid their NDR in line with The Non-Domestic Rating (Collection and Enforcement) Regulations. Following this approval, officers created a project plan for its implementation, in line with legislation around NDR recovery. The committee decision not only received positive headlines in local press but also contact from a number of other Local Authorities who are very interested in following West Dunbartonshire Council's approach in NDR recovery.
- 4.4** The Revenues and Benefits team is currently working with Corporate Communications in creating both social media releases and also update on the WDC website to publicise non-payers. This will be enhanced by a further social media release being issued week commencing 14 January 2019 to further promote the practice in a final attempt to encourage engagement from non-payers. Week commencing 28 January 2019, the Council plan to issue a release on social media highlighting the nonpayers with a link to our website, including key contact points within our NDR team who can provide assistance to any businesses. Work is underway with our debt management partners to finalise a list of non-payers to ensure this includes only businesses that have failed to contact either ourselves or them after numerous attempts and our proposed action.

5. People Implications

- 5.1** There are no people implications.

6. Financial and Procurement Implications

- 6.1** The NNDR debts written off totalling £674,392.21 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.

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Date: 08/01/19

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Appendices: Details of debts for write-off

Background Papers: None

Wards Affected: All Council Wards.

Appendix: Details of debts for write-off

2012/2013 Specific Write-Off List as at 31/03/2019

			Balance for	
Reference Number	Name	Address	Write-Off	Reason
37002082131338	Sji Management	Burgh Bar, 117 High Street, Dumbarton	£9,900.00	Dissolved
		Total	£9,900.00	

2013/2014 Specific Write-Off List as at 31/03/2019

			Balance for	
Reference Number	Name	Address	Write-Off	Reason
37033204101430	Singers Ph Limited	Singers, 68 Dumbarton Road, Clydebank	£8,126.68	Dissolved
		Total	£8,126.68	

2014/2015 Specific Write-Off List as at 31/03/2019

			Balance for	
Reference Number	Name	Address	Write-Off	Reason
37035347081537	Greetings World (Uk) Ltd	55 Sylvania Way, Clydebank	£27,994.56	Dissolved
		Total	£27,994.56	

2015/2016 Specific Write-Off List as at 31/03/2019

			Balance for	
Reference	Name	Address	Write-Off	Reason

Number				
37002082151637	Ceader Limited	Burgh Bar, 117 High Street, Dumbarton	£6,064.78	Dissolved
37003348081635	The Waterside Bar Diner Ltd	Waterside Inn, 1 Riverside Lane, Dumbarton	£8,224.23	Sheriff Officers - Dissolved
37023845071630	Cathbeach Ltd	40 Balloch Road, Alexandria	£10,006.96	Dissolved
37033204121632	Miller Inns Ltd	Singers, 68 Dumbarton Road, Clydebank	£8,171.37	Dissolved
37035347081634	Greetings World (Uk) Ltd	55 Sylvania Way, Clydebank	£8,899.06	Dissolved
37035347091638	Ms (Scot) Ltd	55 Sylvania Way, Clydebank	£26,819.20	Dissolved
37035371091638	Far East Retail Ltd	61 Sylvania Way, Clydebank	£14,519.86	Sheriff Officers - Dissolved
37038540061636	Hardgate Trading Limited	580 Kilbowie Road, Hardgate	£6,400.91	Dissolved
37039504031636	Big Blue Self Storage Co Ltd	Unit 2a, 223 Dumbarton Road, Old Kilpatrick	£7,816.36	Dissolved
Total			£96,922.73	

2016/2017 Specific Write-Off List as at 31/03/2019

			Balance for	
Reference Number	Name	Address	Write-Off	Reason
37002694041732	Citrec Ltd	42 High Street, Dumbarton	£7,006.90	Sheriff Officers - Dissolved
37003348081732	The Waterside Bar Diner Ltd	Waterside Inn, 1 Riverside Lane, Dumbarton	£11,100.20	Sheriff Officers - Dissolved
37023845101738	Pmr1 Trading Ltd	40 Balloch Road, Alexandria	£26,367.00	Sheriff Officers - Dissolved
37032003041733	S & H (Cable Depot Road) Limited	6 Cable Depot Road, Clydebank	£14,907.20	Sheriff Officers - Dissolved
37034936071734	Jorson Ltd	The Atlantis, 260 Kilbowie Road, Clydebank	£9,742.92	Sheriff Officers - Dissolved
37035193151737	Z&K Ltd	3 Sylvania Way, Clydebank	£17,758.33	Dissolved

37035266151731	Tanta Fashion Ltd	33 Sylvania Way, Clydebank	£25,255.76	Sheriff Officers - Dissolved
37035347091735	Ms (Scot) Ltd	55 Sylvania Way, Clydebank	£9,332.59	Dissolved
37035347111733	Heavenly Cards Ltd	55 Sylvania Way, Clydebank	£27,693.41	Sheriff Officers - Dissolved
37035371091735	Far East Retail Ltd	61 Sylvania Way, Clydebank	£26,439.24	Sheriff Officers - Dissolved
37035371101738	Card Trade Ltd	61 Sylvania Way, Clydebank	£13,111.26	Dissolved
37035452161735	Style 4 U (Scotland) Ltd	89 Sylvania Way, Clydebank	£21,025.97	Sheriff Officers - Dissolved
37035525111736	Instyle Retail Ltd	105 Sylvania Way, Clydebank	£19,641.91	Sheriff Officers - Dissolved
37035851081738	Highfleet Import Export Ltd	52 Sylvania Way, Clydebank	£6,993.28	Dissolved
37035851101736	Citrec Ltd	52 Sylvania Way, Clydebank	£21,056.72	Dissolved
37035878081736	World Of Candles Ltd	50 Sylvania Way, Clydebank	£25,129.73	Dissolved
37038540061733	Hardgate Trading Limited	580 Kilbowie Road, Hardgate	£22,299.75	Dissolved
37039504031733	Big Blue Self Storage Co Ltd	Unit 2a, 223 Dumbarton Road, Old Kilpatrick	£5,390.55	Dissolved
37095447131738	E & L Consultancy Ltd	B3 & Ec Erskine House, 1 North Avenue, Clydebank	£21,598.50	Liquidation
37101196011731	Ccd Marine Ltd	5 Rothesay Dock, Clydebank	£6,921.20	Liquidation
37116967011732	Your Radio Limited	3rd Floor, 15 Meadowbank Street, Dumbarton	£6,800.98	Liquidation
		Total	£345,573.40	

2017/2018 Specific Write-Off List as at 31/03/2019

			Balance for	
Reference Number	Name	Address	Write-Off	Reason
37002694041838	Citrec Ltd	42 High Street, Dumbarton	£6,253.43	Sheriff Officers - Dissolved

37003348081838	The Waterside Bar Diner Ltd	Waterside Inn, 1 Riverside Lane, Dumbarton	£5,623.72	Sheriff Officers - Dissolved
37006487121834	Hlh Venues Ltd	Dumbuck Hotel, 11a Dumbuck, Milton, Dumbarton	£28,733.88	Sheriff Officers - Dissolved
37029452071831	Mountblow Taverns Ltd	Mountblow Bar, 832 Dumbarton Road, Clydebank	£11,878.44	Sheriff Officers - Dissolved
37034936071831	Jorson Ltd	The Atlantis, 260 Kilbowie Road, Clydebank	£9,380.58	Sheriff Officers - Dissolved
37035053051836	Shelly Scot Ltd	Casa Italia, 1 Montrose Street, Clydebank	£10,415.61	Dissolved
37035193151834	Z&K Ltd	3 Sylvania Way, Clydebank	£7,815.39	Dissolved
37035266151837	Tanta Fashion Ltd	33 Sylvania Way, Clydebank	£10,486.53	Sheriff Officers - Dissolved
37035266161832	Finest Clothing Ltd	33 Sylvania Way, Clydebank	£6,301.12	Dissolved
37035320071835	Bella Mani Salons (Clydebank) Ltd	51 Sylvania Way, Clydebank	£5,953.63	Dissolved
37035371101835	Card Trade Ltd	61 Sylvania Way, Clydebank	£8,544.27	Dissolved
37035525111833	Instyle Retail Ltd	105 Sylvania Way, Clydebank	£7,881.40	Sheriff Officers - Dissolved
37035851101833	Citrec Ltd	52 Sylvania Way, Clydebank	£7,052.11	Dissolved
37035878081833	World Of Candles Ltd	50 Sylvania Way, Clydebank	£9,546.85	Dissolved
37038540061830	Hardgate Trading Ltd	580 Kilbowie Road, Hardgate	£13,261.59	Dissolved
37088378121835	Dumbarton Car Repair Limited	Unit 0026 Broadmeadow Business Park, 2 Birch Road, Dumbarton	£11,126.93	Dissolved
37096583071834	Leannan Limited	Unit 8, 80 Ben Lomond Way, Balloch, Alexandria	£18,788.36	Dissolved
Total			£179,043.84	

2018/2019 Specific Write-Off List as at 31/03/2019

Reference Number	Name	Address	Balance for Write-Off	Reason
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37006487121931	Hlh Venues Ltd	Dumbuck Hotel, 11a Dumbuck, Milton, Dumbarton	£6,831.00	Sheriff Officers - Dissolved
		Total	£6,831.00	

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 WDC a write-off proforma, advising all avenues have been exhausted and irrecoverable in collecting the rates and recommending write-off along with a brief background.