

**To: Delegated Decisions of the Board Member, Finance and Efficiency**

**Date: 2nd<sup>t</sup> March 2012**

**Report of: Head of Customer Services**

**Title of Report: WRITE OFF OF UNCOLLECTABLE DEBTS**

## **Summary and Recommendations**

**Purpose of report:** To agree write-off of debts in excess of £10,000 for business debts.

**Key decision:** No

**Executive lead member:** Councillor E Turner

**Policy Framework:** Finance Rules in Constitution

**Recommendation(s):**

That the amounts shown in the body of this report be written off subject to the proviso that if new information or payments are received, the debts written-off will be resurrected and credits applied.

Appendices to report – Appendix A - Risk Register

## 1. Introduction

The cases submitted for write off are shown below, indicating the type of write off, the reason and the amount.

## 2. Business Rates – Accounts Submitted for Write-Off.

|                                     |  |  |
|-------------------------------------|--|--|
| Insolvency –<br>Liquidation         | Eamayl Ltd<br>10 Park End Street<br>Account no. 711815801<br>Period – 01/04/10 to 31/08/11                   | Amount<br><br><b><u>£ 18,066.34</u></b>  |
| Insolvency –<br>Company Dissolved   | AQK & Co<br>217 Cowley Road<br>Account no. 711837567<br>Period – 18/10/03 to 16/12/05                        | Amount<br><br><b><u>£ 11,983.38</u></b>  |
| Insolvency –<br>Company Dissolved   | Meltz Express Ltd<br>14 Bonn Square<br>Account no. 711860669<br>Period – 19/11/04 to 29/04/07                | Amount<br><br><b><u>£ 18,786.29</u></b>  |
| Insolvency –<br>Company Dissolved   | Hometimes Ltd<br>33 Queen Street<br>Account no. 711862463<br>Period – 01/04/07 to 16/11/07                   | Amount<br><br><b><u>£ 37,025.71</u></b>  |
| Other –<br>Voluntary<br>Arrangement | Island Leisure (Bars) Ltd<br>42-43 Park End Street<br>Account no. 711870254<br>Period - 01/04/10 to 16/05/11 | Amount<br><br><b><u>£ 41,055.38</u></b>  |
| Insolvency –<br>Liquidation         | Nishan Ltd<br>300 Cowley Road<br>Account no. 711873985<br>Period – 02/03/09 to 15/07/11                      | Amount<br><br><b><u>£ 54,830.48</u></b>  |
| Insolvency –<br>Company dissolved   | Baumhaus Commercial Ltd<br>Sandy Lane West<br>Account no. 711875126<br>Period – 01/04/10 to 01/07/11         | Amount:<br><br><b><u>£ 21,310.43</u></b> |
|                                     |  |  |

|                                   |  |  |
|-----------------------------------|--|--|
| Insolvency –<br>Company dissolved | Stone Blend UK Ltd<br>44 Westgate<br>Account no. 711876560<br>Period – 01/09/08 to 30/04/09                          | Amount<br><br><b><u>£ 30,602.07</u></b>  |
| Insolvency –<br>Company Dissolved | Cowan Leisure Ltd<br>48-49 James Street<br>Account no. 711877468<br>Period – 01/04/09 to 21/04/11                    | Amount<br><br><b><u>£ 10,368.91</u></b>  |
| Debtor cannot be<br>traced        | Mr Ertan Salih<br>The Butchers Arms,<br>Wilberforce Street<br>Account no. 711879360<br>Period – 01/04/09 to 23/11/09 | Amount<br><br><b><u>£ 19,092.91</u></b>  |
| Debtor cannot be<br>traced        | Steve Salih<br>Six Bells, 3 Beaumont Road<br>Account no. 71188149x<br>Period – 19/11/09 to 15/12/10                  | Amount<br><br><b><u>£ 16,271.74</u></b>  |
| Insolvency –<br>Company Dissolved | Dunetech Ltd<br>44 Westgate<br>Account no. 711882708<br>Period 07/05/10 to 07/05/11                                  | Amount<br><br><b><u>£ 45,387.30</u></b>  |
| Debtor cannot be<br>traced        | Imran Kahn<br>154 Cowley Road<br>Account no. 711883338<br>Period 31/05/09 to 01/07/10                                | Amount<br><br><b><u>£ 11,136.22</u></b>  |
| Insolvency –<br>Administration    | Hengjia Group (UK) Ltd<br>41 Oxford Castle<br>Account no. 711884226<br>Period 01/04/10 to 01/03/11                   | Amount<br><br><b><u>£ 45,460.60</u></b>  |
| Insolvency –<br>Company Dissolved | SS Stores UK Ltd<br>15 Cornmarket Street<br>Account no. 711884754<br>Period 01/09/10 to 25/06/11                     | Amount<br><br><b><u>£ 114,218.63</u></b> |
|                                   |  |  |

|                          |  |   |
|--------------------------|--|---|
| Insolvency – Liquidation | Paperbox Stores (Liquidation)<br>29 Pound Way<br>Account no. 71188854<br>Period 01/11/09 to 13/10/11 | Amount<br><br><b><u>£ 22,416.23</u></b> |
|                          | <b>Total</b>   | <b><u>£ 518,012.62</u></b>              |

### **3. Resurrection of Debts**

- 3.1 If new information or other payments are received, the debts previously written-off will be resurrected and credits will be applied. An additional column has been added into the Provision for Bad Debt table in 4.1 of this report to show the amount of payments that have been received in this financial year in respect of debts that have been previously written off.

### **4. Provisions for Bad Debts**

- 4.1 The information below gives details, by category, the provisions for bad debt within the General Fund at the beginning of the financial year, write-offs approved to date in 2011/2012 and what provisions will remain if the write-offs listed above are approved.

#### **General Fund**

| Debt Type      | Provision at 1/4/11 | Written-off to date | Credits written back to date | Remaining Provision | Amount Requested | Projected Balance |
|----------------|---------------------|---------------------|------------------------------|---------------------|------------------|-------------------|
| Business Rates | £2,111,911          | £547,337.84         | £9,947.22                    | £1,574,520.38       | £518,012.62      | £1,056,507.76     |

The bad debt provision will be assessed at the year end and against arrears and any additional amount charged against the business rates pool

### **5.0 Risk Assessments**

- 5.1 A risk assessment has been undertaken and the risk register is attached at Appendix A. All risks have been mitigated to an acceptable level.

### **6.0 Climate Change**

- 6.1 There are no comments in respect of Climate Change.

**7. Equalities Impact**

7.1 In conjunction with the Equalities Projects Officer it has been agreed there is no Equalities Impact in respect of this report.

**8. Legal Implications**

8.1 There are no legal implications.

**9. Financial Implications**

9.1 There are no financial implications for the Authority as - provided we have made proper arrangements for securing economy, efficiency and effectiveness in relation to the collection of non-domestic rates - we are permitted to deduct in full the total amount of write offs made from our contribution to the non-domestic pool.

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**List of background papers: None**

**Version number: 1**

Appendix A

Write Off of Uncollectible Debt Risk Register

| No.  | Risk Description<br>Link to Corporate Obj   | Gros<br>s<br>Risk | Cause of Risk | Mitigation   | Net<br>Risk                     | Further Management of Risk:<br>Transfer/Accept/Reduce/Avoid   | Monitoring<br>Effectiveness   | Current<br>Risk  |
|--|---|-------------------|---------------|--|---------------------------------|---|---|--|
| Risk Score <b>Impact Score:</b> 1 =Insignificant; 2 = Minor; 3 = Moderate; 4 = Major; 5 = Catastrophic<br>Almost Certain <b>Probability Score:</b> 1 = Rare; 2 = Unlikely; 3 = Possible; 4 = Likely; 5 = |   |                   |               |  |                                 |   |   |  |
| 1  | Once written off, debt needs to be re-instated<br><br>Transforming Oxford City council by improving value for money and service performance | I<br>1            | P<br>3        | New information or payment received.<br><br>Mitigation effectiveness: high | Debt resurrected.<br><br>I<br>1 | P<br>3<br><br>Action:<br>Monitoring of payments and information received on closed accounts<br><br>Action Owner: Anne Harvey-Lynch<br><br>Mitigating Control:<br>Control Owner: Anne Harvey-Lynch | Outcome required:<br><br>Ensure that written-off debts are monitored for payments and new information and resurrected if required<br><br>Milestone date:<br>Monthly | Q<br>1<br><br>Q<br>2<br><br>Q<br>3<br><br>Q<br>4<br><br>I<br><br>P |

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