

CABINET – 19TH JANUARY 2012

Report of the Head of Benefits Revenues and Customer Services Lead Member: Councillor Jenny Bokor

PART A

ITEM 8 WRITE OFF REPORT FOR BUSINESS RATE PROPERTIES

Purpose of the Report

To seek Cabinet approval to write off irrecoverable debts in line with Financial Procedure Rules.

Recommendation

That the following debts be written off:

- 1) £14,179.42 owed by Franchisees Linehaul Services Ltd,
- 2) £10,150.77 owed by The Wards End Tavern Ltd, and
- 3) £18,019.16 owed by Eco Windows Ltd.

Reason

The normal enforcement / recovery and tracing of these debts have been exhausted and Write Off is now the only alternative. The Council's financial procedures require any debt over £10,000 be approved by Cabinet.

Policy Justification and Previous Decisions

The Collection of Business Rates (National Non-Domestic Rates) is a statutory requirement.

Implementation Timetable including Future Decisions and Scrutiny

Irrecoverable debts will be written off immediately following approval.

Report Implications

The following implications have been identified for this report.

Financial Implications

The writing off of these debts does not have a direct financial impact on the Council as the amounts are included in the Central Government funding for Business Rates.

Risk Management

There are no risks identified in this report.

Key Decision: No

Background Papers: None

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Part B

Background

1. Franchisees Linehaul Services Ltd went into liquidation on 27th July 2011. Until that date they occupied a large warehouse known as Unit A at Britannia Way, Thurmaston. There is an unpaid balance of £14,179.42 for the period 1st April 2011 to 27th July 2011 but a large deficit on the company's statement of affairs suggest the prospects for any dividend are low.
2. The Wards End Tavern Ltd occupied the News House public house on Wards End from March 2010. The company started to pay their rate instalments but then fell behind, culminating in a bailiff visit on 2nd September 2010. A new instalment scheme was agreed with the bailiff but on 28th November 2010 a new company started to trade. There is an unpaid balance of £10,150.77 for the period 1st April 2010 to 27th November 2010. The Wards End Tavern Ltd have not sent any accounts to Companies House and so there is a proposal lodged to dissolve the company. There are no assets known for distraint and so there are no prospects of recovering the outstanding debt.
3. Eco Windows Ltd occupied a large warehouse at 29 Pinfold Road, Thurmaston. The company made offers of settlement but did not honour the payments. Council bailiffs attempted distress on 8th February 2011, entering walking possession on goods there, but a new company took over the property on 25th February 2011. Independent advice recommends that there is no value in winding Eco Windows up. There is an unpaid balance of £18,019.16 for the period 1st April 2010 to 24th February 2011.
4. The Business Rates team have concluded that the outstanding sums identified should be written-off because they are no longer appropriate to retain as debts in the accounts as assets to the Authority. Provided that the auditors approve Council write-offs, then the written-off amount is taken off the balance that Charnwood pay to the Government (into the NNDR pool). There is no direct financial cost to the Council, as long as we have been 'diligent' in our write-off actions.
5. There seems no prospect of the Council collecting the debts and so it seems prudent to write-off now rather than carry debts which are very unlikely to be recovered. In the scenario that we do receive some payment towards the debts, the write-off would be reduced to take account of any payment received.

	Outstanding Rates	Outstanding Costs	Total Balance	Liabile Period
Account 96174109 Franchisees Linehaul Services Ltd, Unit A Britannia Way, Thurmaston	£14,179.42	-	£14,179.42	1st April 2011 to 27th July 2011
Account 96197048 Wards End Tavern Ltd, News House, Wards End, Loughborough	£10,150.77	-	£10,150.77	1st April 2010 to 27th November 2010
Account 96202406 Eco Windows Ltd 29 Pinfold Road, Thurmaston	£17,964.16	£55.00	£18,019.16	1st April 2010 to 24th February 2011

Appendices

None