

## CABINET

<b>Date of Meeting</b>	Tuesday, 21 June 2016
<b>Report Subject</b>	Business Rates - Write Off above £25,000
<b>Cabinet Member</b>	Cabinet Member for Corporate Management
<b>Report Author</b>	Chief Officer (Community & Enterprise)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Financial Procedure Rules (section 5.2) requires debts in excess of £25,000 considered for write off are referred to Cabinet for approval.

In the case of a commercial organisation known as White Self Storage Ltd, there is a requirement for Cabinet to approve the write off of a business rate debt amounting to £38,146 on the basis that the company is no longer trading, has no assets and has been struck off the register at Companies House.

### RECOMMENDATIONS

1	Approve the write off of the business rate debt, amounting to £38,146.39
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## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE BUSINESS RATES – WRITE OFF ABOVE £25,000</b>
1.01	White Self Storage Ltd owned and managed a number of commercial storage units at Glendale Avenue, Sandycroft from 2012 to 2015, although the business rates assessment was designated as a single rating assessment, encompassing all individual storage units, and based on a rateable value of £36,250. Their business model centred on the commercial letting of steel storage containers to individuals and companies for storage/lock-up purposes.
1.02	The company had a track record of not engaging with the business rates section and the Council needed to take action through the Magistrates Court on two occasions in an attempt to secure payment of unpaid business rates.
1.03	The Directors of White Storage failed to make any attempts to pay and external debt enforcement agents/bailiffs were engaged to enforce payment of the court orders
1.04	All attempts to secure payment proved unsuccessful and there were no assets or goods to take control of belonging to White Self Storage, since the business operating model was only providing storage facilities to third parties.
1.05	White Self Storage also operated across other local authority areas, and in view of ongoing difficulties in securing payment, officers also co-ordinated efforts on a regional basis to explore options, including 'winding up' the company in an final bid to secure full payment.
1.06	In 2015, the Directors of White Storage Ltd, made a proposal to remove the company from the register at Companies House, although the Council objected to the proposals until such time as the business rates were paid in full.
1.07	Measures to 'wind-up' the company were considered throughout the recovery process, but in view of the costs involved in applying to 'wind up' the company, together with the minimal prospect of successfully recovering business rates, it was not considered to be a realistic way forward.
1.08	The Council continued to follow up enquiries with the Investigations Team at Companies House but on the 9 <sup>th</sup> February 2016, despite the Councils previous objections, the company was finally wound up and ceased trading.
1.09	There is now no prospect of recovering the £38,146.39 unpaid business rates since the company has already been removed from the Companies House Register and is no longer operating from the Glendale Avenue premises under the name of White Self Storage Ltd.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There are no direct financial implications for the Council or local taxpayers as business rates which are collected (or not collected) are borne by the National Collection Pool for Wales. As the Collection Pool is supported by Welsh Government, non-payment of rates does though have a wider impact on the Welsh taxpayer.
2.02	Writing off this debt, amounting to losses of £38,146.39 is being recommended as a last resort and only on the basis that there is no prospect of successfully recovering this debt.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	All Write offs must be approved by the Corporate Finance Manager, but in the case of write offs over £25,000, Cabinet must be consulted before a decision is taken to write off debts.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	For those that fail to pay, recovery action is always taken to secure payment. Measures include the use of enforcement agents/bailiffs to take control of goods, and on occasion, steps are taken to 'wind-up' companies who fail to pay.
4.02	On some occasions, the cost of taking action such as 'winding-up' a company in the High Court is not appropriate on the grounds of the cost to the public purse, especially when there is little prospect of recovering the outstanding debt.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	Financial Procedure Rules (section 5.2)  <b>Contact Officer:</b> David Barnes, Revenues Manager <b>Telephone:</b> 01352 703652 <b>E-mail:</b> <a href="mailto:david.barnes@flintshire.gov.uk">david.barnes@flintshire.gov.uk</a>

7.00	GLOSSARY OF TERMS
7.01	<p><b>Business Rates:</b> is a property based local tax on businesses calculated on the rateable value of the property. Although the rate of tax is set by Welsh Government, rates are administered and collected locally and paid into a national collection pool.</p> <p><b>National Collection pool for Wales:</b> All Business Rates are collected and paid into the Welsh Government's Non-Domestic Rates Pool. They are then redistributed to local authorities as part of the local government revenue settlement grant each year.</p> <p><b>Companies House:</b> is the United Kingdom registrar of companies and is an executive agency and trading fund of Her Majesty's Government. It falls under the remit of the Department for Business, Innovation and Skills (BIS).</p> <p><b>Debt Enforcement Agents/Bailiffs:</b> are sometimes used as a further debt enforcement option in order to collect outstanding Business Rates by either collecting payment in full or taking control of goods to be offset against the debt.</p> <p><b>Company “winding up”</b> is a legal process taken submitted by the party or parties to liquidate a company. This may be done by the directors of the company or a third party such as a creditor who is owed money by the company.</p>