

CABINET

Date of Meeting	Tuesday 20 th September 2016
Report Subject	Business Rates - Write Off above £25,000
Cabinet Member	Cabinet Member for Corporate Management
Report Author	Chief Officer (Community & Enterprise)
Type of Report	Operational

EXECUTIVE SUMMARY

For bad debts in excess of £25,000, Financial Procedure Rules (section 5.2) requires Cabinet to approve the write off.

Richmond Investment Properties Ltd were liable for business rates at the Bryn Awel Hotel, Denbigh Road, Mold for the period between 25th July 2012 and 8th July 2014. Despite litigation action being taken by the Council to recover business rate liabilities amounting to £25,881.51, the debt remains outstanding and is now considered to be irrecoverable on the basis that all recovery options have been exhausted.

Richmond Investments Properties Ltd are no longer trading and the company has now been 'struck off' the register of companies at Companies House.

RECOMMENDATIONS

1	Approve the write off of the business rate debt for Richmond Investment Properties Ltd amounting to £25,881.51.
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REPORT DETAILS

1.00	EXPLAINING THE BUSINESS RATES – WRITE OFF ABOVE £25,000
1.01	Richmond Investment Properties Ltd held a commercial tenancy agreement for the Bryn Awel Hotel, Denbigh Road, Mold from 25 th July 2012 to 8 th July 2014 and were liable to pay full business rates as they were occupying the property.
1.02	The company had a poor track record of meeting their payment obligations to pay business rates. They did not engage 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. Liability Orders were successfully secured at Mold Magistrates Court on 1 st April 2014 and 5 th August 2014.
1.03	Despite securing court orders to enforce payment, the Registered Directors of Richmond Investment Properties Ltd continued in their failure to pay or enter into any payment arrangements with the Council. Court Orders were quickly referred to external bailiffs/debt enforcement agents in an attempt to secure payment of the debt.
1.04	Following correspondence being issued and visits carried out in line with taking control of goods regulations, the external bailiffs/debt enforcement agents found that Richmond Investments had left the property with no forwarding address.
1.05	During the period when bailiff action was being taken, the Council also received notification from the landlords to confirm the property had been repossessed from Richmond Investment Properties Ltd on the 8 th July 2014.
1.06	Bailiff action continued despite the repossession and tracing procedures were put in place to establish a forwarding address for Richmond Investment Properties Ltd. Following traces the external bailiffs/debt enforcement agents were still unable to secure payment.
1.07	All attempts to secure payment have proved unsuccessful and due diligence has been carried which established a lack of assets or goods to take control of in order to secure payment of the debt.
1.08	Recovery strategies have also including consideration to ‘wind-up’ the company, but on the basis that this company had no identifiable assets or capital, coupled with little or no prospect of successfully recovering the debt, it was not considered to be in the public interest to undertake this action.
1.09	A cross check with information held by Companies House confirmed that Richmond Investment Properties Ltd were no longer trading and failed to submit annual accounts after 2013. The last set of accounts for the trading

	period up to September 2013 confirmed total assets being just £100.
1.10	The company was finally dissolved on 28 th April 2015 and now no longer appears on the register of 'live' companies at Companies House.
1.11	There is now no prospect of recovering the £25,881.51 unpaid business rates since the company has already been removed from the Companies House Register.

2.00	RESOURCE IMPLICATIONS
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 to the National Collection Pool of £25,881.51 is being recommended as a last resort and only on the basis that there is no prospect of successfully recovering this debt.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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.

4.00	RISK MANAGEMENT
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.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01 6.02	<p>Financial Procedure Rules (section 5.2) Register of Companies (company number 06364048) – Richmond Investment Properties Ltd</p> <p>Contact Officer: Carwyn Jones, Senior Revenues Officer Telephone: 01352 702977 E-mail: carwyn.jones@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Business Rates: 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>National Collection pool for Wales: 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>Companies House: is the United Kingdom registrar of companies and is an executive agency and trading fund of Her Majesty's Government.</p> <p>Debt Enforcement Agents/Bailiffs: 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>Company “winding up” is a legal process taken submitted by the party or parties to liquidate a company. This may be done by a third party such as a creditor who is owed money by the company.</p>