

## CABINET

<b>Date of Meeting</b>	Tuesday, 23 <sup>rd</sup> July 2024
<b>Report Subject</b>	Business Rates - Write Offs
<b>Cabinet Member</b>	Cabinet Member for Corporate Services
<b>Report Author</b>	Chief Officer (Governance)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Three Business Rate debts, relating to liquidated companies, and totalling £99,085.39, are deemed to be irrecoverable and the writing off the debts is now a necessary step. The debts relate to:

- Ace Rotomould Ltd £40,986.72
- Premier English Manufacturing Ltd £33,062.00
- Premier Grip Trading Ltd £25,036.67

### RECOMMENDATIONS

1	Write off the sums of £40,986.72 for Ace Rotomould Ltd, £33,062 for Premier English Manufacturing Ltd, and £25,036.87 for Premier Grip Trading Ltd.
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## REPORT DETAILS

1.00	EXPLAINING THE BACKGROUND TO THE WRITE OFF REQUESTS
1.01	<p><b>ACE Rotomould Limited</b>, a manufacturer of plastics, is registered on Companies House (12918595) and was liable to pay ongoing business rates from December 2021 to February 2024 for commercial premises listed at Unit 5 and Unit 6, Bromfield Industrial Estate, Mold.</p> <p>The units had been vacant for a period more than 6 months prior ACE Rotomould taking on the lease, so the full empty business rates were payable, even though the company did not initially start trading from either unit.</p>
1.02	The company defaulted with their Business Rate payments on their initial bills leading to a Liability Order being applied for and granted in July 2022, for a total of £21.2K.
1.03	Following contact with the directors of the company in September 2022, a non-statutory payment arrangement was set up to support the company to and reflect their intention to commence trading from October 2022.
1.04	The company made the first two payments and then requested further deferment of the remaining balance which the Council agreed to. A nominal payment of £4k was duly paid with the remainder being spread evenly over February and March 2023.
1.05	The financial position of the company did not improve, nor did trading commence and the February instalment was not paid. The Council continued to work with the business to agree a payment plan and in light that the business indicated full trading would commence by the end of March 2023, it was agreed the balance could be paid in full by 31 <sup>st</sup> March 2023.
1.06	A payment only of £1.4k was received in March 2023. Dialogue continued with the business to support repayment into the new financial year, and this resulted in the successful recovery of a further £11.9k up to June 2023.
1.07	In September 2023, the director confirmed that the company closed on 30 <sup>th</sup> June 2023 and business was going to be placed into a voluntary liquidation. Further attempts were made to collect the unpaid balance, but such action proved unsuccessful with the units being unoccupied and with no engagement from the directors.
1.08	Insolvency Practitioners (Clarke Bell Ltd) were appointed in January 2024, and they immediately disclaimed the lease for both units in February 2024, which had the effect of ceasing the liability of business rates even though ACE Rotomould had not actively traded from either unit.

1.09	<p>With assets of just £367 and total deficiency for creditors of £0.62m, there is no prospect of the Council receiving payment in respect of the £40.9k outstanding Business Rates and a write off is now necessary.</p> <p>The sole Director of ACE Rotomould was also one of the Directors of a separate business, A.C Canoe Products (Chester) Ltd, which was previously also subject to a £37.8k business rate write off due to insolvency.</p>
1.10	<p><b>Premier English Manufacturing Ltd</b> was a bar soap and personal care products manufacturing company trading from Minerva House, Chester West Employment Park, Chester. The company had occupied the unit for a period over 20 years. Business Rates liabilities were always paid by the business in full and on time throughout their period of occupation until December 2022.</p>
1.11	<p>In January 2023, the company contacted the Council to confirm their direct debit for December and January would be unpaid due to the business having cashflow difficulties.</p>
1.12	<p>Dialogue continued with the Directors, but no payment was able to be made and in April the Council received confirmation the company was insolvent, and a new business Premier Grip Trading Ltd were responsible for business rates for the unit from April 2023.</p>
1.13	<p>Insolvency Practitioners (Leonard Curtis) were appointed in April 2023 to oversee the liquidation of the company and in March 2024 confirmed to the Council that there would no dividend payable to any class of creditor due to a deficiency of £0.75m. There is no prospect of the Council receiving payment in respect of the £32k outstanding Business Rates and a write off is now necessary.</p>
1.14	<p><b>Premier Grip Trading Limited</b>, was stationery items and textiles manufacturing company and trading from Minerva House, Minerva Avenue, Chester West Employment Park, Chester CH1 4QL from 1<sup>st</sup> April 2023 following a demise of the previous occupier, Premier English Manufacturing Ltd.</p>
1.15	<p>Payments of business rates were always made in full and on time by the company up to November 2023, totalling £64,200.</p>
1.16	<p>The Council resorted to taking steps to recover business rates following a period of defaulting with payments, but in April 2024, Insolvency Practitioners (also Leonard Curtis) were appointed to liquidate Premier Grip Trading Ltd.</p>
1.17	<p>The Insolvency Practitioners have confirmed that there are very limited assets and an estimated deficiency for creditors of £0.47m. There is no prospect of the Council receiving payment in respect of the £25k outstanding Business Rates and a write off is now necessary.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	There are no direct financial implications for the Council or local taxpayers by writing off the three debts as business rate losses are picked up 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 the three debts amounting to a total loss of £99,085 income to the National Collection Pool, is being recommended as a last resort and only on the basis that there is no realistic chance of successfully recovering the debts.

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	For those businesses who fail to pay, recovery action is always taken to secure payment. Measures include taking legal action to secure a Liability Order at the Magistrates Court, and in certain circumstances, the use of enforcement agents/bailiffs to take control of goods.
3.02	On some occasions, the cost of taking legal 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 if there is still no prospect of recovering the outstanding debt.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	All write offs must be approved by the Corporate Finance Manager, but in the case of write offs over £25k, Cabinet must be consulted before a decision is taken.

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

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• Local Government Finance Act 1988</li> <li>• Financial Procedure Rules (section 5.2)</li> <li>• Ace Rotomould Ltd (12223464) <a href="https://find-and-update.company-information.service.gov.uk/company/12918595/filing-history">https://find-and-update.company-information.service.gov.uk/company/12918595/filing-history</a></li> <li>• Premier English Manufacturing Ltd (05395987) <a href="https://find-and-update.company-information.service.gov.uk/company/05395987">https://find-and-update.company-information.service.gov.uk/company/05395987</a></li> <li>• Premier Grip Trading Ltd (01661940) <a href="https://find-and-update.company-information.service.gov.uk/company/01661940">https://find-and-update.company-information.service.gov.uk/company/01661940</a></li> </ul>

<b>7.00</b>	<b>CONTACT OFFICER DETAILS</b>
7.01	<p><b>Contact Officer:</b> David Barnes, Revenues &amp; Procurement Manager</p> <p><b>Telephone:</b> 01352 703652</p> <p><b>E-mail:</b> <a href="mailto:david.barnes@flintshire.gov.uk">david.barnes@flintshire.gov.uk</a></p>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>Business Rates:</b> are 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 by each local authority and paid into a national collection pool for Wales.</p> <p><b>National Collection Pool for Wales:</b> all business rates are collected and paid into the Welsh Government's Non-Domestic Rates Collection Pool. Councils in Wales receive a redistributed share based on a formula set by Welsh Government called the Local Government Funding Formula. The formula makes a theoretical comparative judgement on what each council needs according to its population size, its wealth and poverty, and its rurality.</p> <p><b>Liquidation:</b> is the legal process that occurs when a company becomes insolvent, meaning it cannot meet its payment obligations as and when they become due. The purpose of liquidation is for an appointed liquidator/Insolvency practitioner to look into the financial affairs of the company, realise all the assets and then pay a return to creditors so they receive some or all of their money back. However, not all liquidations result in creditors getting money back in the form of a dividend.</p>