

CABINET

Date of Meeting	Tuesday, 20 th October 2020
Report Subject	Business Rates – Write Offs
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

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

Two Business Rate debts are considered to be irrecoverable for Limited Liability Companies that are no longer trading. Consequently, there are no assets and successful recovery of the Business Rate debts is no longer possible and a write off is necessary, totalling £55,321. The organisations are:

- TTS Sales Ltd £25,648
- G & A Automotive Ltd £29,673

RECOMMENDATIONS

1	That Cabinet approve the write off for the Business Rate debts totalling £55,321 as set out in the report.
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REPORT DETAILS

1.00	EXPLAINING THE BACKGROUND TO THE REQUEST FOR WRITE OFF
	Background to TTS Sales Ltd
1.01	TTS Sales Ltd were responsible for Business Rates for the car sales area at Dobshill Garage, Chester Road, Dobshill from December 2012 until December 2018.
1.02	Between 2012/13 and 2017/18, the company paid their Business Rate liability in full following enforcement action through the use of bailiffs/enforcement agents. The Council successfully recovered £142,000.
1.03	In 2018/19 the Council successfully obtained a further liability order on the 20/06/2018. Enforcement Agents/Bailiffs were subsequently engaged to enforce the Liability Order. The agents secured a payment agreement with the company directors and a total of £1,143 was successfully recovered.
1.04	The company then defaulted with their payment agreement and the Council was notified that the company had been dissolved by Companies House on the 13 th November 2018.
1.05	Liability was ended on the 31 st December 2018 in line with the termination of the lease by the landlords.
1.06	There is no prospect of the Council receiving payment of £25,648 owed to the Council for unpaid Business Rates as the company is no longer in existence.
	Background to G & A Automotive Ltd
1.07	G & A Automotive Ltd were liable for Business Rates for commercial premises at Unit 30, Zone 2, Deeside Industrial Estate.
1.08	The company commenced occupation of the unit on 1 st April 2017 and paid their 2017/18 full Business Rates liability by direct debit. G&A vacated the unit around March 2018 and left no forwarding address.
1.09	Following discussions with the landlord, the lease with G & A Automotive remained in place until January 2027 and so G & A Automotive Ltd remained liable for empty Business Rates.
1.10	During 2018/19 and 2019/20, the company failed to meet their payment obligations and liability orders were granted in February and June 2019 and subsequently enforcement agents were instructed to collect the outstanding balances.
1.11	Enforcement Agents visited the company registered offices in the Wirral and found the company had absconded. Additional attempts were undertaken to trace the company and identify any assets but were unsuccessful.

1.12	The Company has no identifiable assets to pay the Business Rate debt of £25,648 and the directors have now lodged proposals in June 2020 with Companies House for the company to be struck off and dissolved.
1.13	There is little prospect of the Council receiving any payment in respect of the £25,648 debt owed to the Council for empty Business Rates.

2.00	RESOURCE IMPLICATIONS
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2.01	There are no direct financial implications for the Council or local taxpayers by writing off these debts as Business Rates 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 these two debts, amounting to a loss to the National Collection Pool of £55,321 is being recommended as a last resort and only on the basis that there is no prospect of successfully recovering these debts.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
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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.
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4.00	RISK MANAGEMENT
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4.01	For those businesses who 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.
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5.00	APPENDICES
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5.01	None.
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<ul style="list-style-type: none"> • Local Government Finance Act 1988 • Financial Procedure Rules (section 5.2) • Companies House – G & A Automotive Ltd – Company Number 07022960 • Companies House – TTS Sales Ltd – Company Number 06693274 <p>Contact Officer: David Barnes, Revenues Manager</p>
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Telephone:	01352 703652
E-mail:	david.barnes@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
	<p>Business Rates: 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>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 businesses as part of the local government revenue settlement grant each year.</p> <p>Companies House: is the UK's registrar of companies and is an executive agency of Her Majesty's Government.</p> <p>Debt Enforcement Agents/Bailiffs: are sometimes used as a way of enforcing Liability Orders for non-payment of Business Rates by either collecting payment in full or taking control of goods to offset against the debt.</p> <p>Dissolved: Is a legal process of closing down a limited company by removing its name from the official register held at Companies House. Once the name is removed from the register, the company no longer legally exists.</p>