



WOKINGHAM BOROUGH COUNCIL

A Meeting of an **INDIVIDUAL EXECUTIVE MEMBER
DECISION** will be held at the Civic Offices, Shute End,
Wokingham on
FRIDAY 27 MARCH 2015 AT 10.45 AM

A handwritten signature in black ink, appearing to read 'Andy Couldrick', written in a cursive style.

Andy Couldrick
Chief Executive
Published on 19 March 2015

Our Vision

A great place to live, an even better place to do business

Our Priorities

Improve educational attainment and focus on every child achieving their potential

Invest in regenerating towns and villages, support social and economic prosperity, whilst encouraging business growth

Ensure strong sustainable communities that are vibrant and supported by well designed development

Tackle traffic congestion in specific areas of the Borough

Improve the customer experience when accessing Council services

The Underpinning Principles

Offer excellent value for your Council Tax

Provide affordable homes

Look after the vulnerable

Improve health, wellbeing and quality of life

Maintain and improve the waste collection, recycling and fuel efficiency

Deliver quality in all that we do

For consideration by

Anthony Pollock, Executive Member for Economic Development and Finance

Officers Present

Sharon Pearce, Service Manager Income and Payments

IMD NO. 2015	WARD	SUBJECT
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IMD13/2015	None Specific	WRITE OFF OF NON-COLLECTABLE DEBT To write off a number of non-collectable debts.	5 - 8
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NOTICE OF INDIVIDUAL EXECUTIVE MEMBER DECISION

ITEM NO.	IMD 2015 – 13
TITLE	Write off of Non-Collectable Debt
DECISION TO BE MADE BY	Anthony Pollock, Executive Member for Economic Development and Finance
DATE AND TIME OF DECISION	Friday 27 March 2015 at 10.45am
VENUE	David Hicks Room, Council Offices, Shute End, Wokingham
REPORT TO BE PUBLISHED ON	Thursday 19 March 2015

**INDIVIDUAL EXECUTIVE MEMBER DECISION
REFERENCE IMD: 2015 - 13**

TITLE	Write off of Non-Collectable Debt
FOR CONSIDERATION BY	Executive Member for Economic Development and Finance
ON	Friday 27 March 2015
TIME	10.45am
WARD	None Specific
DIRECTOR	Graham Ebers, Finance and Resources

OUTCOME / BENEFITS TO THE COMMUNITY

The write off of a non-collectable debt ensures that Council ledgers are accurate and up to date.

The debt to be written off is in respect of business rates liabilities for the years 2012/13 and 2013/14. Due to changes in the Business Rates funding any debt that is written off has a financial impact on the Council in that 49% of the loss is incurred by the Council.

RECOMMENDATION

Agree to write off business rates liabilities in the sums of £32,731.53 and £25,653.96, totalling £58,385.49 as unrecoverable.

SUMMARY OF REPORT

Ray Hudson Limited was a company that had been in operation for a few years at a business unit in Earley. They had struggled to pay business rates on this assessment over recent years and recovery action had been taken on older debt which had resulted in payment.

Roy Hudson entered into a Company Voluntary Arrangement (CVA) and the Insolvency Practitioners dealing with the CVA contested that any future payments or obligations were bound by the CVA and were appealing that Wokingham Borough Council (WBC) were trying to make claims that were outside of the CVA. We were referred to the legal case Cazaly Irving Holdings Ltd vs Cancel Ltd. The Supervisor of the CVA was then instructed by his Solicitor to issue an application to Court for a direction that the business rates liability is bound by the terms of the CVA. WBC were summonsed to attend Reading County Court for the direction hearing on the 17th March 2014.

WBC took advice initially from Chartered Institute of Public Finance Accountants who

concluded that the insolvency practitioners' interpretation of the Cancel Ltd case was incorrect. The case was referred to Shared Legal Services on 10th January 2014 to represent WBC at a hearing in March 2014. At this point WBC ceased any further collection activity on the account pending the outcome of the hearing.

On 30th January 2014 a letter was received from the Insolvency Practitioners advising that after they had considered Ray Hudson Ltd.'s financial situation and had resolved that they should put the company into voluntary liquidation. On 13th Feb 2014 the voluntary liquidation was confirmed and in October 2014 a letter was received from KRE (insolvency practitioners) advising that substantial preferential creditor (HMRC) will receive any potential dividend following Ray Hudson's liquidation. As a result WBC have no option but to write off the debt totaling £32,731.53.

Antix Labs Limited occupied a unit at the University of Reading. The Valuation Office made a decision to assess each of these units individually and the occupiers would become liable for the business rates. The work to rate each unit individually was undertaken in June 2014, and Antix Labs were liable for business rates from April 2012. Antix Labs were already in administration and had vacated the property in March 2014, and the Company was dissolved on 23 January 2015. As a result WBC have no option but to write off the debt totaling £25,653.96.

Background

Ray Hudson Limited (In liquidation) was registered for business rates at an industrial unit from December 2008. They paid their business rates until the first recovery taken in November 2010. We were advised in May 2011 that the company was entering into a CVA. Due to the correspondence with the company dealing with the CVA and the involvement of Shared Legal Services on an impending hearing we could not take any further recovery action.

Just before the hearing Ray Hudson Limited went into voluntary liquidation and we were advised that there was a substantial preferential creditor and that no dividends would be payable to any other creditors.

Antrix Labs Limited had occupied a unit at Reading University for a number of years. The rates were paid by Reading University as the units were not individually assessed. The Valuation Office made a decision to rate each unit separately and the individual occupiers would be liable for the business rates. The valuation Office individually rated the assessments in June 2014, after Antix Labs have vacated and filed for administration. The debt for the outstanding business rates was therefore uncollectable.

Analysis of Issues

We have exhausted all possible steps to enforce payment of the outstanding business rates liabilities. If the debt is not written off it will remain as a bad outstanding debt on our records. 49% of the total amount outstanding, £28,608.89, is a loss to the Council,

the remainder is funded by central Government. We will exceed our target for collection on business rates this financial year, and therefore this loss can be covered from the excess income.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	28,608.89	Yes	Revenue
Next Financial Year (Year 2)	None	None	
Following Financial Year (Year 3)	None	None	

Other financial information relevant to the Recommendation/Decision

None

SUMMARY OF CONSULTATION RESPONSES

Director - Resources	None received
Monitoring Officer	None received
Leader of the Council	None received

List of Background Papers

None

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