



WOKINGHAM BOROUGH COUNCIL

A Meeting of an **INDIVIDUAL EXECUTIVE MEMBER DECISION** will be held in First Floor 13 - Civic Offices, Shute End, Wokingham RG40 1BN on **FRIDAY 29 MARCH 2019 AT 8.50 AM**

Heather Thwaites

Heather Thwaites
Interim Chief Executive
Published on 21 March 2019

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WOKINGHAM BOROUGH COUNCIL

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 Finance, HR and Corporate Resources

Officers Present

Andrew Kupusarevic, Interim Senior Specialist - Revenues and Recovery

Madeleine Shopland, Democratic and Electoral Services Specialist

IMD NO.	WARD	SUBJECT	
IMD 2019/09	None Specific	WRITE OFF OF NON-COLLECTABLE BUSINESS RATES DEBTS	5 - 10

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Agenda Item IMD9

INDIVIDUAL EXECUTIVE MEMBER DECISION REFERENCE IMD: IMD 2019/09

TITLE	Write off of Non-Collectable Business Rates Debts
DECISION TO BE MADE BY	Executive Member for Finance, HR and Corporate Resources - Anthony Pollock
DATE, MEETING ROOM and TIME	29 March 2019 FF13 at 08:50
WARD	None Specific;
DIRECTOR / KEY OFFICER	Director of Locality and Customer Services - Sarah Hollamby

PURPOSE OF REPORT (Inc Strategic Outcomes)

The write off of non-collectable debts ensures that the council ledgers are accurate and up to date.

The debts to be written off is in respect of business rates. Any debt written off has a financial impact as the council incurs 49% of the loss.

As at the end of February 2019 the Business rate collection was 98.19% against the month end target of 96.51%.

RECOMMENDATION

That the Executive Member for Finance, HR and Corporate Resources agree to write-off as 'unrecoverable' the four outstanding Business Rate accounts as detailed in the report.

SUMMARY OF REPORT

	Financial loss – The Council	Financial loss – Central Government	Total
	49%	51%	
Case 1	£31,894.21	£33,196.02	£65,090.23
Case 2	£26,167.12	£27,235.16	£53,402.28
Case 3	£34,667.64	£36,082.64	£70,750.28
Case 4	£40,888.15	£42,557.06	£83,445.21
Total	£133,617.12	£139,070.88	£272,688.00

1)

Business Rates (Regis UK Ltd) for the period from 22 October 2010 to 31 March 2019:

£2,635.00 from 2010/2011
£6,708.24 from 2011/2012
£7,649.99 from 2012/2013
£8,805.00 from 2013/2014
£8,242.50 from 2014/2015
£8,400.00 from 2015/2016
£8,470.00 from 2016/2017
£7,339.50 from 2017/2018
£7,560.00 from 2018/2019

Total debt: £65,090.23

Regis UK Ltd had occupied the hairdressing salon shop and premises at 12 Chalfont Way, Lower Earley, RG6 5TT since 22 October 2010. However, Wokingham Borough Council was unfortunately not advised of the company's occupation of the said property until 19 June 2018. On that date communication was received on behalf of the owner of the property confirming the unit had been leased to the liable company and requesting reimbursement of business rates - the owner had diligently paid, but in error, since the lease was granted. A copy of the lease was received on 11 September 2018. In accordance with Business Rates law the council was obliged to retrospectively amend the Business Rates records.

Bills for Business Rates in respect of all the relevant financial years were issued to the liable company and the statutory time period for payment to be made was provided. No payments were received.

On 26 October 2018, Regis UK Ltd was deemed to be insolvent.

Based on the amount outstanding now, the loss to the council is £31,894.21 (49%). The remaining 51% of the debt falls on Central Government.

2)

Business Rates (Consumer Helper Ltd) for the period from 14 September 2016 to 19 March 2018:

£22,765.75 from 2016/17
£30,636.53 from 2017/18

Total debt: £53,402.28

On 8 December 2016, a representative of Consumer Helper Ltd advised the council that the company had taken a lease on the premises at Grd Floor Left, Rosa Building, Mulberry Business Park, Fishponds Road, Wokingham, Berkshire, RG41 2QJ from 14 September 2016.

Notices were issued demanding payment of the rates which remained unpaid. The legal recovery process then commenced and Liability Orders were granted against the company by the Magistrates' Court on 19 May 2017 and 18 August 2017.

An Enforcement Agent was instructed on 12 June 2017 to enforce payment on the first Liability Order. A notice of pending enforcement action was issued for the second case.

Despite the action taken, no payments were received.

A check on Companies House records on 30 April 2018 showed that Consumer Helper Ltd was dissolved on 20 March 2018.

Financial information about the company, shown on Companies House records, states it had assets totaling £1.00.

49% of the total amount outstanding, £26,167.12, is a loss to the Council. The remaining 51% of the debt falls to Central Government.

3)

Business Rates (Marshall Parks Ltd) for the period from 1 June 2016 to 19 October 2017:

£42,775.79 from 2016/17

£27,974.49 from 2017/18

Total debt: £70,750.28.

On 15 November 2016, the property managers acting on behalf of the owner advised the council that Marshall Parks Ltd had leased the office at Ground Floor Left, Trinity Court, Molly Millars Lane, Wokingham, Berkshire, RG41 2AG since 1 June 2016.

Notices were issued demanding payment of the rates which remained unpaid. The legal recovery process then commenced and Liability Orders were granted against the company by the Magistrates' Court on 17 March 2017 and 18 August 2017. The council sought to collect the arrears by the instruction of an Enforcement Agent on two separate occasions. Despite the action the rates remained outstanding.

On 8 June 2018 the property managers advised the council that the business premises has been split into four separate units and leased to two new companies from 20 October 2017.

In the course of the work carried out by the Enforcement Agent Marshall Parks Ltd was found to have been dissolved by compulsory strike off on 19/06/2018.

Financial information about the company, shown on Companies House records, states it had assets totaling £1.00.

49% of the total amount outstanding, £34,667.64, is a loss to the Council. The remaining 51% is a loss to Central Government.

4)

Business Rates (Complete Mobile marketing LTD) as highlighted below.

28/02/2017 to 11/04/2017

Gnd & 1st Floors, Sage House, Wharfdale Road, Winnersh, RG41 5TP	£14,975.47
11/07/2017 to 21/08/2017	
Gnd & 1st Floors, Sage House, Wharfdale Road, Winnersh, RG41 5TP	£18,817.14
22/11/2017 to 02/01/2018	
Gnd & 1st Floors, Sage House, Wharfdale Road, Winnersh, RG41 5TP	£18,817.14
03/04/2018 to 15/05/2018	
Gnd & 1st Floors, Sage House, Wharfdale Road, Winnersh, RG41 5TP	£20,473.01
16/08/2018 to 10/10/2018	
Quoin House, Fishponds Road, Wokingham, Berks, RG41 2BF	£10,362.45
Total debt:	£83,445.21

On 6 March 2017, a representative of Complete Mobile Marketing Ltd wrote to the council to confirm that the company had occupied Gnd & 1st Floors, Sage House, Wharfdale Road, Winnersh, Wokingham, Berks, RG41 5TP since 28 February 2017.

On 11 April 2017 following an inspection of the property by the council's Revenues Visiting Officer it was confirmed that the company had vacated the property on that day. The period of the lease to Complete Mobile Marketing Ltd was verified in an email dated 22 June 2017 from the owner of the property.

Wokingham Borough Council were then advised that the company would again be in occupation of the property from 11 July 2017 and an inspection was carried out on that day which verified the company's occupation. The company then emailed on 17 August 2017 to advise that it would be vacating the property effective from 21 August 2017. This fact was also confirmed in a letter from the company dated 28 August 2017. A visit on 4 September 2017 showed the property was unoccupied.

A further email was received from Complete Mobile Marketing Ltd dated 14 November 2017, to state they would again occupy the property on 22 November 2017. An email from the owners of the property on 23 November 2017 gave the same information. A visit on 22 November 2017 confirmed occupation.

The owners of the property confirmed by email on 17 January 2018 that the tenants had vacated the premises effective from 2 January 2018. Complete Mobile Marketing Ltd also advised of this fact in an email on 19 January 2018. A visit on 15 January 2018 showed the property was unoccupied.

On 3 April 2018, occupation of the property was again confirmed in an email from the company and a visit on 5 April 2018. The owners also confirmed the facts in an email dated 18 April 2018. We were then informed by the company in an email dated 10 May 2018 that they would move out on 15 May 2018. A visit on 17 May 2018 proved this was correct.

Occupation of Quoin House, Fishponds Road, Wokingham, Berks, RG41 2BF from 16 August 2018, was confirmed by the owners of the premises in a letter dated the same day. The owners then emailed on 11 October 2018, to confirm the tenants has vacated the property effective from 10 October 2018.

Demand notices were sent for all periods of liability. For the first three accounts specified above, legal proceedings were taken. Liability Orders were awarded by the Magistrates' Court on 23 June 2017, 20 October 2017, 16 February 2018 and 18 May 2018. An Enforcement Agent was instructed on 15 August 2017 and 14 November 2017 on the first account. Notices warning of enforcement proceedings were sent in the other two accounts with debts that were subject to Liability Orders.

No payments were received on any of the accounts above. However, the company was liable for Business Rates at various addresses in the borough on 78 different accounts and paid on the bills for other accounts.

We were informed by letter on 8 August 2018, from an insolvency practitioner Live Recoveries, that Complete Mobile Marketing Ltd were expected to go into liquidation. Martin Halligan of Live Recoveries wrote on 24 August 2018 to confirm that he had been appointed as liquidator of the liable company on 20 August 2018.

Financial information about the company, shown on Companies House records, states that at the point of commencement of winding up, it had assets totaling £10,000.00 and debts of £1,144,232.00.

49% of the total amount outstanding, £40,888.15 represents a loss to the Council. The remaining 51% is borne by Central Government.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £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)	£133,617.12	Yes	Revenue
Next Financial Year (Year 2)	Nil		
Following Financial Year (Year 3)	Nil		

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None

SUMMARY OF CONSULTATION RESPONSES

Director – Corporate Services	No comments received
Monitoring Officer	No comments received
Leader of the Council	No comments received

List of Background Papers
None

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