



WOKINGHAM BOROUGH COUNCIL

A Meeting of an **INDIVIDUAL EXECUTIVE MEMBER DECISION** will be held virtually on **MONDAY 8 FEBRUARY 2021 AT 4.00 PM**

Susan Parsonage
Chief Executive
Published on 29 January 2021

This meeting may be filmed for inclusion on the Council's website.

Note: The Council has made arrangements under the Coronavirus Act 2020 to hold this meeting virtually via Microsoft Teams. The meeting can be watched live using the following link: <https://youtu.be/GglUU6l9sCw>

Please note that other people may film, record, tweet or blog from this meeting. The use of these images or recordings is not under the Council's control.



WOKINGHAM BOROUGH COUNCIL

Our Vision

A great place to live, learn, work and grow and a great place to do business

Enriching Lives

- Champion outstanding education and enable our children and young people to achieve their full potential, regardless of their background.
- Support our residents to lead happy, healthy lives and provide access to good leisure facilities to complement an active lifestyle.
- Engage and involve our communities through arts and culture and create a sense of identity which people feel part of.
- Support growth in our local economy and help to build business.

Safe, Strong, Communities

- Protect and safeguard our children, young and vulnerable people.
- Offer quality care and support, at the right time, to prevent the need for long term care.
- Nurture communities and help them to thrive.
- Ensure our borough and communities remain safe for all.

A Clean and Green Borough

- Do all we can to become carbon neutral and sustainable for the future.
- Protect our borough, keep it clean and enhance our green areas.
- Reduce our waste, improve biodiversity and increase recycling.
- Connect our parks and open spaces with green cycleways.

Right Homes, Right Places

- Offer quality, affordable, sustainable homes fit for the future.
- Build our fair share of housing with the right infrastructure to support and enable our borough to grow.
- Protect our unique places and preserve our natural environment.
- Help with your housing needs and support people to live independently in their own homes.

Keeping the Borough Moving

- Maintain and improve our roads, footpaths and cycleways.
- Tackle traffic congestion, minimise delays and disruptions.
- Enable safe and sustainable travel around the borough with good transport infrastructure.
- Promote healthy alternative travel options and support our partners to offer affordable, accessible public transport with good network links.

Changing the Way We Work for You

- Be relentlessly customer focussed.
- Work with our partners to provide efficient, effective, joined up services which are focussed around you.
- Communicate better with you, owning issues, updating on progress and responding appropriately as well as promoting what is happening in our Borough.
- Drive innovative digital ways of working that will connect our communities, businesses and customers to our services in a way that suits their needs.

For consideration by

John Kaiser, Executive Member for Finance and Housing

Officers Present

Andrew Kupusarevic, Senior Specialist - Income, Payments and Recovery

Callum Wernham, Democratic & Electoral Services Specialist

| IMD NO. | WARD | SUBJECT | |
|----------------|---------------|--|---------------|
| IMD 2021/06 | None Specific | WRITE OFF OF NON-COLLECTABLE BUSINESS RATES DEBT. | 5 - 10 |

CONTACT OFFICER

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Democratic & Electoral Services Specialist

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Civic Offices, Shute End, Wokingham, RG40 1BN

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Agenda Item IMD6

INDIVIDUAL EXECUTIVE MEMBER DECISION

REFERENCE IMD: 2021/06

| | |
|--|---|
| TITLE | Write off of Non-Collectable Business Rates Debt. |
| DECISION TO BE MADE BY | Deputy Leader of the Council - John Kaiser |
| DATE, MEETING ROOM and TIME | 8 February 2021 Teams meeting at 16.00 |
| WARD | None specific; |
| DIRECTOR / KEY OFFICER | Deputy Chief Executive - Graham Ebers |

PURPOSE OF REPORT (Inc Strategic Outcomes)

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

The debt to be written off is in respect of business rates.

RECOMMENDATION

That the Executive Member for Finance and Housing agrees to write-off as unrecoverable the outstanding Business Rates debt of £97,321.98 as detailed within this report.

SUMMARY OF REPORT

Canute UK Limited held a lease on Unit 12 Ashville Way, Wokingham, Berkshire, RG41 2PL from 01/05/2017 to 11/05/2018. The Business Rates it owes has not been paid.

The company went into administration, had no assets available for creditors and it has since been dissolved.

Outstanding Business Rates:

| | |
|--------------------------|------------|
| 01/05/2017 to 31/03/2018 | £86,607.14 |
|--------------------------|------------|

| | |
|--------------------------|------------|
| 01/04/2018 to 11/05/2018 | £10,714.84 |
|--------------------------|------------|

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|------------|------------|
| Total debt | £97,321.98 |
|------------|------------|

Summary

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| Total debt | £97,321.98 |

Background

Canute UK Limited took a lease on the warehouse and premises at Unit 12 Ashville Way, Wokingham, Berkshire, RG41 2PL on 01/05/2017. There was a significant delay in the landlord's agents advising Wokingham Borough Council of the lease. The agents only told the council about the lease 12 months after it had started.

Business Rates bills setting out the instalments payable for the 2017/18 and 2018/19 financial years, were issued to Canute UK Limited on 14/06/2018. Instalment Reminder notices were then sent on 30/07/2018 as no payments were received.

The Business Rates account was then closed effective from 11/05/2018 as the council was informed by an insolvency practitioner (FRP Advisory LLP) that the company was placed into administration on that date and that its assets had been sold via a "pre-pack Administration" to a new company that had taken over the lease for the chargeable property on 12/05/2018.

A claim was lodged with the insolvency practitioner for the debt the company owes to the council.

A statement of affairs produced by the insolvency practitioner showing the financial position of the company when it went into administration, listed a deficiency of assets to liabilities of £4.9m. A further statement, written a year later, showed the same position.

The company was dissolved on 08/08/2019.

Business Case (including Analysis of Issues)

Canute UK Limited was the correct liable party to pay the Business Rates for the relevant period, due to the company being the leaseholder. Bills and Reminder Notices were sent, then once the company went into administration the only recourse available to the council was to lodge a claim with the insolvency practitioner for the Business Rates debt.

The company owed money to many unsecured creditors and there were no funds available to pay any of them. It has been dissolved and therefore no longer exists.

There is no possibility of any of the debt to the council being paid.

Of the total debt of £97,321.98 business rates to be written off, the Council will face 49% of the cost of the write-off (£47,687.77). The remaining 51% of the debt falls to Government (50%) and Berkshire Fire & Rescue (1%). Due to bad debt provision, there will be no financial impact on council budgets because of the debt being written off.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe funding pressures, particularly in the face of the COVID-19 crisis. It is therefore imperative that Council resources are focused on the vulnerable and on its highest priorities.

| | How much will it Cost/ (Save) | Is there sufficient funding – if not quantify the Shortfall | Revenue or Capital? |
|-----------------------------------|-------------------------------|---|---------------------|
| Current Financial Year (Year 1) | £97,321.98 | Yes | Revenue |
| Next Financial Year (Year 2) | £0 | Yes | Revenue |
| Following Financial Year (Year 3) | £0 | Yes | Revenue |

Other financial information relevant to the Recommendation/Decision

In 2018/2019 there was one IEMD relating to four separate business rate accounts totaling £133,617.12 (Council's liability) - all four businesses had gone into receivership.

There were no IEMD's relating to write offs in 2019/2020.

The service will always try and work with our Businesses to avoid any unnecessary action particularly where write offs are required. This is in line with the Council's Financial Regulations and our Recovery processes.

This is always the last resort but when a company unfortunately goes into receivership and there is no other means for the Council to recover the debt - apart from registering the dept with the insolvency company as it has done in this case.

All indications are that as we continue thought-out next year more business may be impacted by the pandemic and it is expected that we will continue to see businesses having to close or go into receivership with their liability having to be written off.

The write off will be funded through the bad debts provision and therefore no direct impact on the Council's Revenue Account.

The Financial Regulations section 12.1.19.17 requires write offs over £25,000 to be agreed through IEMD.

The Council's CFO and Deputy CFO have already been consulted.

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| Cross-Council Implications |
| None identified |

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| Public Sector Equality Duty |
| WBCs duties under the Equality Act have been met, as an equality impact assessment is not required due to nature of the write off. |

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| SUMMARY OF CONSULTATION RESPONSES | |
| Director – Corporate Services | None |
| Monitoring Officer | None |
| Leader of the Council | None |

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| Reasons for considering the report in Part 2 |
| N/A |

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| List of Background Papers |
| Companies House records showing the asset position and the company being dissolved. |

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|-----------------------------------|---|
| Contact Andrew Kupusarevic | Service Housing, Income and Assesments |
| | Email andrew.kupusarevic@wokingham.gov.uk |

DISSOLVED

04164588 CANUTE UK LIMITED

This Company was dissolved on 08/08/19



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