

Report to:	Cabinet	Date:	7 November 2018
Subject:	Business Rates – Request for Write-Off Approval over £100k		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
Contact Officer:	Alison Bell – Intelligent Client Officer		
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Appendices:	A. Frontbank Developments Ltd Overview		
	B. Flexiway Stores Ltd Overview		
	C. Africa Relief Trust Inquiry Report		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To seek the views of the Cabinet to write off Non-Domestic Rate debts in excess of £100,000.

2.0 Recommendations

Cabinet is asked to **RESOLVE** that the amounts detailed in paragraph 4.0 of the report be written off.

3.0 Background and Key Issues

- 3.1 Business Rates, or National Non-Domestic Rates, are the means by which businesses and others who occupy non-domestic property make a contribution towards the cost of local services, for example, the police and fire services. Other services such as education and housing are of indirect benefit to business ratepayers.
- 3.2 Business Rates are usually payable by the occupier of a non-domestic property. This will normally be the owner-occupier or the leaseholder. If a property is empty, the owner or leaseholder pays.
- 3.3 Under the Business Rates Retention Arrangements introduced from 1st April 2013, local authorities keep a proportion of the Business Rates paid locally. This provides a direct financial incentive for authorities to work with local business to create a favourable environment for growth.
- 3.4 In 2018/19 the amount of business rates billed for City premises was £56.3m, a rise on the 2017/18 amount which was £55.5m, this was collected on behalf of the City, Gloucestershire County Council and Central Government.

3.5 The council pursue all opportunities to collect any outstanding debt prior to recommending write off.

4.0 PROGRESS

4.1 Frontbank Developments Ltd, Bruton House, 5-7 Whitfield Street, Gloucester.

Reference	Period	Charge	Costs	Balance outstanding
0600328389	20.09.2006 – 24.09.2011	£206,576.41	£52.00	£206,628.41
0600372950	01.04.2011 – 24.09.2011	£1,675.21	£ -	£1,675.21
Total				£208,303.62

The above company was occupying a property in Whitfield Street, Gloucester. Enforcement officers have attempted to engage with Frontbank Developments Ltd, and have investigated address leads in Salford, Wolverhampton and London. Enforcement officers visited the premises at Whitfield Street, however, the property was empty.

Frontbank Developments Ltd were dissolved without leaving any assets in December of 2012 – appendix A.

4.2 Flexiway Stores Ltd, 13-23 Northgate St, Gloucester

Reference	Period	Charge	Costs	Balance outstanding
0600410251	01.04.2015 – 31.01.2016	£129,836.80	£60.00	£129,896.80
Total				£129,896.80

The business rate charge is for less than one financial year. Enforcement officers have attempted to recover, however Flexiway Stores Ltd posted its intention to dissolve in May of 2016, finally being dissolved without leaving any assets on 19.07.2016 – appendix B

4.3 Africa Relief Trust

Suite A, B & C First Floor, Ampney House, Falcon Close, Quedgeley
 Ground Floor, Berkeley House, Falcon Close, Quedgeley
 Ground & First Floor, Southgate House, Gloucester
 First Floor Offices, 3 Llanthony Business Park, Gloucester
 First Floor, Bisley House, Falcon Close, Quedgeley

Reference	Period	Charge	Costs	Balance outstanding
0600367973	01.04.2011 – 19.06.2011	£799.75	£50.00	£849.75
0600371300	01.07.2011 – 26.05.2015	£99,647.51	£215.00	£99,862.51
0600373135	20.09.2011 – 29.04.2014	£19,747.33	£215.00	£19,962.33
0600373146	20.09.2011 – 29.04.2014	£18,251.34	£215.00	£18,466.34

0600373157	20.09.2011 – 29.04.2014	£12,566.50	£215.00	£12,781.50
0600400122	01.04.2013 – 22.05.2013	£5,233.91	£58.00	£5,291.91
0600400100	01.04.2013 – 22.05.2013	£6,844.34	£58.00	£6,902.34
0600384121	01.12.2012 – 16.04.2015	£21,091.80	£220.00	£21,311.80
0600378629	01.04.2012 – 29.04.2012	£2,274.32	£52.00	£2,326.32
Total				£187,754.80

Africa Relief Trust was formerly a registered charity. Extensive attempts have been made by enforcement officers to locate individuals and company ambassadors named in the charity. They have attended various addresses across the country but have been unsuccessful. Furthermore the Charity Commission have completed an inquiry in the Africa Relief Trust and it is no longer a registered charity – appendix C.

5.0 Alternative Options Considered

5.1 None

6.0 Reasons for Recommendations

6.1 All avenues to collect these monies due have been unsuccessful. Enforcement officers have attempted to engage with all of the three parties named in this report. The limited companies have now been dissolved at Companies House and the 'Charity' has been struck off by the Charities Commission. The debts are old and there is no realistic prospect of recovering these debts. The age of the debt is due to the fact that the City Council have been exploring all avenues for the recovery of the debts, unfortunately this has been unsuccessful as we have now exhausted all lines of enquiry.

7.0 Future Work and Conclusions

7.1 There is little likelihood of the debts being recovered and therefore write off is recommended, however, in the extremely unlikely event that there is an opportunity to recover the debt in the future it is pertinent to note that the debt could be reinstated (written back on)

7.2 All accounts and related paperwork contained in this report have been audited by the Client Team.

8.0 Financial Implications

8.1 The City Council's constitution requires that debt in excess of £100k is approved for write off by Cabinet.

8.2 The City Council have not asked for any amounts in excess of £100K to be written off in the last five years. These amounts are recommended to be written off given that all lines of enquiry to recover these debts have been exhausted. To put the

amount in perspective the request is less than 1% of this year's annual amount billed to business rate customers

- 8.3 The Council have a bad debt provision for these debts and these debts have been 100% provided for within the provision. There are no further financial implications to the Council as a result of these write offs.

9.0 Legal Implications

- 9.1 The Council is entitled to write off debts as and when it considers it appropriate. If a company goes into liquidation/bankrupt the Council ranks with other creditors to try and recover any money owed.

10.0 Risk & Opportunity Management Implications

- 10.1 The debts recommended for write-off within this report can be charged to a specific provision established for this purpose. There is, therefore, minimal financial risk to the authority.

11.0 People Impact Assessment (PIA):

- 11.1 None

12.0 Other Corporate Implications

Community Safety

- 12.1 Not applicable.

Sustainability

- 12.2 Not applicable

Staffing & Trade Union

- 12.3 Not applicable

Background Documents: None