

Gloucester City Council

Meeting:	Cabinet Council	Date:	12 February 2020 26 March 2020
Subject:	Business Rates – Request for Write-off Approval over £100K		
Report Of:	Jon Topping – Chief Financial Officer		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
Contact Officer:	Alison Bell, Intelligent Client Officer, Revenues & Benefits		
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Appendices:	None		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To seek the approval of the Cabinet to write off a non-domestic rates debt in excess of £100K
- 1.2 To seek the approval of Council to write off a non-domestic rates debt in excess of £100K

2.0 Recommendations

- 2.1 Cabinet is asked to **RECOMMEND** that the non-domestic rates amount in paragraph 4 be written off
- 2.2 Council is asked to **RESOLVE** that the non-domestic rates amount in paragraph 4 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 Debenhams Properties Ltd 30-44 Northgate Street Gloucester

Reference	Period	Charge	Costs	Balance outstanding
0600228373	01/04/2019 to 31/03/2020	£536,313.28		£276,831.85
Total				£276,831.85

4.2 The company is subject to a Company Voluntary Arrangement ([CVA](#)) from 9 May 2019.

This means that their payments under this CVA are significantly reduced
Please consider writing off the residual debt which remains AFTER the minimum payments are received.

The screenshot shows the Companies House profile for Debenhams Properties Limited. Key information includes:

- Company Name:** DEBENHAMS PROPERTIES LIMITED
- Company Number:** 00344823
- Registered office address:** 334 - 348 Oxford Street, London, England, W1C 1JG
- Company status:** Voluntary Arrangement
- Company type:** Private limited Company
- Incorporated on:** 30 September 1938
- Accounts:** Next accounts made up to 31 August 2019 due by 31 May 2020
- Confirmation statement:** Next statement date 5 July 2020 due by 19 July 2020

5.0 Environmental Implications

5.1 N/A

6.0 Alternative Options Considered

- 6.1 To leave the non-domestic rate debt as outstanding, though it is highly unlikely to be recovered given that the company have entered into a voluntary agreement to repay a portion of the debt.

7.0 Reasons for Recommendations

- 7.1 The company has entered into a Company Voluntary Arrangement (CVA). We can no longer explore our 'normal' recovery routes. We are now receiving reduced payments in line with the CVA, however, the amount being requested for write off is the residual amount which remains outstanding after the voluntary payments have been received.

8.0 Future Work and Conclusions

- 8.1 If there are increased payments received then the debt will be reinstated and any payments offset against this

9.0 Financial Implications

- 9.1 The City Council's constitution requires that debt in excess of £100k is approved for write off by Cabinet.
- 9.2 The Council have a bad debt provision, this debt will be covered within that provision. There are no further financial implications to the Council as a result of this write off.

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 Section 151 of the Local Government Act 1972 requires every local council to arrange for the proper administration of their financial affairs. The Council is entitled to write off debts as and when it considers it appropriate after having exhausted all available options. As the company has entered into a CVA the Council will be in receipt of some of the debt as set out by their insolvency practitioner. Should the company fail to make payments under the schedule the Council, as a creditor, can seek to wind up the company.

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

- 11.1 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.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 N/A

13.0 Community Safety Implications

13.1 N/A

14.0 Staffing & Trade Union Implications

14.1 N/A

Background Documents: None