

CABINET – 9TH MARCH 2023

Report of the Head of Customer Experience Lead Member: Councillor Thomas Barkley

Part A

WRITE OFF REPORT FOR BUSINESS RATE PROPERTIES

Purpose of the Report

To seek Cabinet approval to write off irrecoverable debts in line with Financial Procedure Rules.

Recommendation

That the following debt be written off:

- £103,927.50 owed by Loco Mexicano Ltd.

Reason

The normal enforcement / recovery and tracing of these debts have been exhausted and Write Off is now the only alternative. The Council's financial procedures require write-off any debt over £100,000 be approved by Cabinet.

Policy Justification

The Collection of Business Rates (National Non-Domestic Rates) is a statutory function.

Implementation Timetable including future Decisions and Scrutiny

Irrecoverable debts will be written off immediately following approval.

Report Implications

The following implications have been identified for this report

Financial implications

The calculations are complex but, generally, the Council's share of the cost of writing off business rates is 20%. This equates to around £20,786 in respect of the write-offs proposed. The Council maintains a financial provision for business rate write-offs and this decision will have no impact on the Council's budget.

Risk Management

There are no risks associated in this report.

Key Decision: No

Background Papers: none

Officer to Contact:

Karey Barnshaw

Telephone No. 01509 634923

E-mail address: karey.barnshaw@charnwood.gov.uk

Simon Jackson

Telephone No. 01509 634699

E-mail address: simon.jackson@charnwood.gov.uk

Part B

Background

1. **Loco Mexicano Ltd** traded from 7 Old Hospital Court, Baxter Gate, Loughborough with effect from 7th December 2016. A rateable value for the property was not assessed by the Valuation Officer until May 2017 and set at a level the company could not maintain. Trade was nowhere near the level the company had anticipated and the manager advised that the company was unable to pay rent or business rates. Trading ceased in December 2017.
2. Empty property rates then became payable by the company, as leaseholder, in April 2018 and the matter was referred to Enforcement Agents. The Agents were unable to recover any monies and returned the case in September 2018. The Council commenced insolvency proceedings which resulted in the company going into liquidation on 23rd January 2020.
3. The directors of the company had been Messrs. Duncan Deffley and Cengiz Hairettin.
4. The Business Rates team have concluded that the outstanding sum should be written-off because it is no longer appropriate to retain as a debt in the accounts as an asset to the Authority. It seems prudent to write-off now rather than carry debts which are very unlikely to be recovered. In the scenario that the Council does receive some dividend towards the debt, the write-off would be reduced to take account of any payment received.

	Outstanding Rates	Outstanding Costs	Total Balance	Liable Period
Account 96266223 Loco Mexicano Ltd 7 Old Hospital Court, Baxter Gate, Loughborough	£36,612.22		£36,612.22	7 th December 2016 to 31 st December 2017
	£67,197.78	£117.50	£67,315.28	1 st April 2018 to 22 nd January 2020