



Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET - 7 DECEMBER 2020
Report Number	AGENDA ITEM 14
Subject	REQUEST TO WRITE OFF UNPAID BUSINESS RATES AND COUNCIL TAX
Wards affected	Not applicable
Accountable member	Cllr. Mike Every - Deputy Leader and Cabinet Member for Finance Email: mike.every@cotswold.gov.uk
Accountable officer	Jon Dearing - Group Manager for Resident Services Tel: 01993 861221 Email: jon.dearing@publicagroup.uk
Author	Mandy Fathers - Business Manager for Operational Support and Enabling Tel: 01993 861232 Email: mandy.fathers@pubicagroup.uk
Summary/Purpose	To seek approval for the writing off of debts in excess of £5,000
Annexes	Annex A - Details of individual accounts
Recommendation/s	<i>a) That the offer of full and final settlement detailed in 2.3 is accepted; b) that the write off of the outstanding balance of £24,727.44 is approved.</i>
Corporate priorities	Deliver our services to the highest standards.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	The Leader of the Council. The Deputy Leader and Cabinet Member for Finance, S151 Office, Interim Chief Executive, Monitoring Officer, Group Manager,

1. BACKGROUND

- 1.1. The business rate hereditaments detailed in Annex A (attached) are currently owned by Leckhampton Estates (Ullenwood) Limited, a private company limited by shares. All hereditaments except for one, account reference 1402715417 are rated for business rates. Account 1402715417 is rated for council tax purposes.
- 1.2. All hereditaments, except the property used for domestic use were utilised as agricultural type workplaces.
- 1.3. All hereditaments have been empty now for a number of years, some starting from 2014 with the last ones being from 2017.
- 1.4. All eligible reliefs and/or exemptions have been applied to accounts.
- 1.5. Leckhampton Estates (Ullenwood) Limited have for many years been trying to sell the land that these hereditaments are sat on for development, and until recently have been unsuccessful.
- 1.6. Many attempts have been made to recover the debts owing, which have included:
 - Reminder notices being issued
 - Court Summonses being issued
 - Liability Orders being obtained
 - Referral of all debts to external enforcement agencies (Bailiffs)
 - Meetings with Leckhampton Estates (Ullenwood) Ltd Directors to agree suitable repayment arrangements
- 1.7. As a result of failure by the Directors to meet any agreed timescales for repayment of the debt, the Council referred the matter to Greenhalgh and Kerr, external Solicitors and Insolvency Practitioners who are specialists in National Non Domestic Rating matters.
- 1.8. The debt was initially £173,780 but as a result of the Valuation Office Agency reevaluating some hereditaments and a small payment of £4,430 from Leckhampton Estates (Ullenwood) Ltd the debt has reduced.

2. MAIN POINTS

- 2.1. The Council has recently been contacted by the Greenhalgh and Kerr solicitors who have been instructed by the Council's legal department to assist with the recovery of sums owing to the Council. Greenhalgh and Kerr has confirmed that Leckhampton Estates (Ullenwood) Ltd have received an offer to purchase this piece of land for £1.2 million.
- 2.2. In order for this sale to be successful the mortgagee (who have significant interest and outstanding balances of £2.57 million) are offering to pay the Council, in full and final settlement to remove the secured charges of £75,307.27. This relates to the outstanding balances on accounts, less the £24,727.44 associated legal costs.
- 2.3. If the Council does not agree to this offer, the mortgage company may seek to recover its full sum from the successful sale and therefore the Council will be left with a charge on negative equity; meaning it will not receive any repayment.
- 2.4. The Insolvency Practitioner is advising the Council to accept this offer and relinquish the charge to ensure the majority of debt is repaid to the Council.
- 2.5. The latest accounts for Leckhampton Estates (Ullenwood) Limited cover the period to 31 May 2019. The accounts have been filed with Companies House and are

exempt from audit under section 477 of the Companies Act 2006 relating to small companies. The accounts include the £2 million bank loan which is secured by a legal mortgage over the property.

3. FINANCIAL IMPLICATIONS

- 3.1. The costs of £24,727.44 associated with legal costs have already been paid by the Council and will not be recovered if approval to write off is agreed. The financial impact of the write off will be recognised in the Collection Fund and will form part of the Collection Fund Surplus or Deficit at the end of 2020/21.
- 3.2. For Council Tax, the impact of the write off will be shared across the Gloucestershire County Council, Cotswold District Council and the Gloucestershire Police and Crime Commission in proportion to the overall demand upon the collection fund. For this Council, that share is £33.05.
- 3.3. For Business Rates, the impact will be shared by the Government (50%), Gloucestershire County Council (10%) and this Council (40%). For this Council the share is £9,712.35.

4. LEGAL IMPLICATIONS

- 4.1. The Council's Financial Rules state that any amounts in excess of £5,000 that are requested for write off must be approved by Cabinet.

5. RISK ASSESSMENT

- 5.1. There is a potential risk to the Council that if it does not approve the full and final settlement which has been offered that the mortgage company could claim their full debt leaving the property in negative equality, and the Council with no funds.

6. ALTERNATIVE OPTIONS

- 6.1. Council could decide not to accept the full and final settlement offer. However, the Insolvency Practitioner is advising the Council to accept this offer and relinquish the charge to ensure the majority of debt is repaid to the Council.
- 6.2. The Council could instruct the Insolvency Service to force Leckhampton Estates (Ullenwood) Ltd into Administration; however the priority creditor (the mortgage company) would receive its repayment first which will leave no funds available to repay the Councils debt.
- 6.3. Officers have explored all options for recovering the outstanding debt and it is therefore proposed that the debt of £24,727.44 is written off.

(END)

