

OFFICER DECISION RECORD 1 FORM

This form should be used to record Officer Decisions in Excess of £100k (but below the key decision threshold), or where required by Financial, Contract or other Procedure Rules or following formal delegation from Cabinet or a Cabinet Member or a Council Committee.

Decision Reference No: CR/683/03/23

BOX 1

DIRECTORATE: Corporate Resources
Contact Name: Alan Stoves & David Sprakes

DATE: 4 December 2023
Tel. No.: 01302 35585

Subject Matter: Business Rates Write Offs

BOX 2**DECISION TAKEN**

To write off the debts listed on the attached appendices 1-4, which by individual businesses is between £50,000 and £250,000, due to the company in question having ceased trading leaving the debt irrecoverable. The total value of the debts to be written off is £317,847.50 (including costs).

BOX 3**REASON FOR THE DECISION**

Non-domestic rates are charged to the occupier or, where the property is empty, to the person(s) entitled to possession of a non-domestic property.

In many cases the occupier or person entitled to possession is a limited company rather than a private individual. Where this is the case bills are issued to, and enforcement action taken against, the company in question. Where the company is dissolved or goes into administration before the non-domestic rates have been paid there are no mechanisms available to pursue the debt any further.

This ODR covers the write off individual debts of less than £250k, with the detail on each non-domestic account provided in the appendices 1-4, where the company concerned has been dissolved with no prospect of a dividend being paid and so are included in this write off. Overall, the write-offs provided in this ODR total £317,847.50.

In accordance with the following Financial Procedure Rule, approval is sought from the Chief Financial Officer.

Only the CFO has the legal authority to write-off bad debts. In order to do this,

the following arrangements are in place: -

- The write-off of Bad or doubtful debts below £250,000 can be authorised by the CFO, who may delegate responsibilities as necessary for smaller items;
- The CFO will consult with the Elected Mayor before authorising the writing off of debts of £250,000 or over.

In all cases, debts will not be written-off unless processes for collection have proved fruitless. All requests for write-offs will be made by the relevant Director with due explanation for non-collection. All write-offs made will be properly recorded and such records retained.

If a dividend does become payable in the future, then the appropriate amount of write-off will be reversed.

BOX 4

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

Action to recover this debt has been taken as appropriate either internally and/or via external enforcement agents. Details of actions taken to recover the debt are outlined on the appendix. All attempts to recover the debt have been unsuccessful and, as the company is no longer in existence, or dormant with no assets there is no prospect of payment being made. It is therefore recommended the debt is written off.

We do have the option not to write these debts off; however, with no prospect of these debts being paid the result will be that the level of collectable arrears will be overstated.

BOX 5

LEGAL IMPLICATIONS

In discharging its functions, the Council should comply with its Financial Procedure Rules.

All write-offs should be properly recorded and such records retained, with due explanation for non-collection.

Name: Scott Fawcus **Signature:** S.R. Fawcus **Date:** 08.12.23

Signature of Assistant Director of Legal and Democratic Services (or representative)

BOX 6

FINANCIAL IMPLICATIONS:

<u>Business</u>	<u>Years Outstanding</u>	<u>£ Rates</u>	<u>£ Costs</u>

Cleveland Street Wellbeing Fitness & Lifestyle Centre Ltd	2017, 2018, 2019	£60,652.37	£74.00
Thornhill Rubber Ltd & Thornhill Engineering Services Ltd	2019, 2020	£133,702.49	£0.00
Thornhill Engineering Services Ltd & Thornhill Rubber Ltd	2020	£30,116.82	£0.00
Wholesale Bargains Ltd	2016, 2017, 2018, 2019	£93,005.82	£296.00
Total		£317,477.50	£370.00

It is proposed to write off a total of £317,477.50 of uncollected business rates (excluding costs, which are detailed separately below).

Of this amount £209,649.94 has already been provided for and will be charged against the existing business rates bad debt provision. Therefore, the cost of these write offs is £107,827.56 which will be charged to the Collection Fund in 2023/24. Based on the Business Rates Retention Scheme, the council's share of these write offs is 49% which equates to £52,835.51.

The total amount of debt written off this year to date is £478,187.72 of which £252,413.63 has already been provided for leaving a £225,774.09 cost to the Collection Fund. This decision will increase the amount written off this year to £333,601.65. The NNDR1 return for 2023/24 assumed a write-off level of £1,605,858.00. If this level is exceeded, it will have a negative impact on the Collection Fund surplus/deficit for the year.

	This Decision	2023/24 (to date) including this decision
A - Business Rates proposed to be written off	£317,477.50	£795,665.22
B - Already included in Business Rates bad debt provision	£209,649.94	£462,063.57
C - Cost to the Collection Fund (A-B)	£107,827.56	£333,601.65
D – DMBCs share of write offs (C @ 49%)	£52,835.51	£163,464.81
E - 2023/24 Projected cost to Collection Fund (NNDR 1)		£1,605,858.00
F – Headroom in Collection Fund before negatively impacting on surplus / deficit (E-A)		£810,192.78

In addition, £370.00 of costs has been incurred for these accounts and will be written off from the Cost Account. This will be a cost to the General Fund of around £185.00 from an adjustment to the bad debt provision.

Name: Chris Cowan

Signature: FM (FP&C) by email

Date: 07/12/2023

Signature of Chief Financial Officer and Assistant Director of Finance (or representative)

BOX 7

OTHER RELEVANT IMPLICATIONS

N/A

Name: _____ **Signature:** _____ **Date:** _____

Signature of Assistant Director (or representative)

ANY IMPLICATIONS SENT TO DEPARTMENTS SHOULD GENERALLY BE SUBMITTED AT LEAST 5 WORKING DAYS IN ADVANCE TO ENSURE THESE CAN BE GIVEN THE RELEVANT CONSIDERATION.

BOX 8

EQUALITY IMPLICATIONS: (To be completed by the author).

The debts selected for write off, relate to companies that are dormant, have no assets, or are no longer in existence, regardless of background or location.

BOX 9

RISK IMPLICATIONS: (To be completed by the author)

The implication of not taking this decision is that the level of collectible business rates arrears will be overstated.

This gives a misleading collection fund position and an unrealistic expectation of the monies that may be collected in the future.

BOX 10

CONSULTATION

There has been no consultation on this decision other than those included above.

BOX 11

INFORMATION NOT FOR PUBLICATION

It is in the public interest to be aware of this decision under the Freedom of Information Act 2000.

Name: Holly Blake Signature: H.Blake Date: 06.03.24

Signature of FOI Lead Officer for service area where ODR originates

**BOX 12
BACKGROUND PAPERS**

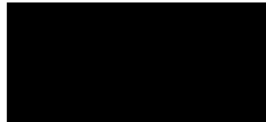
Please confirm if any Background Papers are included with this ODR - YES

(If YES please list and submit these with this form)

Appendices 1-4 attached, which outline the steps taken to recover these debts

**BOX 13
AUTHORISATION**

Name: Faye Tyas Signature:



Date: 06.03.24

Assistant Director of Finance & Technology

Does this decision require authorisation by the Chief Financial Officer or other Officer

NO

If yes please authorise below:

Name: _____ Signature: _____ Date: _____

Chief Executive/Director/Assistant Director of _____

Consultation with Relevant Member(s)

Name: _____ Signature: _____ Date: _____

Designation _____

(e.g. Mayor, Cabinet Member or Committee Chair/Vice-Chair)

Declaration of Interest YES/NO

If YES please give details below:

PLEASE NOTE THIS FORM WILL BE PUBLISHED ON THE COUNCIL'S WEBSITE IN FULL UNLESS IT CONTAINS EXEMPT OR CONFIDENTIAL INFORMATION.

Once completed a PDF copy of this form and any relevant background papers should be forwarded to Governance Services at Ladem@doncaster.gov.uk who will arrange publication.

It is the responsibility of the decision taker to clearly identify any information that is confidential or exempt and should be redacted before publication.

Appendix 1

Cleveland Street Wellbeing Fitness & Lifestyle Centre Ltd (CRN 11279566)

Account number: 9400375920

Property Address: 19 Cleveland Street Doncaster South Yorkshire DN1 3EH

Total for write off = £60,726.37

Debt Summary							
Account No	Re Address	Period of Charge	Debt Year(s)	LO Date	Charge	Costs	Bal O/S
9400375920	19 Cleveland Street Doncaster South Yorkshire DN1 3EH	29/03/2018 to 31/03/2018	2017/18	n/a	£253.94	£0.00	£253.94
		01/04/2018 to 31/03/2019	2018/19	15/08/2018	£31,798.50	£74.00	£31,872.50
		01/04/2019 to 16/02/2020	2019/20	n/a	£28,599.93	£0.00	£28,599.93
							£60,726.37

The NNDR Team were made aware that Cleveland Street Wellbeing Fitness & Lifestyle Centre Ltd had taken the lease and occupation of the premises 19 Cleveland Street, DN1 3EH, following a letter from the landlord of the premises (Lazarus Properties Ltd) that they had taken a 3-year lease on the premises and were in occupation, from 29 March 2018. It is noted that the company was incorporated the day before the lease was signed.

An opening bill was sent to the premises (which the business was claimed to be in occupation of, and was their registered office) on 15 May 2018. This bill was returned by Royal Mail – ‘addressee unknown’. A copy bill was issued 31 May 2018, and this too was returned by the Royal Mail. On the 20 June 2018, a copy bill was sent to the director at his home contact address. Due to non-payment a reminder was issued 26 June 2018. Due to continued non-payment a summons was issued on 24 July 2018.

On 6 August 2018, the NNDR team received correspondence from the Director of Cleveland Street Wellbeing Fitness & Lifestyle Centre Ltd, in which he advised he was in contact with the Valuation Office Agency (VOA) attempting to have the premises re-rated as gymnasium and fitness centre, rather than a shop and premises. He asked that all future correspondence be sent to the registered office.

The NNDR team wrote back on 7 August 2018, advising that the sum billed and stated on the summons remained payable whilst any appeal was being made to the VOA. The company was advised that payment should be made in full to stop the matter proceeding to Liability Order court.

Due to no payment or contact a Liability Order was obtained on 15 August 2018. On the 17 September 2018 the Council wrote to the business advising if no contact or payment, their case would be passed to an Enforcement Agent. The case was passed to Phoenix Enforcement Agents on 29 November 2018. The account was returned by the EA as they were unable to locate, or make contact with the ratepayer. A Gone away protection marker was placed on the account.

On 4 March 2019, the annual bill for financial year 2019/20 was issued. This was returned by the Royal Mail as ‘addressee gone away’.

Further letters requesting contact were sent dated 15 March 2019 8 April 2019 for contact regarding their arrears and requesting an inspection of the premises, and again on 4 June 2019 for contact regarding their arrears.

In June 2019, the Council was made aware the business was at proposal to strike off with Companies House. The Council objected to the strike off proposal and sent further correspondence regarding the arrears on 23 July 2019.

In October 2019, the case was passed to our Court Team to explore recovery options, which were limited due the companies previously being at proposal to strike off.

The Council has never been able to confirm if the premises were occupied by the business, as originally claimed.

On 5 March 2020, an annual bill was issued for the financial year 2020/21.

On the same date, the Council became aware that the premises (which was also the companies registered office) had been demolished on 17 February 2020.

The liability of Cleveland Street Wellbeing Fitness & Lifestyle Centre Ltd was therefore ended 16 February 2020.

It was considered that due to the demolition of the companies trading and registered address, no alternative means of enquiry, and that the company had previously been at proposal for strike off (initially prevented by the Council's objections), that the debt was unrecoverable.

The company was subsequently dissolved on 20 July 2021.

Appendix 2

Thornhill Engineering Services Ltd In Administration (CRN 10257394) & Thornhill Rubber Ltd (CRN 10892023)

Account number: 9400467941

**Property Address: Unit C & D Parkside Business Park, Spinners Road
Doncaster DN2 4BL**

Dissolved 22 October 2022

Total for Write off = £133,702.49

Debt Summary							
Account No	Re Address	Period of Charge	Debt Year(s)	LO Date	Charge	Costs	Bal O/S
9400467941	Unit C & D, Parkside Business Park, Spinners Road Doncaster, DN2 4BL	20/05/2019 to 31/03/2020	2019/20	N/a	£92,490.00	£0.00	£92,490.00
		01/04/2020 to 13/07/2020	2020/21	N/a	£41,212.49	£0.00	£41,212.49
Total							£133,702.49

Background & Action taken to recover

On 17.05.19 the NDR team were made aware by Business Doncaster Thornhill Rubber Ltd, and Thornhill Engineering Services Ltd were moving into Units C & D Parkside Business Park, Spinners Road, Doncaster, DN2 4BL.

Following the issue of a bill dated 8.10.2019, a standing order payment was made on 05.12.19. A Direct Debit was also set up. A new bill reflecting this sent 13.12.19. The Direct Debit was cancelled by the ratepayer, leading to a further bill showing this dated 23.01.20. The Direct payment due on 25.01.20 failed as the Direct Debit had been cancelled by the ratepayer. An annual bill for 2020/21 was issued 05.02.20.

On 02.04.20 an email was received by Business Doncaster stating that the business was struggling with payments following their relocation to Doncaster from Barnsley.

On 03.04.20, after consideration, it was agreed that we would withhold recovery action until the end of June 20, allowing time for relocation costs to be met, but that their payment plan will be recalculated after this. No payments were received, and no further contact was received.

The company went into Administration on 14 July 2020.

The company went into Administration on 14 July 2020. The account was apportioned to reflect this. The companies continued to trade, meaning account 9400467958 was created for ongoing liabilities to be billed.

A further bill was sent 12.03.21, confirming the outstanding balance on this account.

The company was dissolved on 22 October 2022.

This account and charge outstanding is for the period before the companies went into administration.

Appendix 3

Thornhill Engineering Services Ltd In Administration (CRN 10257394) & Thornhill Rubber Ltd (CRN 10892023)

Account number: 9400467958

**Property Address: Unit C & D Parkside Business Park, Spinners Road
Doncaster DN2 4BL**

Dissolved 22 October 2022

Total for write off = £30,116.82

Debt Summary							
Account No	Re Address	Period of Charge	Debt Year(s)	LO Date	Charge	Costs	Bal O/S
9400467958	Unit C & D Parkside Business Park, Spinners Road Doncaster DN2 4BL	14/07/2020 to 27/09/2020	2020/21	N/a	£30,116.82	£0.00	£30,116.82
Total							£30,116.82

Background & Action taken to recover

On 17.05.19 the NDR team were made aware by Business Doncaster Thornhill Rubber Ltd, and Thornhill Engineering Services Ltd were moving into Units C & D Parkside Business Park, Spinners Road, Doncaster, DN2 4BL.

Following the issue of a bill dated 8.10.2019, a standing order payment was made on 05.12.19. A Direct Debit was also set up. A new bill reflecting this sent 13.12.19. The Direct Debit was cancelled by the ratepayer, leading to a further bill showing this dated 23.01.20. The Direct payment due on 25.01.20 failed as the Direct Debit had been cancelled by the ratepayer. An annual bill for 2020/21 was issued 05.02.20.

On 02.04.20 an email was received by Business Doncaster stating that the business was struggling with payments following their relocation to Doncaster from Barnsley.

On 03.04.20, after consideration, it was agreed that we would withhold recovery action until the end of June 20, allowing time for relocation costs to be met, but that their payment plan will be recalculated after this. No payments were received, and no further contact was received.

The company went into Administration on 14 July 2020.

The account 9400467941 was apportioned to reflect this. The companies continued to trade, meaning this account 9400467958 was created for ongoing liabilities to be billed. An opening bill was sent dated 12 March 2021, but no further recovery action was taken as the company was already in administration.

The company was dissolved on 22 October 2022.

This account and charge is for the period from when they went into administration but continued to trade.

Appendix 4

Wholesale Bargains Ltd (CRN 09197512)

Account number: 9400290095

Property Address: 16 High Street, Doncaster, South Yorkshire, DN1 1ED

Dormany company since 2015. No assets. Balance sheet for Net Assets as at 30 September 2022 = £1.00.

Total for write off = £93,301.82

Debt Summary							
Account No	Re Address	Period of Charge	Debt Year(s)	LO Date	Charge	Costs	Bal O/S
9400290095	16 High Street, Doncaster, South Yorkshire, DN1 1ED	01/04/2016 to 31/03/2017	2016/17	14/07/2016	£14,560.00	£0.00	£14,560.00
		01/04/2017 to 31/03/2018	2017/18	20/09/2017	£30,416.50	£74.00	£30,490.50
		01/04/2018 to 31/03/2019	2018/19	18/07/2018	£4,717.27	£74.00	£4,791.27
		01/04/2018 to 31/03/2019	2018/19	01/05/2019	£12,007.59	£74.00	£12,081.59
		01/04/2019 to 31/03/2020	2019/20	10/07/2019	£31,304.46	£74.00	£31,378.46
							£93,301.82

Background & Action taken to recover

Wholesale Bargains Ltd took occupation of 16 High St, Doncaster, DN1 1ED on 12 May 2015.

2015/16 financial year was paid, but the business fell into arrears in 2016/17.

Payment arrangements were attempted with the business for post Lo debts. A total of £21,245.56 has been paid by the company whilst liable on this account.

All debts have been passed to Enforcement Agents for collection, with no success, and returned as unrecoverable. Debts for 2016/17, and 2017/18 were recycled to 2 EA companies.

The Council had contact with the business in September 2017 indicating wished to make further payments, but no further contact.

Following attempts to recover by EA determined premises empty, for the period 26 May 2018 to 11 November 2018, meaning the ratepayer received a 100% exemption for this period as the premises is a listed building. Made re-occupied following further inspection to the premises.

Liability ended 23 March 2020 following information from owner that occupier had vacated premises without notice.

The business is now showing as a dormant company on Companies House. The company has zero assets, and Net assets at 30 September 2022 are £1.00. We consider that there is zero prospect of collection of the outstanding arrears, as there is no indication the business is actively trading or likely to improve assets, and there making further recovery viable or likely to achieve outcome of collection.