



WEST OXFORDSHIRE
DISTRICT COUNCIL

WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	EXECUTIVE - 11 JUNE 2025
Subject	RENT ARREARS WRITE OFF IN EXCESS OF £5000
Wards affected	None
Accountable member	Councillor Alaric Smith – Executive Member for Finance Email: alaric.smith@westoxon.gov.uk
Accountable officer	Andrew Turner, Business Manager for Assets and Council Priorities Email: andrew.turner@publicagroup.uk
Report author	Jasmine McWilliams, Assets Manager Email: jasmine.mcwilliams@publicagroup.uk
Summary/Purpose	To seek approval for the write off of rent arrears in excess of £5,000
Annexes	Exempt Annex. A – Property, tenant and write off detail
Recommendation(s)	That the Executive resolves to: I. Approve the two write offs in the sums of £59,004.58 and £11,261 as detailed within the report
Corporate priorities	<ul style="list-style-type: none">Working Together for West Oxfordshire
Key Decision	NO
Exempt	Annex A
Consultees/ Consultation	Chief Finance Officer, Interim Head of Legal Services, Finance Business Partner, Interim Executive Director (Publica)

1. EXECUTIVE SUMMARY

- 1.1** The report seeks approval to write off two rent arrears debts for investment properties for the reasons set out within the report.

2. BUSINESS A

- 2.1** The Council owns the freehold of the property referred to at Annex. A. Business A was the occupational tenant when the Council purchased the site in 2011. In September 2020 Business A entered a Company Voluntary Arrangement (“CVA”) and the Lease of the Council’s property was assessed as a Class 2 Lease in the rankings of Business A’s property portfolio.
- 2.2** A CVA is a legally binding agreement between a business and their creditors to avoid insolvency. It is voted on by the creditors and gives them assurances as to the repayment of debt and avoiding administration which would result in a likely nil repayment. CVA’s reduce the businesses debt in order for them to recover. Once a CVA has been approved by a vote of creditors, the terms are binding on all non-secure creditors. A creditor no longer has the right to bring action for matters agreed with the CVA unless it is brought to an end by the supervisor of the CVA.
- 2.3** As part of the terms of Business A’s CVA, terms were imposed into its commercial leases changing the rent calculation, introducing a landlord break and writing off any rent arrears at the time of CVA. See Annex. A for invoice details and reason for write off.
- 2.4** As a result of the CVA terms the debt is written off provided the CVA remains on-going or successful. The debt to the Council does not contractually exist unless the CVA were to fail.
- 2.5** The Council subsequently decided to enact the lease break granted by the CVA which resulted in a market letting to a new tenant (see Annex. A) who are still in occupation.

3. BUSINESS B

- 3.1** The Council was the owner of the Headlease of the property referred to at Annex. A (expiry was 23rd March 2025). During the Council’s ownership the units were sublet to local businesses. A Unit was let to Business B (see Annex. A) in June 2020 at a rent of £10,500 p.a.
- 3.2** Business B stopped paying rent in late 2021 after making regular then sporadic rent payments. Despite correspondence from accounts and estates and several visits to the unit by the team the balance remained outstanding and no contact was made by the tenant. The legal team were instructed to take recovery action but before the team were able to take any steps the tenant abandoned the unit and the business and ceased trading. The tenant then continued to trade through a new company name at a different premises. The new company is a different legal entity to the one that accrued the debt, therefore the debts cannot be recovered against the new company

- 3.3 Officers entered the Unit and took back possession of the unit to reduce costs. A significant amount of items and rubbish were left abandoned in the property which officers dealt with in order to relet.
- 3.4 Business B is in the process of being struck off the Companies House register, but an objection was received so this action has been suspended since last year.
- 3.5 Below at Annex. A is the detail of the proposed invoices and balances for write off. The rent deposit secured at lease commencement has been applied to the account. The Unit was subsequently reoccupied by a local business.

4. ALTERNATIVE OPTIONS

- 4.1 In respect of Business A's rent debt there is no alternative option as the agreed CVA mandates that the rent arrears are to be written off.
- 4.2 Business B's rent debt could in theory be pursued but the Legal Team has advised that all factors indicate that there is no realistic option of recovery of funds as the company will not exist after being struck off and legally the business cannot be pursued under its new trading name. Pursuing the business will result in additional costs for the Council which will not be recoverable if the legal action is not successful.

5. FINANCIAL IMPLICATIONS

- 5.1 The total cost of the write offs is £70,265.58 and will be charged against the bad debt provision within the budget set up specifically for this purpose.

6. LEGAL IMPLICATIONS

- 6.1 The Council's Financial Rules state that any amounts in excess of £5,000 that are required for write off must be approved by Executive.
- 6.2 The Legal Team have provided the advice in this report on Business A's CVA and the options available and risks to the Council in respect of both debts.

7. RISK ASSESSMENT

- 7.1 A provision for bad debts is made in the accounts and reflected in council budgets. The write off outlined within this report will be funded from this provision and have no impact on revenue outturn.

8. EQUALITIES IMPACT

- 8.1 No equalities impact is envisaged as a result of this decision.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

- 9.1 No climate and ecological emergencies implications are envisaged as a result of this decision.

10. BACKGROUND PAPERS

10.1 None.

(END)