

SUBJECT	King George V House – Write off of outstanding amount owed by Bucks Learning Trust
RELEVANT MEMBERS	Councillor M Stannard, Portfolio Holder for Support Services Councillor C Jones, Portfolio Holder for Environment
RESPONSIBLE OFFICER	Jim Burness, Head of Paid Service and Director of Resources
REPORT AUTHOR	Michael Broad 01494 586682 Michael.Broad@chilternandsouthbucks.gov.uk
WARD/S AFFECTED	Not ward specific

1. Purpose of Report

The Bucks Learning Trust (BLT) was put into Liquidation on 28.3.2019, with considerable debts totalling over £800,000, including the sum of £34,947.53 that is owed to Chiltern District Council for rent and service charge. The purpose of this Report is to write off the debt of £34,947.53.

RECOMMENDATIONS:

1. **That the Chiltern District Council writes off the outstanding debt of £34,947.53 owed by the Bucks Learning Trust.**
2. **That the Estates Manager continues to pursue the Liquidators for a small percentage payment of the outstanding debt.**

2. Reasons for Recommendations

- 2.1 There is no chance of a recovery of the outstanding amount of £34,947.53, as the B.L.T. was put into liquidation with assets of £81,032.38 and debts of £887,163.42.
- 2.2 In order to recover a possible small payment from the Liquidators.

3. The Lease to B.L.T. and the Background Information.

- 3.1. A lease of the Second Floor accommodation of King George V House was granted to B.L.T. for 10 years from 2.6.2014. The lease was granted to enable the B.L.T. provide educational services to Bucks C.C. The B.L.T. lost the contract to provide those services on 1.8.2018, when the provision of those services were taken back in house by Bucks C.C. They vacated the Second Floor accommodation on that date.
- 3.2. In September 2018 a meeting was held with B.L.T. and with Bucks C.C. and it was agreed that B.L.T. would continue to pay the rent and service charge and Bucks C.C. would reimburse them for those payments. The rent and service charge due in September 2018 was then paid by B.L.T.
- 3.3. On 1st February 2019, the B.L.T. served a Notice of Termination on the Chiltern D.C. terminating the lease on 1.8.2019.
- 3.4. On 28th March 2019, the B.L.T. was put into liquidation, with debts of £887,163.42 including £607,000 owed to Bucks C.C.

3.5. On 8th May 2019, -Bucks CC advised that they were not going to make any further payments to Chiltern D.C. of rent and service charge.

3.6. On 12.7.2019, the Council made the Joint Liquidators aware of the debt of £34,947.53 and claimed a part payment from the Joint Liquidators.

3.7. The breakdown of the amounts owed is as follows:-

Rent due on 25.12.2018	£6,250
Service Charge for 3 months from 1.1.2019	£5,061.44
VAT on above	£ 413.86
Electricity Charges 1.10.2018 to 31.12.2018	£ 233.72
VAT on above	£ 46.74
Rent due on 25.3.2019	£6,250
Excess Service Charge year ending 31.3.2018	£4,568.15
VAT on above	£ 68.64
Service Charge for 3 months from 1.4.2019	£6,470.34
VAT on some Service Charge	£ 477.10
Rent due on 24.6.2019 (39 days)	£2,671.23
Service Charge for 32 days from 1.7.2019	£2,269
VAT on some Service Charge	<u>£ 167.31</u>
Total Outstanding	£34,947.53

3.8. The Second Floor accommodation in K.G.V.H. has been used by Chiltern D.C. since August 2019.

4. Consultation

Not Applicable

5. Options

The only other option to a write off of the debt is to again seek payment from Bucks C.C. to whom the B.L.T. supplied a service. The Bucks C.C. have so far refused to make any further payments. In view of the impending creation of the new Buckinghamshire Council, it is not recommended to request a payment from Bucks C.C.

7. Corporate Implications

Other than the financial loss incurred by the Chiltern D.C. there are no other Corporate Implications.

8. Unitary Implications (if applicable)

There are no implications for Unitary.

9. Links to Council Policy Objectives

There are no implications for Council Policy Objectives.

10. Next Steps

The Finance Director is to write off the debt of £34,947.53.

The Estates Manger to pursue a small payment from the Joint Liquidators.

Background Papers:	Notice of Statement of Affairs Buckinghamshire Learning Trust
---------------------------	---