

# Decision Record – Small Business Loans Scheme – Debt Write Offs

## Cabinet Portfolio Holder taking decision

**Councillor Alan Cockburn – Sustainable Communities**

### Date of Decision:

**(NOT BEFORE – 23<sup>rd</sup> November 2012)**

**26 NOVEMBER 2012**

### Decision taken

That I, as Portfolio Holder for Sustainable Communities, approves that Warwickshire County Council writes off the outstanding Debts on the Small Business Loans Scheme of £12,325.82.

The one remaining Debtor will be contacted with an offer to write-off their remaining debt, likely to be £249.34. This will enable us to close the account and repay the balance of £34,481.38 into the WCC fund for use on economic development activities.

We will write off the remaining 8 debts. The total write-off would be £12,225.82. We have provided for the debts that have gone through the WCC fund of £10,830.40 and the remaining £1,395.42 is recorded through the separate bank account. Therefore there will be no impact on the Sustainable Communities revenue budget.

### Reasons for Decisions

The Small Business Loan Scheme continued for many years from the early 1980s providing a number of loans to small businesses to enable them to commence or expand their business. Very often this was provided where other Financial Institutions would not extend further credit to the businesses.

The Scheme started with a balance of £126,000 and this was turned over a number of times so that around £450,000 was given in loans to around 130 businesses. The scheme stopped issuing loans a number of years ago. The last loan issued through the bank account was in 2002 and the last loan issued through the County Council fund was in October 2004.

The principle reason why the County Council's Small Business Loans Scheme was closed at this time was the emergence of the Coventry & Warwickshire Reinvestment Trust (CWRT) – an approved Community Development Finance Institution (which was established to help lend money to businesses, social enterprises and individuals who struggle to get finance from high street banks and loan companies). The CWRT has in the past been successful in accessing significant sums of money from Government, European Funding and the old Regional Development Agency (Advantage West Midlands). It was felt by WCC that this was a larger and more effective vehicle to

achieve the outcomes of improved loan financing to small business, and as WCC was fully engaged in the CWRT (and indeed still has a representative on the Loans Awards Panel making decisions on funding) it would be more sensible to support this initiative rather than run a potentially competing service.

We have 8 loans outstanding of which 7 are irrecoverable. These vary in size from £226 to £3,755. The total is £12,225.82. Each loan is summarised below. The remaining Debtor is repaying their loan at the rate of £50 per month.

The outstanding balance is split across 8 debtors. The table below provides a summary of the debtors (which have been anonymised in the interest of commercial confidentiality) alongside the reason for which the debt is irrecoverable.

<b>Debtor</b>	<b>Outstanding Balance (£)</b>	<b>Reason Irrecoverable</b>
Debtor 1	£1,146.08	Business discontinued / Individual not traceable
Debtor 2	£3,278.55	
Debtor 3	£3,755.84	
Debtor 4	£679.38	
Debtor 5	£919.05	
Debtor 6	£226.44	
Debtor 7	£1,971.14	
Debtor 8	£249.34	This amount is being repaid at the rate of £50 a month, but it is proposed that the debt be written-off in order to enable

the scheme to be closed.

**Total £12,225.82**

**Background Information/ factors considered in arriving at these decisions - (set out below and in the officer report):**

**Background:** As outlined in report.

**Financial Implications:** As outlined in report.

Report Author:	Mark Sanders
Head of Service:	Louse Wall
Strategic Director:	Monica Fogarty / David Carter
Portfolio Holder	Councillor Alan Cockburn

## Checklist

**Urgent matter: yes/no\***

No

**Confidential or Exempt (state category of exempt information)**

No

**Is the decision contrary to the budget and policy framework?**

No

**List of Reports considered** [please attach or forward a copy]

Report from author.

**List of Background Papers** [please include directorate contact names and numbers for access to background papers]

None

**Any members and officers consulted or informed and any comments given.**

Cllr Alan Cockburn (Portfolio Holder)  
Cllr Helen Walton  
CORPORATE BOARD  
Legal – Ian Marriott, Peter Oliver, Peter Endall, John Gregory  
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