



City of Westminster Cabinet Member Report

Meeting or Decision Maker:	Cabinet Member for Finance, Property and Corporate Services
Date:	20 th April 2017
Classification:	General Release
Title:	Write-off of loan agreement and associated balances of Soho Create Limited
Wards Affected:	All
City For All	Better financial management of the Council's resources
Key Decision:	No
Financial Summary:	The Council currently holds a balance of £187,887 in relation to the loan agreement with Soho Create Limited which is now required to be written off.
Report of:	City Treasurer

1. BACKGROUND

- 1.1 The purpose of the report is to seek authority to write-off the balance of the unpaid loan and interest made to Soho Create Limited. Following consultation with shareholders, the company has been liquidated and is therefore unable to repay the outstanding balances owed to the Council.
- 1.2 Soho Create Ltd was set up in 2013 to deliver an annual creative industries festival to support the creative cluster. Soho Create Ltd was established as a company limited by shares to be commercially sustainable with decreasing, and ultimately no, reliance on public funding. This was in partnership with Westminster City Council and a number of private investors. The council provided seed investment of £150,000 and a loan of £150,000. This loan amount was the only non-equity investment in the business.
- 1.3 The Company has failed in a bid to gain further funding and due to this lack of funding the business' position became untenable and was therefore voluntarily placed in to liquidation in December 2016.
- 1.4 This report seeks approval to write-off the current balance of the loan on the Council's balance sheet. Taking in to account accrued interest the balance of the loan agreement was £187,887 as at 1st March 2017.

2. RECOMMENDATIONS

- 2.1 That £187,887 be written off, this being the total amount of a loan and accrued interest provided to Soho Create Limited.

3. FINANCIAL IMPLICATIONS

- 3.1 The Council on inception of the company advanced a loan of £150,000 to Soho Create Limited.
- 3.2 The loan agreement between the Council and Soho Create Limited included a provision for interest on the loan advanced at 9.07%.
- 3.3 The balance of the loan recognised on the City Council's balance sheet is currently £187,887 comprising principal of £150,000 and interest accrued of £37,887.
- 3.4 To the date of liquidation no payments have been received by the Council in relation to the loan and accrued interest.
- 3.5 The write-off of these debts falls under Part F, Reference 1.1 Sundry Debt Write-offs, of the Council's Financial Regulations. This section advises that Debts should only be written off once all reasonable avenues have been exhausted or where it would prove uneconomical to pursue. At the date of liquidation it is understood that creditor claims exceeded the company's assets, so it is not assumed that there will be any recoverable assets to repay all or some of the loan. Any funds recovered will be treated as a windfall gain but are not expected to be significant.

4. LEGAL IMPLICATIONS

- 4.1 There are no direct legal implications arising from this report.

Rhian Davies, Chief Solicitor (Litigation and Social Care) 02076412729

5. STAFFING IMPLICATIONS

- 5.1 There are no direct staffing implications arising from this report.

6. INFORMATION TECHNOLOGY IMPLICATIONS

- 6.1 There are no direct IT implications arising from this report.

7. BUSINESS PLAN IMPLICATIONS

- 7.1 There are no direct business plan implications arising from this report.

8. CONSULTATION

8.1 No consultation is required.

9. CRIME AND DISORDER ACT 1998

9.1 There are no Crime and Disorder issues.

10. HEALTH AND SAFETY ISSUES

10.1 There are no Health & Safety issues arising from this report.

11. CO-OPERATION WITH HEALTH AUTHORITIES

11.1 There are no issues regarding co-operation with Health Authorities.

12. EQUALITIES AND DIVERSITY

12.1 Equalities Impact Assessments have been carried out and no issues have been identified. Further assessments will be carried out if required.

13. HUMAN RIGHTS ACT 1998

13.1 Assessment of the measures against the Articles of the HRA 1998 has not identified any issues arising

For completion by the Cabinet Member for Finance, Property and Corporate Services

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: _____

Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services

State nature of interest if any

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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation in the report entitled **Write-off of loan agreement and associated balances of Soho Create Limited** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Tim Mitchell, Cabinet Member for Finance, Property and Corporate Services

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy & Scrutiny Committee to decide whether it wishes to call the matter in.