

Report to Cabinet
09 September 2020
Report of Director of resources
Subject Write off of non-recoverable national non-domestic rate debts

Item

10

Purpose

To provide an update on the position as at 21/08/2020 with regard to the write-off of non-recoverable national non-domestic rate (NNDR) debt and to request approval to write-off debts totalling £86,488.87 which are deemed irrecoverable.

Recommendation

To approve the write off of £86,488.87 of non-recoverable national non-domestic rate debt which is now believed to be irrecoverable and is covered within the bad debt provision for 2020/21.

Corporate and service priorities

The report helps to meet the corporate priority Inclusive economy

Financial implications

The cost to the collection fund of write offs is shared as follows: Central Government 50%, Norwich City Council 40% and Norfolk County Council 10%. However, each year an assessment of debt is undertaken to set a Bad Debt provision within the Collection Fund.

These write-offs of £86,488.87 will mean that there will be £1,990,532.33 left in the bad debt provision for 2020/21.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Anton Bull, director of resources 01603 989201

Carole Jowett, revenues and benefits operations manager 01603 987607

Background documents

None

Report

1. National Non-Domestic Rate income for 2020/21 was initially estimated at around £76m. Due to the impact of Covid19 and the increased discounts and grants of around £42m that have been introduced by Central Government, we are currently estimating that we will need to collect around £34m this year.
2. Significant work continues to be undertaken by the Revenues and Benefits team to pursue all outstanding debts owing to the council, but due to the ongoing situation surrounding Covid19, there is uncertainty as to the long-term impact that this will have on our collection and the economy.
3. There will unfortunately always be debts where despite our best efforts, it is believed to be irrecoverable. This is often because the company owing the money has become insolvent.
4. In the year to 21/08/2020, £378,553.36 of NNDR debt has been written off.
5. The reason for this report is that a debt of £86,488.87, requires cabinet approval for write-off, because of its value.
6. The write-off of £86,488.87 is across two accounts for the company Gannets Food Limited. The company went into liquidation on 18/02/2020 and the statement of affairs shows no assets. There are two BID levy accounts for this company, with a total outstanding balance of £389.11 which will also be written off.
7. The cost to the collection fund of these write offs is shared as follows: central government 50%, Norwich City Council 40% and Norfolk County Council 10%. Norwich City Councils share of write-off's to date for 2020/21 including the ones proposed in this report is £186,016.92.
8. Each year an assessment of debt is undertaken to set the bad debt provision within the collection fund. These write offs will be charged in full against the provision for 2020/21.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	09/09/2020
Director / Head of service	Director of resources
Report subject:	Write-off of non-recoverable National Non-Domestic Rate debt
Date assessed:	27.08.20

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	While there is a loss of income to the council, government and the county council, writing off debt that is irrecoverable is best practice to ensure accurate financial reporting.
Other departments and services e.g. office facilities, customer contact	X	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	X	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	X	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	X	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	X	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	X	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	X	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	X	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	X	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	X	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	X	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	X	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	X	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	X	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	X	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	X	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	X	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments

	Impact			
Risk management	<input type="checkbox"/>	X	<input type="checkbox"/>	The report demonstrates that the council is aware and monitors risks to the collection of its income. The council has set a bad debt provision, and this write off is within that provision demonstrating good financial management.

Recommendations from impact assessment	
Positive	
Negative	
Neutral	
Issues	
The council should continue to monitor its levels of debt and take action to recover debts where possible and it is cost effective to do so.	