

Report to Cabinet
09 September 2015
Report of Chief finance officer
Subject Write off of non- recoverable national non domestic rate
debt

Item

11

Purpose

To provide an update on the position as at 19 August 2015 with regard to the write off of non- recoverable national non domestic rate (NNDR) debt and request approval for the write off of debts of £537,336 which are deemed irrecoverable.

Recommendation

To approve the proposed write off of £537k of NNDR debt which is now believed to be irrecoverable.

Corporate and service priorities

The report helps to meet the corporate priority value for money services and the service plan priority to provide accurate, relevant and timely financial information.

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%. The cost of write offs to Norwich City Council for the year to date plus those recommended in this report is £383k. However, provision against bad debts is made in the collection fund accounts for each year and these debts are written off against the provision.

Ward/s: All wards

Cabinet member: Councillor Stonard – Resources and income generation

Contact officers

Justine Hartley, chief finance officer	01603 212440
Carole Jowett, revenues and benefits operations manager	01603 212684

Background documents

None

Report

National non domestic rates

1. NNDR income for 2015/16 is forecast to total £76m. Significant work is undertaken by the revenues and benefits team to pursue all outstanding debt, sometimes over a number of years. However, there are debts where, despite these attempts, the debt is believed to be irrecoverable, often because the company owing the money is now insolvent. In the year to 19 August 2015 £421k of NNDR debt has been written off which is equivalent to 0.55% of NNDR annual income.
2. Four further amounts totalling £537,336 require cabinet approval for write-off because of their value. The debts relate to Garganey Ltd, Olive Sun Ltd, Optima Offices Ltd and Innovation Fashion Ltd who have all gone into liquidation. Proof of debt has been submitted in all cases but the latest progress reports from the administrators indicate that no distribution to unsecured creditors is likely.
3. 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%. The cost to Norwich City Council of write offs to date and the ones proposed in this report is therefore £958k which is equivalent to 1.26% of NNDR annual income.
4. Each year an assessment of debt is undertaken to set a bad debt provision within the collection fund. This write-off will be charged against that provision.

Integrated impact assessment



NORWICH
City Council

Report author to complete

Committee:	Cabinet
Committee date:	
Head of service:	Chief Finance Officer
Report subject:	Write off of non- recoverable National Non Domestic Rate debt
Date assessed:	24/02/15
Description:	This is the integrated impact assessment for the Write off of non-recoverable National Non Domestic Rate debt report to cabinet

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report shows that the council monitors its debt levels and pursues debt wherever there is a reasonable chance of recovery resulting in a low level of debt write off.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	The report demonstrates that the council is aware of and monitors risks to the collection of its income.

Recommendations from impact assessment
Positive
None
Negative
None
Neutral
None
Issues
The council should continue to monitor its levels of debt and take action to recover where possible and cost effective to do so.