NORWICH
City Council

Committee Name: Cabinet
Committee Date: 17/11/2021
Report Title: NNDR over £50k write-off's

Portfolio: Councillor Kendrick, cabinet member for resources

Report from: Executive director of corporate and commercial services

Wards: All Wards

OPEN PUBLIC ITEM

Purpose

To provide an update on the position as at 21/10/2021 with regard to the write-off of non-recoverable national non-domestic rate (NNDR) debts and request approval for the write-off of debts totaling £129,666.52 which are deemed irrecoverable.

Recommendation:

To approve the write off £129,666.52 of NNDR debts which are now believed to be irrecoverable and are covered within the bad debt provision for 2021/22.

Policy Framework

The Council has three corporate priorities, which are:

- People living well
- Great neighbourhoods, housing and environment
- Inclusive economy

This report meets the inclusive economy corporate priority

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 £129,666.52 will mean that there will be £2,751,612.15 left in the bad debt provision for 2021/22.

Report Details

1. National Non-Domestic Rate income for 2021/22 was initially estimated at around £76m. Due to the impact of Covid19 and the increased discounts and grants of around £25m that have been introduced by Central Government, we are currently estimating that we will need to collect around £51m this year.

2. Significant work is undertaken by the Revenues and Benefits team to pursue all outstanding debt. However, there are debts where despite these attempts, it is believed to be irrecoverable.
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 21/10/2021, £276,727.24 of NNDR debt has been written off.

5. The reason for this report is that debts of £129,666.52, require cabinet approval for write-off, because of the value. The write-offs relate to two companies.

6. The first is in respect of Britannia Enterprises Norwich C.I.C who went into liquidation on 24/10/2019. The creditors report dated 24/11/2020 states there is unlikely to be a distribution to unsecured creditors. The total debt across the companies two accounts is £73,697.85.

7. The second is in respect of Peacocks Stores Limited who went into administration on 09/11/2020. The first annual report to 18/05/2021 states any dividend to unsecured creditors will be prescribed part only (usually 1-2p/£). If or when any dividend is received, the debt can be written back on again to take this into account. The total write-off at this stage is £55,968.67.

8. 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-offs to date for 2021/22 including the ones proposed in this report is £162,557.51.

9. 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 2021/22.

Consultation

1. These write-offs have been brought to the attention of Annabel Scholes in her capacity as S151 Officer and the Corporate Leadership Team, ahead of this report being submitted to Cabinet for approval.

Implications

Financial and Resources

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2019-22 and Budget.

Statutory Considerations

Consideration	Details of any implications and proposed measures to address:
Equality and Diversity	None
Health, Social and Economic Impact	None
Crime and Disorder	None
Children and Adults Safeguarding	None
Environmental Impact	None

Risk Management

Risk	Consequence	Controls Required
The report demonstrates that the council is aware and monitors risks to the collection of its income.	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.	The council has set a bad debt provision, and this write off is within that provision demonstrating good financial management.

Other Options Considered

N/A

Reasons for the decision/recommendation

These write-offs have been brought to the attention of Annabel Scholes in her capacity as S151 Officer and the Corporate Leadership Team prior or being placed on the agenda for this meeting and the recommendation is that Cabinet approve the report as the debt is unrecoverable.

Appendices: None
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