

Report to Cabinet
14 April 2021
Report of Chief finance officer (Section 151 Officer)
Subject NNDR over £50k write-off's

Item

12

KEY DECISION

Purpose

To provide an update on the position as at 11/03/2021 with regard the write-off of non-recoverable national non-domestic rate (NNDR) debts and, request approval for the write-off of a debt totalling £53,735.56 which is deemed irrecoverable.

Recommendation

To approve the write off of £53,735.56 for NNDR debt which is 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.

This write-off of £53,735.56 will mean that there will be £1,659,127.42 left in the bad debt provision for 2020/21.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Annabel Scholes, Chief finance (S151) officer 01603 987683

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 11/03/2021, £742,711.58 of NNDR debt has been written off.
5. The reason for this report is that a debt of £53,735.56, requires cabinet approval for write-off, because of its value.
6. The write-off of £53,735.56 is for the company Genus UK Ltd T/A Select (Retail) who had 8 accounts with us. They are subject to a Corporate Voluntary Arrangement 02/09/2020 – the 1st and final dividend has been paid to us. We received a payment of £839.83 representing 1.56p in the £ on our unsecured claim of £53,973.36. There was a total of £9,727,289.39 in unsecured claims against the company at a national level.
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 £318,578.86.
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

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|-----------------------------------|--|
| Committee: | Cabinet |
| Committee date: | 1 April 2021 |
| Director / Head of service | Interim Director of Resources (S151 officer) |
| Report subject: | Write-off of non-recoverable National Non-Domestic Rate debt |
| Date assessed: | 12/3/21 |

| | 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"/> | |
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|--|---------|--------------------------|--------------------------|----------|
| | 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. | |