

Report to Cabinet
20 January 2021
Report of Interim chief finance officer (Section 151 Officer)
Subject Write off of irrecoverable national non domestic rate debt

Item

9

KEY DECISION

Purpose

To consider an update on the position as at 17/12/2020 with regard the write-off of non-recoverable national non-domestic rate (NNDR) debt and request approval for the write-off of a debt totalling £71,830.70 which is deemed irrecoverable.

Recommendation

To approve the write off of £71,830.70 for NNDR 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.

This write-off of £71,830.70 will mean that there will be £1,718,697.30 left in the bad debt provision for 2020/21.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Annabel Scholes, interim section 151, chief finance officer 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 17/12/2020, £665,046.56 of NNDR debt has been written off.
5. The reason for this report is that a debt of £71,830.70, requires cabinet approval for write-off, because of its value.
6. The write-off of £71,830.70 is for Veenor Norwich Ltd. The account was originally closed following incorrect information being provided to us that the owner had accepted surrender of the lease for the premises. We were subsequently advised the lease did not end until 24/09/2020, and that the lease was disclaimed on 25/09/2020 on behalf of the already dissolved company by, the Duchy of Lancaster company. Company 11199434 was dissolved on 23/07/2019 and, we are therefore unable to collect the debt. Debts owing are £71,830.70 on NNDR account 951184X and, £1,414.73 on BID levy account 5223566, total debt to be written off for this company is £73,245.43
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 £294,750.90.
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:	20 January 2021
Director / Head of service	Interim section 151 officer
Report subject:	Write-off of non-recoverable National Non-Domestic Rate debt
Date assessed:	12 January 2021

	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"/>	

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

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.
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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.