Report to	Cabinet	**Item**
	26 May 2020	12
Report of	Director of resources	
Subject	Write-off of irrecoverable national non-domestic rate debt	

KEY DECISION

Purpose

To provide an update on the position as at 26/05/2020 with regard the write-off of non-recoverable national non-domestic rate (NNDR) debt and request approval for the write-off of debts totalling £342,951.00 which are deemed irrecoverable.

Recommendation

To approve the write offs of £342,951.00 of NNDR debt which is now believed to be irrecoverable and is 100% covered within the bad debt provision for 2020/21.

Corporate and service priorities

The report helps to meet the corporate a healthy organisation 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%. However, each year an assessment of debt is undertaken to set a Bad Debt provision within the Collection Fund.

These write-offs of £342,951.00 will mean that there will be £2,107,928.62 left in the bad debt provision for 2020/21.

Ward/s: All wards

Cabinet member: Councillor Kendrick - resources

Contact officers

Anton Bull, director of business services	01603 212326
Carole Jowett, revenues and benefits operations manager	01603 212684

National Non-Domestic Rates

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 will continue 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. In the year to 26/05/2020 £4,694.94 of NNDR debt has been written off.

4. The reason for this report is that two amounts totalling £342,951.00, require cabinet approval for write-off, because of their value.

5. The first is for Monsoon Accessorize Limited as they have a CVA (Company Voluntary Arrangement) in place as of 03/07/2019. The account relates to 232 Merchants Hall, Chapelfield. As part of the arrangement we have received a total of £32,256, paid at a rate of £5,376pm from 01/10/2019 to 01/03/2020 inclusive. A further payment of £6048 will be received in respect of arrears under the compromised arrears section of the CVA. The balance of £109,536.00 needs to be written off. For an IVA or CVA a to be approved, 75% of the voting creditors must approve it and in this, case our debt was almost insignificant in comparison to the other creditors. CLT have previously authorised a write-off of £31,827.60 for Accessorize Ltd, on account 9493111 due to the same scenario.

6. The second write-off is Top Shop / Top Man Properties Limited where a CVA has been in place since 12/06/2019. The amount needing to be written off on this account is £233,415. In this case it is expected that we will receive 5p/£ (which equates to £12,285) by May 2022. The following statement is copied from CVA proposal: Across the Premises, the unpaid balance of the Business Rates of the Company for the current year are proposed to be fully compromised and released in return for participation in the Compromised Creditors' Fund. The Business Rates are compromised by the CVA in this way because it is essential in order to allow the Company to reduce significantly, its cost base in order to achieve the Business and Recovery Plan.

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%. The Norwich City Council share of write-off's to date for 2020/21 including the ones proposed in this report is £139,058.40.

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:	10/06/2020
Director / Head of service	Director of business services
Report subject:	Write-off of non-recoverable National Non-Domestic Rate debt
Date assessed:	

	Impact			
Economic (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Finance (value for money)	☐	X	☐	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	X	☐	☐	
ICT services	X	☐	☐	
Economic development	X	☐	☐	
Financial inclusion	X	☐	☐	
Social (please add an 'x' as appropriate)	**Neutral**	**Positive**	**Negative**	**Comments**
Safeguarding children and adults	X	☐	☐	
S17 crime and disorder act 1998	X	☐	☐	
Human Rights Act 1998	X	☐	☐	
Health and well being	X	☐	☐	

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

	Impact			
Risk management	☐	X	☐	The report demonstrates that the council is aware 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 costs effective to do so.