



NORWICH City Council

Committee name: Cabinet

Committee date: 06/03/2024

Report title: Write-off of irrecoverable debt over £50,000

Portfolio: Councillor Kendrick, Cabinet member for resources

Report from: Interim chief finance officer (S151)

Wards: All wards

OPEN PUBLIC ITEM

KEY DECISION

Purpose

To request write offs for irrecoverable National Non-Domestic Rate (NNDR) debts in excess of £50,000 in accordance with the council's financial regulations, following completion of all available debt recovery options.

Recommendation:

It is recommended to approve write offs totalling £513,479.02 of non-recoverable NNDR debt which is 100% covered within the NNDR bad debt provision.

Policy framework

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city corporate priority.

This report supports the priority to put the council on a sustainable financial footing and deliver services effectively and efficiently within the Corporate Plan

Report details

1. During the pandemic and the current cost of living crisis, the council has taken a supportive approach to businesses and individuals that owed the council money. This report refers to businesses that owe the council money as commercial customers.
2. For commercial customers, the council implemented measures to help support them during the pandemic including grants, deferring payments due and offering instalment plans where practical to do so before any debt recovery action was taken.
3. In accordance with the council's financial regulations, any debt over £50,000 requires Cabinet approval to write off once all available debt options have been exhausted and the remaining debt is considered to be irrecoverable. This report details customers with debts of over £50,000 that are now deemed to be irrecoverable and therefore need to be written off.
4. Each year, the council sets aside a bad debt provision after reviewing its aged debt profile to cover the event that some debt may become irrecoverable.

National Non-Domestic Rates (NNDR)

5. NNDR is collected by Norwich City Council for businesses within its authority area and shared between Central Government, Norwich City Council and Norfolk County Council. Any NNDR debt written off will also be shared proportionately within the Collection Fund between all parties.
6. There is one customer account with a total outstanding debt of £513,479.02 where the debt recovery procedure has been followed, exhausted and therefore regarded to be irrecoverable. The company concerned has gone into administration and the Official Receiver has confirmed there is no likelihood of a distribution. All of this debt is fully provided for in the NNDR bad debt provision. Appendix 1 provides detail of this customer.

Consultation

7. Consultation on debt write off is undertaken between the service area, legal team and finance team in accordance with the council's debt recovery policy and procedures. Debt will only be written off when all debt recovery including legal options have been exhausted. The relevant portfolio holder is also advised of the write-off request.

Implications

Financial and resources

8. 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 2022-26 and budget.
9. There are no proposals in this report that would reduce or increase resources.

Legal

10. nplaw have been engaged to provide legal advice and legal debt recovery action on each customer debt in accordance with relevant legislation.
11. This report may be considered in the public domain as the information relates to company information that is already publicly available through Companies House.

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 failure to collect monies owed from customers could lead to financial, operational and reputation risk for the council	Non-payment by customers, non-compliance with operational procedures and reputational risk. Insufficient bad-debt provision.	Adherence to financial regulations and debt management procedures Supporting businesses with debt management advice including the use of third-party advisors.

Other options considered

12. None. The debt recovery process has been followed.

Reasons for the decision/recommendation

13. The council seeks to recover all aged debt following its debt recovery processes. Once all debt recovery options have been exhausted, the debt is regarded irrecoverable and requires to be written off. For all customer debt over £50,000, the decision to write off is approved by Cabinet.

Background papers: None

Appendices: Appendix 1- Schedule of Irrecoverable Debt

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Appendix 1- Schedule of Irrecoverable Debt

Business Rates (NNDR)

Reference	Account name	Reason for write off request	Amount (£)	Type of Debt
936132X 941717X 9361341 9362279 9362420 9362431 9421039 9421932 9449558 9466293 9466674 9473618 9476486 9487954 9482732 9483441 9484782 9491726 9492337 9503173 9517650 9519079 9527974 9529991 9489078 9510738 953456X 9534940 9536434 953698X 9574667	Infrared Uk Retail Nominee 3 Ltd & Infrared Uk Retail Nominee 4 Ltd	Winding up commenced 19/4/21 and concluded 6/12/22- due to be dissolved 17/2/25 We have submitted our claim however the Official Receiver advises no likelihood of any distribution	513,479.02	NNDR