

HARBOROUGH DISTRICT COUNCIL**REPORT TO THE CABINET MEETING OF 7th March 2022**

Report Title	Bad Debt Write Offs (Revenues and Benefits)
KEY DECISION	YES
Report Author	Leigh Butler (Revenues & Benefits Manager – Leicestershire Revenues and Benefits Partnership)
Purpose of Report	This report seeks approval to write off debts in respect of National Non-Domestic Rates (Business Rates) and to advise members on what debts have been written off this financial year for the revenues and benefits service area.
Reason for Decision	To comply with proper accounting practices.
Portfolio (holder)	Councillor James Hallam
Corporate Priorities	Innovative, proactive and efficient
Financial Implications	There is no additional financial effect as all the debts are met from the Authority's bad debt provision for previous years arrears or from in year income if the debts relate to the current financial year.
Risk Management Implications	If proper debt management and accounting procedures are not followed in the management and writing off of debt then the council could be criticised by the external auditor.
Environmental Implications	None directly arising from this report.
Legal Implications	None directly arising from this report.
Equality Implications	None directly arising from this report.
Data Protection Implications	None directly arising from this report.
Consultation	The portfolio holder has been consulted in the production of this report.
Options	The report seeks approval to write off a debt over £10,000 for National Non-Domestic Rates (Business Rates) and details the decisions taken under delegated authority.
Background Papers	Leicestershire Partnership - Revenues and Benefits Write Off Policy.

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Recommendation	It is recommended that the total amounts for National Non-Domestic Rates (Business Rates) £34,816.12 as listed in Appendix A be written off.
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1. Introduction

The Council's Constitution and supporting Financial Regulations delegates the responsibility for writing off individual debts up to and including £10k to the Head of Revenues and Benefits under the scheme of delegation. Above this threshold debts (greater than £10k) are written off by the Cabinet.

The Council only writes off debt where it is irrecoverable, for example where a customer has died and there are no assets, or a business is bankrupt and has no assets. The only exception to this is where a debt is not cost effective to recover.

The Council is prudent in managing debt and makes provision for them in its annual statement of accounts. This ensures that the writing off of bad debt has no detrimental affect on in year service provision or the council taxpayer. In the case of National Non-Domestic Rates the Government meets 50% of the cost of writing off bad debt and the remainder is met by the major precepting bodies through pooling arrangements.

The table below is for information on the amounts that have been written off for the period 1st April 2021 through to 10th February 2022.

Fund	Debts Written Off greater than £10k (Previously authorised)	Debts Written Off under £10k to include credits (Reported previously)	*Debts Written Off this period under £10k to include credits	Totals
Council Tax	£0.00	£53,073	£83,380	£136,453
Non Domestic Rates	*£167,661	£53,875	£9,262	£230,798
Housing Benefit Overpayments	£0.00	£0.00	£162	£162
*Amount reduced due to subsequent rateable value reduction				

Members are requested to note what has been written off this period as *shown in the above table.

In the table below, this illustrates in percentage terms the amount that has been written off when compared with the total collectable against each heading as shown.

Total collectable is the sum total of net charge raised to include gross arrears outstanding as at 10th February 2022.

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Position as at 10th February 2022	Net Charge raised in 2021/22	Gross Arrears Position	Total Collectable	Amount written Off	Percentage shown below is derived from the amount written off when compared with Total Collectable
Council Tax (Net of Council Tax Support/Discretionary Discount Fund)	£73,191,631	£2,295,538	£75,487,169	£136,453	0.18%
Non Domestic Rates (Net of reliefs)	£39,214,734	£567,404	£39,782,138	£230,798	0.58%
		Due inclusive of arrears			
Housing Benefit Overpayments	£128,254	£746,474		£162	0.02%

The table below is an analysis of what has been written off in previous years.

This also shows the position for what has been written off this financial year.

Fund	Year 2018/19	Year 2019/20	Year 2020/21	Year 2021/22
Council Tax	£39,638	£199,147	£40,921	£136,453
Non Domestic Rates	£47,139	£41,889	-£2,896	£230,798
Housing Benefit Overpayments	£14,458	£1,196	£0	£162

The tables below provide further analysis by debt reason for both Council Tax and Non-Domestic Rate.

Council Tax Analysis:

Debt Reason analysis - Council Tax	Debts Written Off greater than £10k (Previously authorised)	Debts Written Off under £10k to include credits (Reported previously)	*Debts Written Off this period under £10k		
Bankruptcy / Liquidation	£0	£13,428	£45,519	£136,453	
Debt Relief Order	£0	£6,126	£9,478		
Deceased - no estate	£0	£7,281	£6,998		
Absconder - no trace	£0	£16,928	£10,274		
Statute Bared	£0	£1,546	£12		
Uneconomical to collect	£0	£3,418	£6,884		
Small Balance	£0	£620	£48		
Costs written Off	£0	£3,726	£4,167		

Non-Domestic Rate Analysis:

Debt Reason analysis - Non-Domestic Rates	Debts Written Off greater than £10k (Previously authorised)	Debts Written Off under £10k to include credits (Reported previously)	*Debts Written Off this period under £10k		
Bankruptcy / Liquidation / Insolvency	£167,661	£36,456	£7,809	£230,798	
Deceased - no estate	£0	£0	£0		
Absconder - no trace	£0	£14,812	£0		
Discretionary / Other	£0	£0	£0		
Uneconomical to collect	£0	£2,552	£1,530		
Small Balance	£0	-£77	-£58		
Costs written Off	£0	£132	-£19		

2. Key Facts

With the current economic climate, taxpayers may find it harder to pay local taxes such as Council Tax and Non-Domestic Rates and as such, there may be an increase in the number of taxpayers who abscond with arrears owing.

By not writing off bad debts efficiently, this can affect collection rates by inflating arrears figures.

With limited resources, it is not cost effective to spend the same amount of time tracing all levels of debt.

Appendix A

NNDR Schedule of Write Offs Over £10,000

<u>Year</u>	<u>Company</u>	<u>Amount</u>	<u>Reason</u>
2021/22	A	£6,977.80	Entered a Company Voluntary Arrangement (CVA) on 14 th April 2021. This arrangement has now failed so they have gone into Administration on 8 th December 2021. The company have two assessments.
2021/22	A	£9,263.63	
<u>Overall total:</u>		<u>£16,241.43</u>	

<u>Year</u>	<u>Company</u>	<u>Amount</u>	<u>Reason</u>
2019/20	B	£651.70	Company entered liquidation on 10th August 2021. The insolvency is being dealt with by the Official Receiver.
2020/21	B	£14,346.25	
2021/22	B	£3,576.74	
<u>Overall total:</u>		<u>£18,574.69</u>	

OVERALL TOTAL: £34,816.12