

Harborough District Council

Report 2 to Cabinet Meeting of 14th November 2022



Title:	Bad Debt Write Offs (Revenues and Benefits)
Status:	Public
Key Decision:	Yes
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Portfolio Holder:	Councillor James Hallam
Appendices:	Appendix A – National Non-Domestic Rates (NNDR) Schedule of Write Offs over £10,000

Executive Summary

The Leicestershire and Revenues and Benefits Partnership is responsible for the collection of: Council Tax, National Non-Domestic Rates and Housing Benefit Overpayments.

The report informs Members of the debts written off for these revenue streams. Debts up to the value of £10,000 can be written off by the Head of Partnership, under delegated authority. Permission needs to be sought from the Cabinet to write off individual debts with a value of more than £10,000. In respect of the latter, Cabinet is being asked to write-off one debt that exceeds £10,000.

The report covers the period 1st April 2022 to 31st July 2022

Recommendations

It is recommended that the total amounts for National Non-Domestic Rates (Business Rates) £10,612.27 as listed in Appendix A be written off.

Reasons for Recommendations

All reasonable steps to recover the debt have been taken, and therefore where write off is recommended it is the only course of action that is left available.



1. 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.

2. Background

This report forms part of the formal debt write-off procedures included the Leicestershire and Revenues Benefits Partnership Write Off Policy. This can be accessed through the following link: www.harborough.gov.uk/directory_record/4136/write_off_policy

3. Details

3.1 In accordance with 'Write off policy' debts are categorised into the following areas:

- Bankruptcy/Liquidation
- Debt Relief Order
- Deceased – no estate
- Absconder – no trace
- Statute Barred debt > 6 years
- Uneconomical to collect
- Local authority error
- Small balance
- Total costs written off associated with any above

Cabinet Approval for Write-Off

3.2 In supporting the recommendation that £10,612.27 be written off this has been summarised below (detailed information shown in **Appendix A**).

- The company M D Retail Frontages Limited was dissolved by Companies House on 7th December 2021 and in essence this meant they had been struck off. This was resulting from a publication announcement in the Gazette on 13th April 2021.
- The amount in question covers the period 1st April 2018 to 31st August 2019. Two separate liability orders were obtained and passed to the Council's enforcement agent for collection. It resulted in three payments being made and it was established by them that the company had entered into voluntary liquidation.

Write-Off by Delegation

3.3 The table below summarises what has been written by delegation for both council tax and Non-Domestic Rates for the period 1st April through to 31st July 2022

Council Tax		
Debt Reason analysis -	Debts Written Off this period under £10k (net to include credits)	
Bankruptcy / Liquidation	£4,842	£13,448
Debt Relief Order	£2,279	
Deceased - no estate	-£2,185	
Absconder - no trace	£6,221	
Statute Barred > 6 years	£0	
Uneconomical to collect	£262	
Small Balance	£598	
Costs written Off against all categories	£1,431	

Non-Domestic Rates		
Debt Reason analysis -	Debts Written Off this period under £10k (net to include credits)	
Bankruptcy / Liquidation / Insolvency	-£2,889 (Debt write on dividend paid)	-£2,888
Costs written Off against all categories	£1	

4. Implications of Decisions

4.1 Corporate Priorities

No priorities linked with Corporate Plan.

4.2 Financial

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.

4.3 Legal

No legal issues arise directly from this report

4.4 Policy

No policy issues arise directly from this report

4.5 Environmental Implications including contributions to achieving a net zero carbon Council by 2030

No environmental issues arise directly from this report.

4.6 Risk Management

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.

4.7 Equalities Impact

No equalities issues arise directly from this

4.8 Data Protection

No data protection issues arise directly from this report.

5. Summary of Consultation and Outcome

Not applicable.

6. Alternative Options Considered

Not applicable

7. Background papers

None

Appendix A

NNDR Schedule of Write Offs Over £10,000

<u>Year</u>	<u>Company</u>	<u>Amount</u>	<u>Reason</u>
2018/19	M D Retail Frontages Ltd	£5,346.00	Liability Order obtained. Enforcement Agent received some payments but returned the case in December 2019 siting liquidation commenced. Company eventually dissolved 7 th December 2021.
2019/20	M D Retail Frontages Ltd	£5,266.27	
<u>Overall total:</u>		<u>£10,612.27</u>	