

Harborough District Council

Report to Cabinet Meeting of 4th September 2023



Title:	Bad Debt Write Offs (Revenues and Benefits)
Status:	Public
Key Decision:	Yes
Report Author:	Jon Owst (Revenues & Benefits Manager – Leicestershire Revenues and Benefits Partnership) Telephone contact 01455 265587
Portfolio Holder:	Councillor Mark Graves
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 to 11th August 2023.

Recommendations

It is recommended that the total amounts for National Non-Domestic Rates (Business Rates) £508,864.47 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 £508,864.47 be written off this has been summarised below (detailed information shown in **Appendix A**).

- 3 LTD Companies entered into liquidation.
- 1 LTD company ceased trading, no way of recouping the debt.

Write-Off by Delegation

3.3 The tables below summarise what has been written by delegation for both Council Tax and Non-Domestic Rates for the period 1st April through to 11th August 2023.

2023/2024

Council Tax		Debts Written Off this period under £10k per debtor (net to include credits)	
Debt Reason analysis -			
Bankruptcy / Liquidation		£33,224	£83,436
Debt Relief Order		£11,348	
Deceased - no estate		£13,439	
Absconder - no trace		£15,152	
Statute Barred > 6 years		£75	
Uneconomical to collect		£3619	
Small Balance		£276	
Vulnerability			
LA Error		£2203	
Unclaimed refunds			
Pre 1997 band adjustments			
Costs written Off against all categories		£4100	

2023/24

Non-Domestic Rates		Debts Written Off this period under £10k per debtor (net to include credits)	
Debt Reason analysis -			
Bankruptcy / Liquidation / Insolvency		£0	£77.51
Absconder		£0	
Small balance		£0.01	
Costs written Off against all categories		£77.50	

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. It should be noted that the losses noted in this report are the total losses for

Council Tax and Non-Domestic Rates, in respect of the Councils “loss” this would be proportionate to the share of Council Tax (circa 8.4%) and Business Rates (40%).

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 report.

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>
2021/22	Visor Associates Ltd	£ 8,449.01	Company entered liquidation on 27 th July 2022.
2022/23	Visor Associates Ltd	£ 3,342.84	
	<u>TOTAL</u>	<u>£11,791.85</u>	
2021/22	Joules Ltd	£259,362.24	In October 2022 we received an increase in rateable value from £64,500 to £695,000 back dated to 1 st June 2021. This created this large debt shortly before they entered into Administration.
2022/23	Joules Ltd	£203,989.04	
	<u>TOTAL</u>	<u>£463,351.28</u>	
2020/21	Gastro10 Ltd	£ 9,580.80	Property closed since lockdown. Owner passed away in 2020. Company now entered liquidation on 24 th Match 2022 but lease only forfeited on 26 th August 2022.
2021/22	Gastro10 Ltd	£ 9,654.80	
2022/23	Gastro10 Ltd	£ 1,508.23	
	<u>TOTAL</u>	<u>£20,743.83</u>	
2018/19	Krypton IT Solutions Ltd	£ 66.50	Company had several assessments and accumulated debts. Despite efforts to collect the debt the company is no longer trading. Therefore we have no way to recoup the outstanding balances.
2019/20	Krypton IT Solutions Ltd	£ 7,198.96	
2020/21	Krypton IT Solutions Ltd	£ 5,712.05	
	<u>TOTAL</u>	<u>£12,977.51</u>	

OVERALL TOTAL: £508,864.47



