

# NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 24 SEPTEMBER 2019

Title of report	<b>FORMER TENANT RENT ARREARS, CURRENT TENANT RENT ARREARS, COUNCIL TAX, NON DOMESTIC RATES AND SUNDRY DEBTOR WRITE OFFS</b>
Key Decision	a) Financial No b) Community No
Contacts	Councillor Nicholas Rushton 01530 412059 <a href="mailto:nicholas.rushton@nwleicestershire.gov.uk">nicholas.rushton@nwleicestershire.gov.uk</a>  Head of Finance Tel: 01530 454707 <a href="mailto:tracy.bingham@nwleicestershire.gov.uk">tracy.bingham@nwleicestershire.gov.uk</a>
Purpose of report	To approve write offs over £10,000
Reason for decision	To comply with proper accounting practices.
Council priorities	Value for Money
Implications:	
Financial/Staff	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.
Health and Safety	Not applicable
Risk Management	Regular reviews of debts for write off mitigates the risk that the Council's accounts do not reflect the true level of recoverable income. It is also part of an effective arrears management strategy.
Equalities Impact Screening	Not applicable
Human Rights	None discernible
Transformational Government	Not applicable
Comments of Head of Paid Service	Report is satisfactory



Comments of Section 151 Officer	Report is satisfactory
Comments of Monitoring Officer	Report is satisfactory
Consultees	None
Background papers	All papers used in compiling the report contain exempt information under paragraph 3 of Part 1 to Schedule 12A Local Government Act 1972
Recommendations	<b>THAT CABINET APPROVES THE NON-DOMESTIC RATES AND SUNDRY DEBT WRITE OFFS THAT ARE OVER £10,000.</b>

## 1.0 WRITE OFFS

- 1.1 Writing off debts is only considered where appropriate recovery and enforcement options have been taken, or, where the council are legally prohibited from pursuing the debt. These include:
- Bankruptcy or a Debt Relief Order is in place;
  - Deceased – No assets within the estate;
  - Debtor Absconded / No Trace;
  - Company in liquidation/dissolved or ceased trading with no assets;
  - Severe hardship and/or serious health issues; or Statute barred i.e. we cannot legally pursue the debt as there has been six years since the debt fell due and no action has been taken to collect the debt;
  - Uneconomical to collect i.e. it is not financially viable to take further action for example due to the low level of the debt or they have gone abroad.
- 1.2 The purpose of this report is to seek approval to write off debts over £10,000 as required by the Council's constitution. Information relating to each debt type are detailed below including the value, financial year and status of account/reason for write off.
- 1.3 An update on debts written off under delegated powers (under £10,000) to date will be included whenever approval for debts over £10,000 is sought. This can be viewed in paragraph 8.0 of this report. In addition an overall position on write offs under £10,000 will be reported annually to Cabinet.

## 2.0 NON DOMESTIC RATES (NNDR)

- 2.1 For Non Domestic Rates, writing off debt is only ever considered as a last resort. When companies, sole traders or partnerships become insolvent the Council is prohibited from taking any further action as all of their outstanding debts are included within the Administration, Liquidation or personal bankruptcy.



- 2.2 There are three Non Domestic Rate debts over £10,000 for which Cabinet approval is sought amounting to £72,153.20. Full details have been provided to the Corporate Portfolio Holder.

Company	Status	2016/17 £	2017/18 £	2018/19 £	2019/20 £	Total £
Limited Company	Company ceased trading and is to be struck off from Companies House	262.12	22,434.54	3,261.90	-	25,958.56
Limited Company	Company initially entered into administration. Subsequently has entered into a Company Voluntary Arrangement with its creditors	-	-	-	34,272.00	34,272.00
Limited Company	Company has entered into administration	-	-	11,922.64	-	11,922.64

### 3.0 SUNDRY DEBTORS (INCLUDES NON –CURRENT HOUSING BENEFIT OVERPAYMENTS PRE 2011)

- 3.1 For Sundry Debtors, writing off debt is only ever considered as a last resort, when companies, sole traders or partnerships become insolvent the Council is prohibited from taking any further action as all of their outstanding debts are included within the Administration, Liquidation or personal bankruptcy
- 3.2 There is one sundry debtor case over £10,000 for which Cabinet's approval for write off is sought. The total amount of write off where approval is sought is £14,991.94. Full details have been provided to the Corporate Portfolio Holder.

Company	Status	2018/19 £	Total £
Limited Company	In Administration Industrial Unit Rental: The value constitutes the balance owed up to the point the unit was vacated allowing for any deposit held	14,991.94	14,991.94



#### **4.0 FORMER TENANT RENT ARREARS**

- 4.1 There are currently no former tenancy debts over £10,000 for which Cabinet's approval for write off is sought

#### **5.0 CURRENT TENANT RENT ARREARS**

- 5.1 There are currently no current tenancy debts over £10,000 for which Cabinet's approval for write off is sought.

#### **6.0 COUNCIL TAX**

- 6.1 There are currently no Council Tax debts over £10,000 for which Cabinet's approval for write off is sought.

#### **7.0 CURRENT HOUSING BENEFIT OVERPAYMENTS**

- 7.1 There are currently no housing benefit cases over £10,000 for which Cabinet's approval for write off is sought.

#### **8.0 SUMMARY OF DEBTS WRITTEN OFF UNDER DISCRETIONARY POWERS (UNDER £10,000) 2019/20**

- 8.1 Details of write offs to date by fund can be viewed below

<b>Fund</b>	<b>Bad Debt Provision £</b>	<b>Details of Write Offs</b>	<b>Total Value £</b>	<b>Bad Debt Provision Remaining £</b>
Council Tax	2,387,388.00	40 cases £17,516.42 Debtor Absconded 10 cases £2,771.60 Deceased no Assets 2 cases £1,172.37 Hardship 20 cases £8,930.28 Insolvency 2 cases £832.05 Uneconomic to Pursue 43 cases £16,179.43 Statute Barred (Data conversion issues)	47,402.15	2,339,985.90
National Non Domestic Rates	347,209.00	1 case ( Sole Trader) £288.50 Absconded 5 cases (Ltd Company) £18,479.16 Insolvency 1 case (Ltd Company) £2,561.05 Uneconomic to Pursue	21,328.71	325,880.29
Housing Benefit	1,284,237.00	No Debts written off to date	0.00	1,284,237.00
Housing Rent	676,410.72	8 cases £2,423.10 Deceased no Assets 1 case £1,987.20 No Trace 2 cases Uneconomic to Pursue £1836.56 1 case £13.56 Other	6,260.42	670,150.30
Sundry Debtor Invoices	340,748.00	No Debts written off to date	0.00	340,748.00



