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| Subject: | Council Tax, Non-Domestic Rate & Housing Benefit Overpayment Write Offs | Status: | For Publication |
| Report to: | Cabinet | Date: | 19 th July 2022 |
| Report of: | Head of Finance | Portfolio Holder: | Resources |
| Key Decision: | <input checked="" type="checkbox"/> Forward Plan <input checked="" type="checkbox"/> | General Exception <input type="checkbox"/> | Special Urgency <input type="checkbox"/> |
| Equality Impact Assessment: | Required: No | Attached: | No |
| Biodiversity Impact Assessment: | Required: No | Attached: | No |
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1. RECOMMENDATION(S)

- 1.1 Members are recommended to approve the write off of £26,101.99 in respect of irrecoverable Non-Domestic Rate debt (NNDR). Direct cost to Rossendale BC is £10,440.80.
- 1.2 Members are recommended to approve the write off of £38,495.81 in respect of irrecoverable Council Tax debt. Direct cost to Rossendale BC is £5,281.63.
- 1.3 Members are recommended to approve the write off of £22,732.57 in respect of irrecoverable Housing Benefit Overpayments. Direct cost to Rossendale BC is nil.
- 1.4 Members are recommended to agree the future schedule for write offs to be brought to Cabinet and for this to be a single, annual report going forward.

2. EXECUTIVE SUMMARY

- The purpose of the report is to request member authority to write off bad debts of Non-Domestic Rates, Housing Benefit Overpayment and Council Tax which are above the delegated limit of £5000 (see appendix).
- The sums to be written off are the amounts unpaid by the customer. Due to funding and precepting arrangements, the amounts borne by Rossendale in income foregone are lower than the totals written off.
- In each case, there are no more recovery options available to collect monies owed and therefore no prospect of collection in these cases.
- Appropriate Recovery action has been attempted; in the majority of cases there has been partial recovery of sums due, but the remaining balances are now irrecoverable.

3. BACKGROUND

- 3.1 It is prudent practice to clear any debts from the ledgers which are now deemed to be irrecoverable.
- 3.2 There is no delegated authority to write off debts in excess of £5000, and so member authorisation is required.

4. DETAILS

- 4.1 The sum of £26,101.99 is regarded as irrecoverable in respect of NNDR; the companies in question having variously gone into liquidation or absconded and the debts are therefore

recommended for write off. The write off amount is the total unpaid tax, due to the tier split between central government, county council and district, Rossendale will bear £10,440.80 of this sum directly.

- 4.2 There were no assets identified which could have been realised in order to offset the debts in these cases. In one of the two cases, partial payment was received.
- 4.3 The sum of £38,495.81 is regarded as irrecoverable in respect of Council Tax; it relates to individuals whose debts are now covered by Individual Voluntary Arrangements and Debt relief Orders. As such no further collections activity is possible. The write off amount is the total unpaid tax. Due to the split between precepts, Rossendale will bear £5,281.63 of this sum directly.
- 4.4 There were no assets identified which could have been realised in order to offset the debts in these cases. In four of the five cases partial payment was received.
- 4.5 The sum of £22,732.57 is regarded as irrecoverable in respect of Housing Benefit Overpayments; one case was due to local authority error and one relates to a party who is now deceased. The write off amount is the total overpayment. Due to subsidy arrangements, there is no direct cost to Rossendale.
- 4.6 As noted above, the direct costs to Rossendale are a proportion of the whole amounts to be written off. In respect of Council Tax and Non-Domestic Rates, they equate to the share of local taxation normally retained by Rossendale, 13.72% for Council Tax and 40% for Non-Domestic Rates.
- 4.7 For Housing Benefit overpayments, there is no fixed percentage. Housing Benefit subsidy arrangements are that, provided total overpayment caused by local authority error is less than 0.48% of all payments, then 40% subsidy is retained. Therefore where overpayments are fully recovered, Rossendale could potentially receive 140% of the value of the overpayment i.e. 40% housing benefit subsidy and the full value of the recovered sum. A collection rate of 60% is therefore a 'break even' figure for housing benefit overpayments.
- 4.8 In 2021/22 local authority error overpayments were under the threshold. Overpayments recovered vs raised was 89.3%. That is to say that overall, collection of housing benefits overpayment made a net credit, rather than a loss in 2021/22.

5. RISK

There are no specific risk issues for members to consider arising from this report.

6. FINANCE

- 6.1 Each year the Council reviews its assessment of potential bad debts and sets aside sums for future recognition of uncollectable amounts.
- 6.2 The Council's share of the sums recommended for write-off are shown below:

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| - NNDR | £10,440.80 (40%) |
| - Council Tax | £5,281.63 (13.72%) |
| - Housing Benefit Overpayment | £0 |
- 6.3 The Council holds sufficient sums in the bad debt provisions for both NNDR and Council Tax to fund those amounts recommend for write-off.

7. LEGAL

There are no specific implications arising from the report as all means of recovery have presently been exhausted.

8. POLICY AND EQUALITIES IMPLICATIONS

The proposed write offs set out in this report are recommended in accordance with the Council's agreed write off policies and procedures.

All write-offs are considered with due regard on their own merit as required. This report is not proposing new services, policies, strategies, or plans (or significant changes to or reviews of them). It does not propose decisions about budget cuts or service changes/reductions. It is determined therefore, that this report is unlikely to have any adverse impacts under the Council's Equality Policy or associated equality duties, and has not been assessed for equalities impacts.

9. REASON FOR DECISION

It is prudent practice to clear any debts from the ledgers which are now deemed to be irrecoverable.

No background papers