

Debt Recovery 2024-25	
<b>Executive Summary</b>	<p>This is an annual report detailing the council's collection performance and debt management arrangements for 2024/25. It includes:</p> <ul style="list-style-type: none"> <li>▪ A summary of debts written off in each debt area showing the reasons for write-off and values.</li> <li>▪ Collection performance for Council Tax and Non-Domestic Rates.</li> <li>▪ Level of arrears outstanding</li> <li>▪ Level of provision for bad and doubtful debts</li> </ul>
<b>Options considered.</b>	To leave the write-off limits as they currently are or to increase these to a higher figure.
<b>Consultation(s)</b>	We are pleased to reach this year's collection performance targets for council tax & Non-Domestic (Business) Rates whilst also working hard to reduce avoidance and fraud which with the cost-of-living crisis is a difficult time to for enforcement.
<b>Recommendations</b>	<p>That Cabinet recommend to full Council that it:</p> <ol style="list-style-type: none"> <li>1. approves the annual report which details the Council's write-offs, in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.</li> <li>2. approves the continued delegated authority as shown in appendix 2 for write offs.</li> </ol>
<b>Reasons for recommendations</b>	The recommendations ensure the Council makes best use of its staff resources and manages its finances to ensure best value for money.
<b>Background papers</b>	Corporate Debt Management and Recovery Policy - Appendix 1; Debt Write Off Policy - Appendix 2 and Recovery Methods including Enforcement Agent Code of Practice and Enforcement Agent Instructions - Appendix 3.

<b>Wards affected</b>	All wards
<b>Cabinet member(s)</b>	Lucy Shires
<b>Contact Officer</b>	Sean Knight Revenues Manger <a href="mailto:Sean.Knight@north-norfolk.gov.uk">Sean.Knight@north-norfolk.gov.uk</a>

Links to key documents:	
Corporate Plan:	A Strong, Responsible, & Accountable Council.
Medium Term Financial Strategy (MTFS)	Maximises Income of revenues.

Council Policies & Strategies	Corporate Debt Management and Recovery Policy and Debt Write Off Policy
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Corporate Governance:	
Is this a key decision	Yes.
Has the public interest test been applied	Yes.
Details of any previous decision(s) on this matter	July 2024 for the 2023/24 Debt Report.

### 1. Purpose of the report

This is an annual report detailing the council's collection performance and debt management arrangements for 2024/25.

The report includes a:

- A summary of debts written off in each debt area showing the reasons for write-off and values.
- Collection performance for Council Tax and Non- Domestic Rates.
- Level of arrears outstanding
- Level of provision for bad and doubtful debts

### 2. Introduction & Background

#### Introduction

The Corporate Debt Management annual report is one of the performance managements measures to provide members with outturn figures for 2024/25 for the following:

- A summary of debts written off in each debt area showing the reasons for write off and values.
- Collection performance for Council Tax and Non - Domestic Rates (NNDR).
- Level of arrears outstanding
- Level of provision for bad and doubtful debts

#### Background

Writing off bad debts is a necessary function of any organisation collecting money. The Council is committed to ensuring that debt write offs are kept to a minimum by taking all reasonable steps to collect monies due. There will be situations where the debt recovery process fails to recover some or all the debt and will need to be considered for write off. The Council views such cases very much as exceptions and this report identify those debts.

### 3. Proposals and Options

#### Performance

Below are a summary of the Council's three main income streams and the level of debt associated with each, for the last four financial years.

**Table 1**

Income Area	Year/Date	Total Arrears on 31 <sup>st</sup> March All Years (after write offs) * (£)	Current Years Arrears Included (After write – offs) ** (£)	% Of Current Arrears v Net Debit	Provision for Bad/Doubtful Debt for all years (£)
Council Tax	2021/22	3,654,527	1,548,794	1.90%	1,272,071
	2022/23	4,115,165	1,546,928	1.68%	1,439,591
	2023/24	4,188,131	1,481,904	1.53%	1,562,049
	2024/25	4,182,151	1,555,273	1.52%	1,672,438

**Table 2**

Income Area	Year/Date	Total Arrears on 31 <sup>st</sup> March All Years (after write offs) * (£)	Current Years Arrears Included (After write – offs) ** (£)	% Of Current Arrears v Net Debit	Provision for Bad/Doubtful Debt for all years (£)
NDR	2021/22	393,786	106,462	0.56%	254,611
	2022/23	329,183	201,357	0.82%	211,375
	2023/24	406,489	163,204	0.68%	240,984
	2024/25	253,229	115,244	0.44%	148,212

\*This is the cumulative arrears (excludes costs) for all years.

\*\* This is the arrears figure as at 31/3/2025. Collection of the 2024/25 debt is ongoing and £307k council tax and £118k NDR has been collected since 22 June 2025 against the previous 2024/25 year's arrears.

The table below shows the level of sundry debt outstanding at the year-end.

**Table 3**

Income Area	Year	Total Arrears on 31 <sup>st</sup> March All Years (after write offs) (£)	Net Debt Raised End of Year (£)	% Outstanding against debit at year end	Provision for Bad/Debt for all years (£)
Sundry Income	2021/22	643,957	7,085,105	9.09%	189,373
	2022/23	1,059,575	7,470,570	14.20%	254,248
	2023/24	1,332,459	8,394,985	15.87%	222,967
	2024/25	833,552	7,093,184	11.75%	£41,074

Figures previously included overpayments being recovered through weekly reclaim against ongoing Housing Benefit. The value of overpayments shown above from 2019/20 onwards are not treated as a corporate debt as they have not been invoiced. The value of these debts is recorded against the subsidy claim and will now be reported separately.

The table below shows the net collectable debit raised across the number of bills/invoices and the total arrears of each.

**Table 4**

Income Area	Year/Date	Net Collectable Debit (£)	Number of Accounts	Average Amount per Account (after adjustments) (£)	Total of all Years Arrears (£)
Council Tax	2021/22	81,511,373	55,825	1,460	3,654,527
	2022/23	91,952,456	55,804	1,648	4,037,735
	2023/24	96,822,771	56,238	1,722	4,188,131
	2024/25	102,643,972	56,723	1,810	4,182,151
NNDR	2021/22	19,105,144	8,158	2,342	393,786
	2022/23	24,700,970	8,327	2,966	329,183
	2023/24	24,056,007	8,085	2,975	406,447
	2024/25	26,031,863	7,843	3,319	253,229
Sundry Income	2021/22	7,085,105	5,637	1,257	657,258
	2022/23	7,470,570	5,733	1,303	1,059,575
	2023/24	8,394,985	6,433	1,305	1,332,459
	2024/25	7,093,184	6,750	1,051	833,552

The table below shows the collection performance of council tax and Non-Domestic (Business) Rates over the past four years.

**Table 5**

Income Area	2021/22	2022/23	2023/24	2024/25	Target 2024/25
Council Tax	98.1	98.27	98.37	98.37	98.20%
NNDR	99.24	99.25	99.29	99.45	99.20%

There have been several changes over the past few years that have affected council tax charges. From April 2013, support for council tax was localised. The Government reduced the level of funding that it had previously provided to cover the cost of the support (council tax benefit). All those of working age who had previously been on 100% benefit had to pay a minimum of 8.5%. In addition, some people on benefits were also affected by other welfare reform changes – e.g., under occupation of properties in the social sector, the benefit cap, and Universal Credit, putting additional pressure on incomes. In addition to the welfare, changes there were several technical changes to council tax. These included an increase in the charge for empty properties with additional premiums for those empty for more than one, five and ten years, a reduction in the second homes discounts and those properties undergoing structural repair and alteration. These changes affected the level of council tax to be collected and the ability of some

residents to pay. The target for council tax collection continues to be challenging given the above.

There are no longer national indicators for the collection of Council Tax and Non-Domestic (Business) Rates. The performance indicator (PI) is retained as a local PI and continues to be monitored monthly. An important part of debt management is to ensure that bills are sent out accurately and timely and that council tax and business ratepayers are aware of any appropriate discounts, exemptions, reliefs, and benefit entitlement they may apply. Information is sent with the annual bills and is shown on our web site with service information being provided on these. The ongoing promotion of Direct Debit also forms an important part of debt management where 77% of council taxpayers are paying by direct debit and 30% of NNDR customers pay by direct debit.

The Government has made the Small Business Rate Relief (SBRR) scheme more generous from 1 April 2017. Small businesses with a Rateable Value below £12,001 are now entitled to receive 100% relief (increase funded by Government). Small businesses with a Rateable Value between £12,000 and £15,001 may now be entitled to receive a percentage reduction in their rates bill. There have been several new relief schemes to help small businesses with Non-Domestic Rates over the past few years.

The Government's NDR Retail Discount Scheme was implemented from 2019/20 to award retail businesses with a third off their net rates bill. This was increased to 50% from 2020/21 and then changed to the 100% NDR Expanded Discount Scheme. A Nursery Discount Scheme for 100% was also implemented alongside the Business Grant Schemes.

Since March 2020 because of the pandemic and the effect of this on customers' ability to pay, we took the unprecedented step to stop all council tax and Non-Domestic Rates recovery work. Customers were given the opportunity to defer or delay paying us whilst they sort out their personal and business finances. We started sending out soft reminders from August 2020 with court attendances starting again later in the same year. This did impact on the collection performance and arrears.

Non-Domestic Rates had the introduction of the Covid Additional Relief Fund (CARF) for 2021/22 where we agreed on a scheme across most of Norfolk. This scheme awarded a discretionary relief to businesses who were unable to gain other covid business grants instead of allowing them to appeal their rateable value.

The 100% NDR Retail Discount was reduced further from 1 July 2022 to 66% and from 1 April 2022 to 50% discount.

### 3.1 Write-Offs

The table below shows in summary the amounts of debts that have been written off over the last four years.

**Table 6**

Income Area	2021/22 (£)	2022/23 (£)	2023/24 (£)	2024/25 (£)
Council Tax	133,790	159,939	113,208	229,725
NNDR	3,957	49,224	25,031	90,488
Sundry Income only	12,595	35,077	50,707	55,271

The table below details the category of debts that have been written off over the year 2023/24 (includes costs) for all years.

**Table 7**

Category	Council Tax (£)	NNDR (£)	Sundry Income (£)
Unable or Uneconomic to collect / bailiff unable to collect	912	9	Information on category not held on the finance system.
Debtor deceased	10,951	0	
Debtor absconded	112,684	12,683	
Debtor in bankruptcy, liquidation or other Insolvency proceedings	93,704	70,957	
Disputed Liability Debt cannot be proved (conflict of evidence)	4,137	5,195	
Ill health & no means	1,106	0	
Undue hardship	-287	191	
Debt remitted by the Court	0	0	
Irrecoverable	3,932	1,453	
Detained/Prison	2,586	0	
Other	0	0	
Totals	229,725	90,488	55,271

The level of Council Tax and Non-Domestic (Business) Rates debts written off has increased since last year. The Council Tax and Non-Domestic (Business) Rates debts that have been written off are principally debts from insolvency or absconders. Whilst every effort is made to trace debtors there is several debtors that cannot be traced, and the debt must be written off.

#### **4. Corporate Priorities**

*This report is linked to the Corporate Plan under A Strong, Responsible and Accountable Council.*

We will ensure the Council maintains a financially sound position, seeking to make best use of its staff resources, effective partnership working and maximising the opportunities of external funding and income.

We aim to provide effective and efficient delivery of the Revenues Service. Managing our finances to ensure best value for money, continuing a service improvement programme to ensure our services are delivered efficiently, providing services that are value for money and meet the needs of our residents, ensuring that strong governance is at the heart of all we do, creating a culture that empowers and fosters an ambitious, motivated workforce and exploring opportunities to work further with stakeholders and partner organisations.

#### **5. Financial and Resource Implications**

There are no resource implications here.

##### **Comments from the S151 Officer:**

Collection of income is critical to the Council as the Budget is based on an assumed level of income that the Council will receive for the year. The collection rates achieved by the Revenues team is excellent and this is recognised.

The Council makes every effort to collect outstanding debts and it is only after all avenues for recovery have been exhausted then a debt is considered for write off.

#### **6. Legal Implications**

There are no legal implications here.

##### **Comments from the Monitoring Officer**

This report details the Council's main income streams and its performance relating to collection as well as our policy and practice in regard to write offs. There are no apparent specific governance or legal issues arising.

#### **7. Risks**

The Council is already required to make provision for bad and doubtful debts. The additional information gained from this report will help improve monitoring and our ability to consider the appropriateness of the provisions in a more accurate way.

#### **8. Net Zero Target**

This report does not raise any issues relating to the Net Zero target.

## **9. Equality, Diversity & Inclusion**

The Debt Management & Recovery Policy takes account of the impact that getting into debt can have on people and their families, so it also encourages people to pay, and aims to provide reasonable facilities and assistance for them to do so.

Before writing off debt, the Council will satisfy itself that all reasonable steps have been considered to collect it and that no further recovery action is possible or practicable. It will consider the age, size, and types of debt, together with any other factors that it feels are relevant to the individual case. All write-offs are dealt with in the same fair and consistent way in line with equality and diversity issues.

While you can be sent to prison for up to 3 months if the court decides you don't have a good reason to not pay your Council Tax and you refuse to do so it is not our Council's policy to take such action where there is an inability to pay and there is a range of support which the Council offers in order to avoid this.

## **10. Community Safety issues**

This report does not raise any issues relating to the community safety issues.

## **11. Conclusion and Recommendations**

This is an annual report detailing the council's collection performance and debt management arrangements for 2024/25

The report includes a:

- A summary of debts written off in each debt area showing the reasons for write-off and values.
- Collection performance for Council Tax and Non- Domestic Rates.
- Level of arrears outstanding
- Level of provision for bad and doubtful debts

This is a recommendation to Full Council.

To approve the annual report giving details of the Council's write-offs in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.

To continue to approve the delegated authority as shown in appendix 2 for write offs.