



Leader  
11 February 2015

Decision to be taken on or after  
19 February 2015

Ward: All

Key Decision: No

## **Irrecoverable Debts - Council Tax and Non-Domestic Rates**

### **Report by the Director for Customer Services**

#### **1.0 Summary**

1.1 This report details outstanding Council Tax, Non-Domestic Rates, the Business Improvement District levy and associated Court costs which have been the subject of lengthy recovery action and enquiries. In all cases the defaulter is insolvent, has died, absconded without trace or the amount is too small for economic recovery or the Court have remitted the debt. The associated debts are now deemed to be irrecoverable and are therefore recommended for write-off.

#### **2.0 Background**

2.1 Paragraph 8.4 of the Council's Financial Regulations require that irrecoverable debts of Council Tax and Non-Domestic Rates over £2,500 are to be submitted to the Leader for write-off.

2.2 All outstanding arrears are regularly reviewed and an assessment made as to the likelihood of recovery. The scale of the effort made to collect each debt varies in proportion to the amount outstanding.

#### **3.0 Proposal**

3.1 This report proposes that the Leader approves the write-off of the debts detailed in paragraphs 5.A.2 and 5.B.2.

#### **4.0 Legal**

4.1 The Local Government Finance Act, 1992 and regulations made under it provides the statutory regime for Council Tax.

4.2 The Local Government Finance Act, 1988 and regulations made under it provides the statutory regime for National Non-Domestic Rates.

## **5.0 Financial implications**

### **A. Council Tax**

- 5.1A The Council traditionally has achieved a very high level of Council Tax collection, which compares favourably with other local authorities in Sussex.
- 5.A.2 Inevitably, however, there are a number of debts, which will never be recovered, and an appropriate bad debts provision is made in the Council's accounts each year against the likelihood of non-payment. The bad debt provision for Council Tax for the current financial year is £182,800.00. Irrecoverable debts amounting to £17,446.44 are submitted for write-off in this report against that provision. Further sums may be submitted at later dates, as and when circumstances indicate they have become irrecoverable.
- 5.A.3 In addition Council Tax debts individually less than £2,500 but together totalling £22,084.61 have been submitted to the Section 151 Officer simultaneously under the Financial Regulations described above.

### **B. Non-Domestic Rates**

- 5.B.1 Since 1 April 2013 any cost associated with irrecoverable Non-Domestic Rates is shared between the Government (50%), the council (40%) and the county council (10%). The current budget for NNDR assumes an overall net movement in the bad debt provision of 1% or £386,000.00.
- 5.B.2 Irrecoverable debts amounting to £104,609.30 are submitted for write-off against a bad debt provision of £386,000.00 for the current financial year. Further sums may be submitted at later dates as and when circumstances indicate they have become irrecoverable.
- 5.B.3 In addition Non-Domestic Rate debts individually less than £2,500, but together totalling £3,610.83, have been submitted to the Section 151 Officer simultaneously under the Financial Regulations described above.
- 5.B.1 Schedules of all debts mentioned in this report are available for inspection through the Contact Officer.

## **6.0 Recommendation**

- 6.1 Considerable resources have already been expended in the effort to collect these arrears. Any further enquiries or enforcement action would not be cost effective.
- 6.2 The recommendation is that the Leader approves the write-off of the debts referred to in paragraphs 4.A.2 and 4.B.2.

### **Local Government Act 1972**

**Background Papers:** Local Government Finance Act 1988

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## **Schedule of other matters**

### **1.0 Council Priority**

1.1 Matter considered and no issues identified

### **2.0 Specific Action Plans**

2.1 Matter considered and no issues identified

### **3.0 Sustainability Issues**

3.1 Matter considered and no issues identified

### **4.0 Equality Issues**

4.1 Matter considered and no issues identified

### **5.0 Community Safety Issues (Section 17)**

5.1 Matter considered and no issues identified

### **6.0 Human Rights Issues**

6.1 Matter considered and no issues identified

### **7.0 Reputation**

7.1 Matter considered and no issues identified

### **8.0 Consultations**

8.1 Matter considered and no issues identified

### **9.0 Risk Assessment**

9.1 Matter considered and no issues identified

### **10.0 Health & Safety Issues**

10.1 Matter considered and no issues identified

### **11.0 Procurement Strategy**

11.1 Matter considered and no issues identified

### **12.0 Partnership Working**

12.1 Matter considered and no issues identified

**Write Off Schedule – December 2013 to October 2014**

| <b>Council Tax Totals</b>                |  | <b>£</b>           |
|--|--|--------------------|
| Insolvencies Under £2500                 |  |                    |
| Insolvencies Over £2500                  |  | £5,399.17          |
| Write Offs Under £2500                   |  |                    |
| Write Offs Over £2500                    |  | £12,047.27         |
| Resulting from Court Hearing Under £2500 |  |                    |
| Resulting from Court Hearing Over £2500  |  |                    |
| <b>Total</b>                             |  | <b>£17,446.44</b>  |
| <b>NNDR Totals</b>                       |  | <b>£</b>           |
| Insolvencies Under £2500                 |  |                    |
| Insolvencies Over £2500                  |  | £54,129.32         |
| Write Offs Under £2500                   |  |                    |
| Write Offs Over £2500                    |  | £50,479.93         |
| Resulting from Court Hearing Under £2500 |  |                    |
| Resulting from Court Hearing Over £2500  |  |                    |
| <b>Total</b>                             |  | <b>£104,609.30</b> |
|  |  |                    |
|  |  |                    |
|  |  |                    |
| <b>Grand Total</b>                       |  | <b>£122,055.70</b> |

**RECOMMENDED:**

**DATE:**

**APPROVED:**

**DATE:**