

Irrecoverable Debts - Council Tax and Non-Domestic Rates

Report by the Head of Revenues & Benefits

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, the amount is too small for economic recovery or the Court has 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 (D28) of the Council's Financial Regulations provides delegated authority to the Section 151 Officer to authorise the write-off of irrecoverable debts of Council Tax and Non-Domestic Rates under £2,500.
- 2.2 Paragraph 8 (D29) of the Council's Financial Regulations require that irrecoverable debts of Council Tax and Non-Domestic Rates of £2,500 and over are to be submitted to the Executive Member for Resources for write-off.
- 2.3 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 Executive Member for Resources 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.A.1 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 However, there are inevitably a number of debts that will never be recovered, and an appropriate bad debt 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 £326,000.00. Irrecoverable debts amounting to £21,620.51 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 £37,127.59 have been submitted to the Section 151 Officer 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%).
- 5.B.2 The bad debt provision for Non-Domestic Rates for the current financial year is £970,813.00 and the irrecoverable debts detailed in this report amounting to £154,639.06 are submitted for write-off against that provision. 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 £8,162.79, have been submitted to the Section 151 Officer 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.

C. Business Improvement District Levy

- 5.C.1 The BID levy is collected on behalf of the BID Management Company, lead by the Town Centre Initiative. There are no direct financial implications to the Council. The Management Board have previously authorised debts totalling £0.00 for write off.

6.0 Recommendation

- 6.1 Considerable resources have already been expended in the effort to collect these arrears and any further enquiries or enforcement action would therefore not be cost effective.
- 6.2 The Executive Member for Resources is recommended to approve the write-off of the debts referred to in paragraphs 5.A.2 and 5.B.2.

Local Government Act 1972

Background Papers: Local Government Finance Act 1988 & Local Government Finance Act 1992

Contact Officer:

Paul Tonking
Head of Revenues & Benefits
Portland House, Worthing
01903 221290
paul.tonking@adur-worthing.gov.uk

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 – January 2015 to September 2015

Council Tax Totals		£
Insolvencies Under £2500		
Insolvencies Over £2500		£15,301.10
Write Offs Under £2500		
Write Offs Over £2500		£6,319.41
Resulting from Court Hearing Under £2500		
Resulting from Court Hearing Over £2500		
Total		£21,620.51
NDR Totals		£
Insolvencies Under £2500		
Insolvencies Over £2500		£7,530.00
Write Offs Under £2500		
Write Offs Over £2500		£147,109.06
Resulting from Court Hearing Under £2500		
Resulting from Court Hearing Over £2500		
Total		£154,639.06
Grand Total		£176,259.57

RECOMMENDED:

DATE:

APPROVED:

DATE:
