



Irrecoverable Debts - Council Tax and National Non-Domestic Rates

Report by the Director for Digital & Resources

Executive Summary

1. Purpose

This report details outstanding Council Tax, National Non-Domestic Rates (NNDR), the Business Improvement District levy and associated Court costs that have been the subject of lengthy recovery action and enquiries.

In all cases the defaulter

- Is insolvent, has died or has absconded without trace; or
- The amount is too small for economic recovery; or
- The Court has remitted the debt

2. Recommendations

It is recommended that the Executive Member for Digital & Resources approves the write-off of the debts detailed in paragraphs 5.4.1 and 5.5.3.

3.0 Context

- 3.1 This report details outstanding debts in respect of Council Tax, NNDR, the Business Improvement District levy and associated Court costs that have been the subject of lengthy recovery action and enquiries.
- 3.2 Considerable resources have already been expended in the effort to collect these arrears and any further enquiries or enforcement action would not be cost effective.

3.2 Consequently the debts are now deemed to be irrecoverable and are recommended for write-off.

4.0 Issues for consideration

4.1 Paragraph 8.4 of the Council's Financial Regulations requires that irrecoverable debts of Council Tax and Non-Domestic Rates over £2,500 are to be submitted to the Cabinet Member for Resources for write-off.

4.2 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.

4.3 This report proposes that the Executive Member for Digital & Resources approves the write-off of the debts detailed in paragraphs 5.4.1 and 5.5.3.

5.0 Financial implications

5.1 The Council traditionally has achieved a very high level of collection for both Council Tax and National Non-Domestic Rates that compares favourably with other local authorities in Sussex.

5.2 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.

5.3 Schedules of all debts detailed in this report are available for inspection through the Contact Officer.

5.4 Council Tax

5.4.1 The total bad debt provision for Council Tax as at 31 March 2017 in respect of all financial years since 1993/4 (calculated by reference to the value of all uncollected debts) was £1,872,036 and irrecoverable debts amounting to £25,747.14 are submitted for write-off against that provision.

5.4.2 Further sums may be submitted at later dates as and when circumstances indicate that they have become irrecoverable.

5.4.3 In addition, Council Tax debts that are individually less than £2,500 but together totalling £71,883.83 have been submitted to the Section 151 Officer simultaneously under the delegated authority detailed in the Council's Financial Regulations.

5.5 National Non-Domestic Rates

- 5.5.1 Since 1 April 2013 any cost associated with irrecoverable NNDR debts is shared between the Government (50%), the Council (40%) and West Sussex County Council (10%).
- 5.5.2 The current budget for NNDR assumes an overall net movement in the bad debt provision of 5%.
- 5.5.3 The total bad debt provision for NNDR as at 31 March 2017 in respect of all financial years since 1990/1 (calculated by reference to the value of all uncollected debts) was £1,294,254 and irrecoverable debts amounting to £260,494.23 are submitted for write-off against that provision.
- 5.5.4 Further sums may be submitted at later dates as and when circumstances indicate that they have become irrecoverable.
- 5.5.5 In addition, NNDR debts individually less than £2,500 but together totalling £19,574.28 have been submitted to the Section 151 Officer simultaneously under the delegated authority detailed in the Council's Financial Regulations.

5.6. Business Improvement District (BID) Levy

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

6.0 Legal implications

- 6.1 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.

Background Papers:

The Local Government Finance Act 1988

The Local Government Finance Act 1992

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Schedule of other matters

1.0 Economic

1.1 Matter considered and no issues identified beyond the financial implications detailed in section 5.

2.0 Social

2.1 Matter considered and no issues identified.

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified.

3. Environmental

Matter considered and no issues identified

4. Governance

Matter considered and no issues identified

Write Off Schedule – October 2015 to December 2016

Council Tax Totals		£
Insolvencies Under £2500		
Insolvencies Over £2500		£18387.71
Write Offs Under £2500		
Write Offs Over £2500		£7359.43
Resulting from Court Hearing Under £2500		
Resulting from Court Hearing Over £2500		
Total		£25747.14
NNDR Totals		£
Insolvencies Under £2500		
Insolvencies Over £2500		£26999.13
Write Offs Under £2500		
Write Offs Over £2500		£233494.90
Resulting from Court Hearing Under £2500		
Resulting from Court Hearing Over £2500		
Total		£260494.23
Grand Total		£286241.37

RECOMMENDED:

DATE:

APPROVED:

DATE:
