



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

### Report by the Head of Revenues & Benefits

#### 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 Resources approves the write-off of the debts detailed in paragraphs 5.5.1 and 5.6.3.

#### 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 Executive 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 Resources approves the write-off of the debts detailed in paragraphs 5.5.1 and 5.6.3.

#### 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 The value of debts written off during the last five financial years is as follows

<u>Processed from</u>	<u>Processed to</u>	<u>Value of Council Tax</u>	<u>Value of National Non-Domestic Rates</u>
01.04.14	31.03.15	£103,616.14	£125,788.71
01.04.15	31.03.16	£67,843.44	£29,826.44
01.04.16	31.03.17	£28,626.60	£167,318.81
01.04.17	31.03.18	£99,017.90	£24,863.72
01.04.18	31.03.19	£40,895.21	£335,072.62

During each year the value written off will relate to debts in respect of any financial year since 1993

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

#### 5.5 Council Tax

- 5.5.1 The total bad debt provision for Council Tax as at 31 March 2019 in respect of all financial years since 1993/94 (calculated by reference to the value of all uncollected debts) was £2,154,100 and irrecoverable debts amounting to £9,269.26 are submitted for write-off against that provision.

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

## 5.6 National Non-Domestic Rates

5.6.1 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%).

5.6.2 The current budget for NNDR assumes an overall net movement in the bad debt provision of 5%.

5.6.3 The total bad debt provision for NNDR as at 31 March 2019 in respect of all financial years since 1990/1 (calculated by reference to the value of all uncollected debts) was £1,464,800 and irrecoverable debts amounting to £94,618.76 are submitted for write-off against that provision.

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

## 5.7 Business Improvement District (BID) Levy

5.7.1 The BID levy is collected on behalf of the BID Management Company, lead by the Town Centre Initiative.

5.7.2 There no direct financial implications to the Council and the Management Board have previously authorised debts totalling £4,837.40 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.

6.2 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 – August 2017 to March 2018**

<b>Council Tax Totals</b>		<b>£</b>
Insolvencies Under £2500		
Insolvencies Over £2500		£3,173.91
Write Offs Under £2500		
Write Offs Over £2500		£6,095.35
Resulting from Court Hearing Under £2500		
Resulting from Court Hearing Over £2500		
<b>Total</b>		<b>£9,269.26</b>
<b>NNDR Totals</b>		<b>£</b>
Insolvencies Under £2500		
Insolvencies Over £2500		£35,998.06
Write Offs Under £2500		
Write Offs Over £2500		£58,620.70
Resulting from Court Hearing Under £2500		
Resulting from Court Hearing Over £2500		
<b>Total</b>		<b>£94,618.76</b>
BID accounts over £2500		<b>£4,837.40</b>
<b>Grand Total</b>		<b>£108,725.42</b>

**RECOMMENDED:**

**DATE:**

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**APPROVED:**

**DATE:**

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