
**PROPOSED WRITE-OFF OF IRRECOVERABLE
NON-DOMESTIC RATES AND COUNCIL TAX**

**Responsible Cabinet Member - Councillor Chris McEwan,
Efficiency and Resources Portfolio**

Responsible Director - Paul Wildsmith, Director of Corporate Services

SUMMARY REPORT

Purpose of the Report

1. To seek approval for the write-off of arrears of non-domestic rates and council tax which are considered to be irrecoverable.

Summary

2. The arrears recommended to be written-off are debts amounting to £318,191.69 in respect of which, during the period 1st April 2008 – 31st March 2009, it has become apparent that no further steps can be taken to recover the sums due. Approximately 58% of this sum is non-domestic rates and the remainder is council tax. A schedule of the sums is shown below.

Recommendation

3. It is recommended that non-domestic rate arrears of £184,878.10 and council tax arrears of £133,313.59 be written off, subject to the implementation of further action if and when future contacts are made.

Reasons

4. The recommendation is supported by the following reasons:-
 - (a) it is considered all practical steps have been taken to recover the debts
 - (b) to enable the Council's accounts to be maintained in accordance with Financial Procedure Rules.

Paul Wildsmith
Director of Corporate Services

Background Papers

1. Non-Domestic Rate Records
2. Council Tax Records

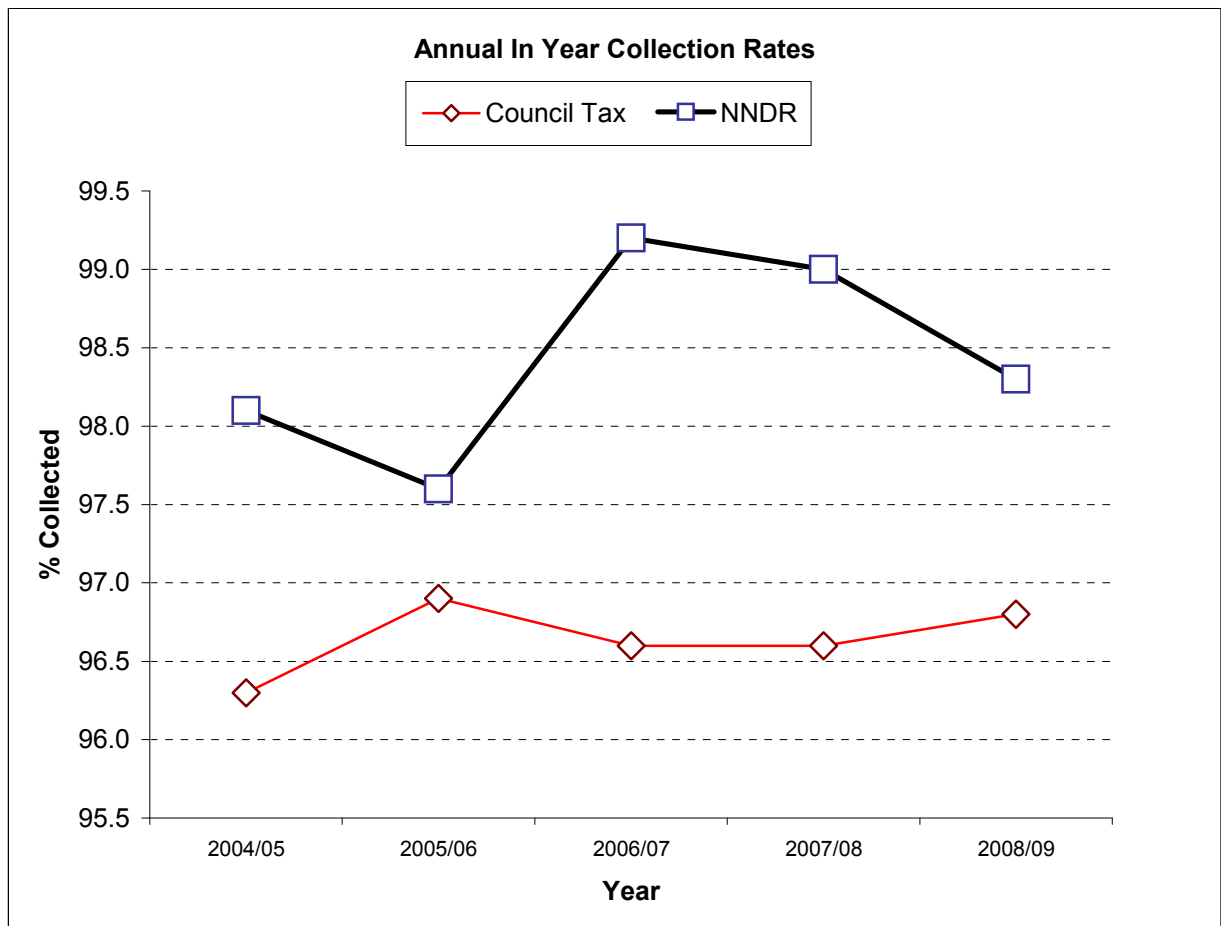
David Hall : Extension 2303
TAB

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There are no issues which this report needs to address
Sustainability	There are no issues which this report needs to address
Diversity	There are no issues which this report needs to address
Wards Affected	The proposals affect all wards
Groups Affected	The proposals affect all communities
Budget and Policy Framework	This report does not represent a change to Council Policy
Key Decision	The proposals do not represent a key decision
Urgent Decision	This is not an urgent decision
One Darlington: Perfectly Placed	This report does not seek to deliver aspects of the Sustainable Community Strategy.
Efficiency	This report does not contain proposals but reports on several initiatives that have been taken to increase income, reduce costs and improve service.

MAIN REPORT

Information and Analysis

- In 2008/09 the Council collected 96.8% of the council tax due in that year against a target of 97.2%. An additional £0.282m of council tax arrears from previous years giving an overall collection rate of 98.5%. For comparison purposes, the corresponding figures for the previous year were 96.6% collected within year, £0.469m of previous years arrears and a 98.8% overall collection rate. In-year collection of non-domestic rates was 98.3% during 2008/09 (99.0% in 2007-08) against a target of 99.2%. The Council has thus sustained a high level of success in collecting local taxes.
- The following chart shows the in-year collection rates for council tax and non-domestic rates over the last five years. In-year collection levels (formerly BVPI 9 council tax and BVPI 10 non-domestic rates) are still collected annually by the Government from all billing authorities nationally and published each June.



- Approximately 75% of council tax and NNDR accounts are paid following receipt of the bill without any recovery action having to be taken. Reminders and recovery action significantly increases the amount of council tax and business rates that are collected. Before a debt is considered irrecoverable and recommended for write off the following recovery procedures are applied: -

- (a) If payment is not made on time, at least one reminder or final notice is sent followed by the issue of a summons. If payment is still not made before the court hearing, the Magistrates issue a liability order. The issue of an order enables the Council to attempt to recover the sums due by means of distress (bailiffs), bankruptcy / winding-up proceedings and, if necessary, by committal. In addition, with regard to council tax, the issue of an order allows recovery by means of attachment of earnings and deduction from income support / job seekers allowance. The costs of issuing summonses and obtaining liability orders are recovered from debtors in addition to the council tax and NNDR debts. In 2008-09, 6,282 summonses and 5,046 liability orders were issued.
 - (b) During the course of billing and recovery procedures it may become apparent that an individual has absconded or been declared bankrupt, or in the case of a company that it has ceased trading and winding-up procedures commenced. In these circumstances the Local Taxation Section will try to find absconders or submit claims to receivers / liquidators. Enquiries are made through other departments and, if appropriate, at the properties concerned. Supplementary procedures involve contacts with solicitors, estate agents, landlords, the Benefits Agency, other councils, receivers and liquidators.
 - (c) Furthermore, if in the course of the distress process the bailiffs find a debtor has absconded, they will make their own enquiries to trace the person concerned.
 - (d) When taking action to enforce payment, if staff believe there may be entitlement to council tax benefit which has not been claimed, they will try to ensure the debtor gets help to access entitlement. In addition to helping individuals, such actions can assist in reducing debt and potential write-off.
8. Provision for bad and doubtful non-domestic rate debt is financed through the national pooling arrangements. Provision for bad and doubtful council tax debt has already been made in the Council's accounts so that the write-offs as recommended have no additional financial impact on the Council.

9. The following is a schedule of debts recommended for write-off:

Fund	Classification	No. of Debtors	Amounts £ - p
Non-Domestic Rates	Gone away - no trace and otherwise irrecoverable	36	76,978.13
		46	107,899.97
		82	184,878.10
Council Tax	Gone away - no trace and otherwise irrecoverable	124	82,237.63
		51	51,075.96
		175	133,313.59
Totals	Non-Domestic Rates	82	184,878.10
	Council Tax	175	133,313.59
		257	318,191.69

10. Members should be aware that, from the same period, in accordance with Financial Procedure Rule 9(e) I have authorised write-offs in respect of sums of less than £500 where all practical steps have been taken: -

Council Tax	£39,015.37
Non-domestic rates (net write-back)	-£89,731.49
Summons costs	£52,934.57
Total	£2,218.45

11. For comparison purposes, the net amounts of debit raised during 2008/09 (excluding summons costs) for non-domestic rates and council tax were £30.326m and £38.275m respectively. The total amounts recommended to be written-off represent 0.61% of non-domestic rates and 0.35% of council tax.
12. Paperless direct debit was introduced in 2007 making it easier for council tax and rate payers to arrange payment by direct debit. Instructions can now be set up over the phone instead of having to complete forms. Take up of direct debit for Council Tax payment has increased by 7.5% during 2008-09, which has helped to maintain strong collection levels, improve the service to residents and manage costs.
13. Despite the economic conditions of the past year, high collection levels have been sustained. Local tax collection is critically important to provide the Council with a very large part of the resources that it needs to provide essential services to residents and businesses and must, therefore, remain a very high priority.

14. The Local Taxation team provides direct assistance to residents by working with the Benefits function to try to maximise take up of benefit entitlement and in 2008-09 successfully promoted take up of small business rate relief, which put over £300,000 into the local economy at no cost to the Council or residents.
15. The statutory Council Tax information, sent out with annual bills, was incorporated into the 2009-10 A to Z of Council Services. It is hoped that this will help to strengthen the link between services and payment of Council Tax, increasing awareness of both. This initiative also saved £5,000 in production and postage costs.

Outcome of Consultation

16. No consultation was undertaken in producing this report.