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

Responsible Cabinet Member - Councillor Don Bristow, Resource Management Portfolio

Responsible Director(s) - Paul Wildsmith, Director of Corporate Services

Purpose of Report

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

Background

8. In 2005-06 the Council collected 96.9% of the Council Tax due for that year, an improvement of 0.6% compared with the previous year. In addition, £0.517M of previous years' Council Tax was collected, giving an overall collection rate of 99.3%. The Council has thus sustained a high level of success in collecting Council Tax. In-year collection of non-domestic rates was 97.6%. This was 0.5% less than the previous year and was due in significant part to valuations for some large new properties being received very close to the end of the year.
9. The arrears recommended to be written off are debts amounting to £292,595.66 in respect of which, during the period 1st April 2005 – 31st March 2006, it has become apparent that no further steps can be taken to recover the sums due. Approximately 56.3% of this sum is non-domestic rates and the remainder is council tax. A schedule of the sums is shown below.

Information and Analysis

10. Before a bad debt is considered irrecoverable and recommended for write off the following recovery procedures are taken.
 - (a) If payment is not made on time, at least one reminder or final notice is sent followed by the issue of a summons and 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, 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.
 - (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.

11. 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.

12. 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 Bankruptcy / Receivership	52	89,832.64
		25	74,971.61
		77	164,804.25
Council Tax	Gone away - no trace and otherwise irrecoverable Bankruptcy / Receivership	173	101,095.45
		45	26,695.96
		218	127,791.41
Totals	Non-Domestic Rates Council Tax	77	164,804.25
		218	127,791.41
		295	292,595.66

7. Members should be aware that, from the same period, in accordance with Financial Procedure Rule 9(e) I have authorised non-domestic rates write-offs of -£11,100.70 (net write-back) and council tax write-offs of £180,655.07, together with summons costs of £67,304.80 in respect of sums of less than £500 where all practical steps have been taken.
8. For comparison purposes, the net amounts of debit raised during 2005/06 (excluding summons costs) for non-domestic rates and council tax were £26.5m and £32.1m respectively. The total amounts recommended to be written off represent 0.6% of non-domestic rates and less than 1% of Council Tax.

Outcome of Consultation

9. No consultation was undertaken in producing this report.

Legal Implications

10. The Legal Services Manager has considered this report for legal implications in accordance with the Council's approved procedures. There are no issues which the Legal Services Manager considers need to be brought to the specific attention of Members.

Section 17 of the Crime and Disorder Act 1998

11. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

12. The issues contained within this report do not represent change to Council policy or the Council's policy framework.

Decision Deadline

13. For the purpose of the 'call-in' procedure this does not represent an urgent matter.

Recommendation

14. Bearing in mind that it is considered all practical steps have been taken, it is recommended that non-domestic rate arrears of £167,804.25 and council tax arrears of £127,791.41 be written off, subject to the implementation of further action if and when future contacts are made.

Reasons

15. The recommendation is supported to enable the Council's accounts to be maintained in accordance with Financial Procedure Rules.

Paul Wildsmith
Director of Corporate Services

Background Papers

- (i) Non-Domestic Rate Records
- (ii) Council Tax Records