
SUMMARY REPORT

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

Responsible Cabinet Member - Councillor Stephen Harker, Resources Portfolio

Responsible Director - Paul Wildsmith, Director of Corporate Services

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 £203,499.52 in respect of which, during the period 1st April 2007 – 31st March 2008, it has become apparent that no further steps can be taken to recover the sums due. Approximately 63% of this sum is non-domestic rates and the remainder is council tax.

Recommendation

3. It is recommended that non-domestic rate arrears of £127,696.92 and council tax arrears of £75,802.60 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

Non-Domestic Rate Records

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 affects 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.

MAIN REPORT

Information and Analysis

5. In 2007/08 the Council collected 96.6% of the council tax due in that year and an additional £0.469m (net) of council tax arrears from previous years giving an overall collection rate of 98.8%. In-year collection of non-domestic rates was 99.0% during 2007/08. The Council has thus sustained a high level of success in collecting local taxes.
6. 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 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 (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 2007-08, 6,281 summonses and 5,124 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.
7. 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.

8. 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	62,619.87
	▪ Bankruptcy / Receivership	34	65,077.05
		70	127,696.92
Council Tax	▪ Gone away - no trace and otherwise irrecoverable	86	57,281.96
	▪ Bankruptcy/Receivership	25	18,520.64
		111	75,802.60
Totals	Non-Domestic Rates	70	127,696.92
	Council Tax	111	75,802.60
		181	203,499.52

9. 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 in respect of sums of less than £500 where all practical steps have been taken :-

Council Tax	£94,045.59
Non-domestic rates (net write back)	-£19,332.68
Summons costs and Liability Orders	£68,737.43
Total	£143,450.34

10. For comparison purposes, the net amounts of debit raised during 2007/08 (excluding summons costs) for non-domestic rates and council tax were £29.18m and £36.53m respectively. The total amounts recommended to be written-off by Cabinet represent 0.44% of non-domestic rates and 0.21% of council tax.
11. 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 has improved as a result which should help to maintain strong collection levels.

Outcome of Consultation

12. No consultation was undertaken in producing this report.
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