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

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**Responsible Cabinet Member – Councillor Chris McEwan  
Efficiency and Resources Portfolio**

**Responsible Director - Paul Wildsmith Director of Corporate Services**

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**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 £214,048.91 in respect of which, during the period 1st April 2009 – 31st March 2010, it has become apparent that no further steps can be taken to recover the sums due. Of the total, £197,911.31 (92.5%) is non-domestic rates and £16,137.60 (7.5%) is council tax. Non-domestic rates are paid into a national pool, which funds the irrecoverable element. Provision has been made in the Council's budget for the irrecoverable Council Tax.

**Recommendation**

3. It is recommended that non-domestic rate arrears of £197,911.31 and council tax arrears of £16,137.60 be written off, subject to the implementation of further action if and when future contacts are made.

**Reasons**

4. The recommendations are 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

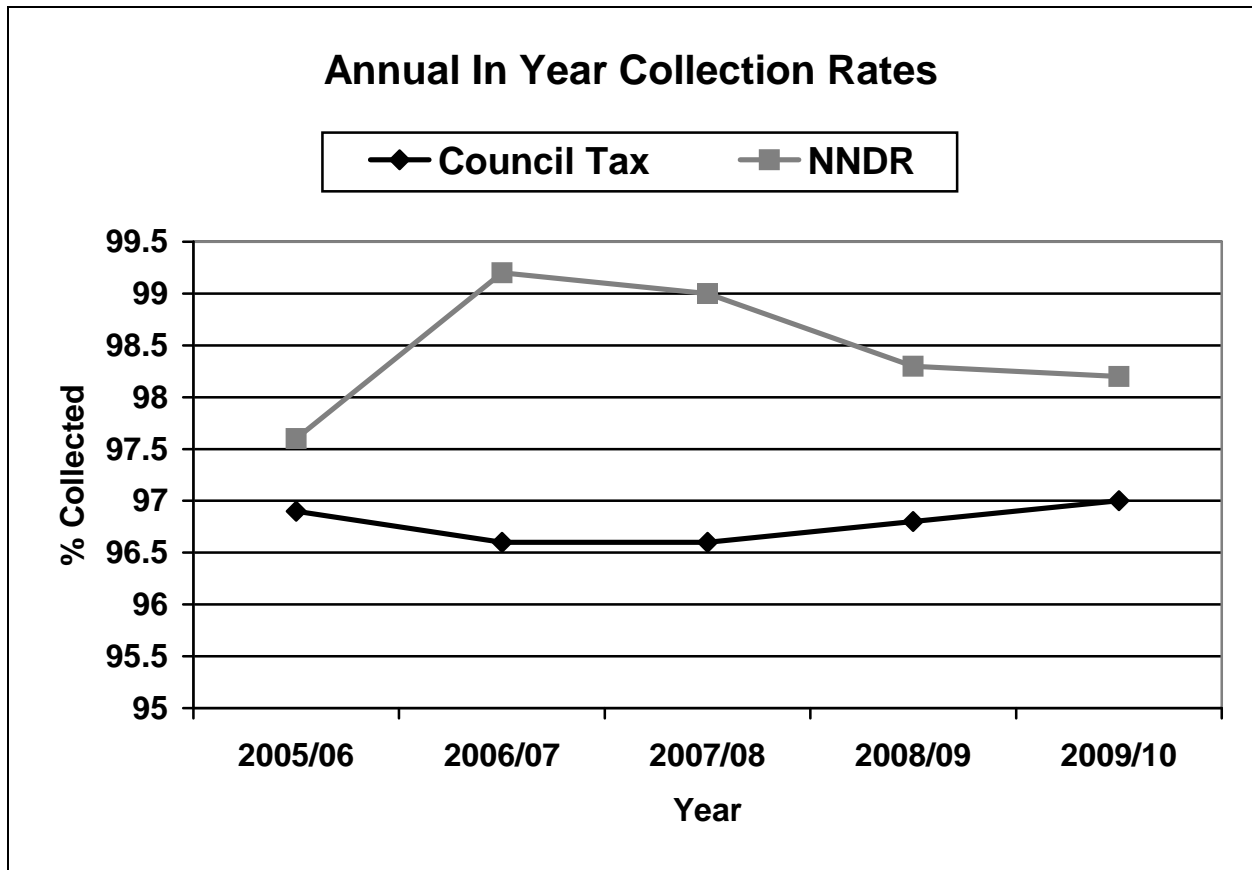
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S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There are no issues which this report needs to address
Sustainability	There are no issues which this report needs to address
Diversity	There are no 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 2009/10 the Council collected 97.0% of the council tax due in that year against a target of 97.0%. In addition, £0.407m of council tax arrears from previous years was collected giving an overall collection rate of 98.4%. For comparison purposes, the corresponding figures for the previous year were 96.8% collected within year, £0.282m of previous years arrears and a 98.5% overall collection rate. In-year collection of non-domestic rates was 98.2% during 2009/10 (98.3% in 2008-09) against a target of 99.0%. The Council has thus sustained a high level of success in collecting local taxes during a challenging year.
- 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 from all billing authorities by the Government and published in 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) 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.
- (b) 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.
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:

<b>Fund</b>	<b>Classification</b>	<b>No. of Debtors</b>	<b>Amounts £ - p</b>
Non-Domestic Rates	Gone away - no trace and otherwise irrecoverable Bankruptcy / Receivership	2	4,889.64
		27	193,021.67
		29	197,911.31
Council Tax	Gone away - no trace and otherwise irrecoverable Bankruptcy / Receivership	2	507.86
		37	15,629.74
		39	16,137.60
Totals	Non-Domestic Rates	29	197,911.31
	Council Tax	39	16,137.60
		68	214,048.91

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	£17,245.45
Non-domestic rates	£3,223.73
Summons costs	£12,250.79
Total	£32,719.97

11. For comparison purposes, the net amounts of debit raised during 2009/10 (excluding summons costs) for non-domestic rates and council tax were £31.559m and £39.589m respectively. The total amounts recommended to be written-off represent 0.63% of non-domestic rates and 0.04% of council tax.
12. 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
13. The Local Taxation team provides direct assistance to residents by working with the Benefits team to try to maximise take up of benefit entitlement. Additionally a signposting arrangement is in place with Darlington CAB to provide independent financial advice and assistance where serious debt problems are identified; this was supported by the enclosure of debt advice leaflets produced by CAB with reminder notices. The Local Taxation team also promotes awareness of Council Tax discounts and exemptions and works with the Council's Economic Regeneration team to promote awareness and take up of small business rate relief, which is funded from the national pool. Building on a successful campaign in 2008-09, which resulted in over £300,000 of small business rate relief being returned to the local economy, an additional 156 businesses benefited during 2009-10.

### **Outcome of Consultation**

14. No consultation was undertaken in producing this report.