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

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**Responsible Cabinet Member - Councillor Don Bristow, Resource Management Portfolio**

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

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**Purpose of Report**

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

**Background**

2. The Council has a very good record in collection of Council Tax and NNDR. In 2002/03 (the latest year for which inter-authority comparisons are currently available) Darlington was just outside of the top quartile for Council Tax collection in unitary authorities, as defined by BVPI 9. This was further improved in 2003/04 when, in addition to collecting 97.2% of Council Tax due for that year, £692,000 of previous years arrears were collected, giving an overall collection rate of over 99%. Consequently, the arrears now recommended to be written-off represent less than 1% of the total amount due. The high collection rate achieved contributes towards Darlington being able to set the lowest Council Tax in the North East. NNDR collection in 2003-04 was 99.1% of the amount due for the year.
3. The arrears concerned are debts amounting to £134,661.50 in respect of which, during the period 1st April 2003 – 31st March 2004, it has become apparent that no further steps can be taken to recover the sums due. Approximately 76% of this sum is non-domestic rates and the remainder is council tax. A schedule of the sums is shown below.

**Information and Analysis**

4. 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.
5. During 2003/04, bankruptcy proceedings have been introduced as means of recovering significant long-term council tax arrears. Action was taken against ten individuals with cumulative debts of £ 34,144, of which £ 23,647 has been recovered to date. In the light of this success, more extensive use of this means of recovery is now planned which should further reduce the level of debt being written-off in future years.
6. 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.
7. 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	22	58,298.90
		21	44,551.70
		43	102,850.60
Council Tax	Gone away - no trace and otherwise irrecoverable Bankruptcy / Receivership	52	30,146.09
		3	1,664.81
		55	31,810.90
Totals	Non-Domestic Rates	43	102,850.60
	Council Tax	55	31,810.90
		98	134,661.50

13. For comparison purposes, the net amounts of debit raised during 2003/04 (excluding summons costs) for non-domestic rates and council tax were £23.9m and £27.1m respectively.
14. 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 £12,030.10 and council tax write-offs of £134,433.68, together with summons costs of £33,294.28, in

respect of sums of less than £500 where all practical steps have been taken.

## **Outcome of Consultation**

15. No formal consultation was undertaken in the production of this report.

## **Legal Implications**

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

## **Section 17 of the Crime and Disorder Act 1998**

17. 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.

### **2.1.1.1 Council Policy Framework**

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

## **Decision Deadline**

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

## **Recommendation**

15. Bearing in mind that it is considered all practical steps have been taken, it is recommended that non-domestic rate arrears of £102,850.60 and council tax arrears of £31,810.90 be written off, subject to the implementation of further action if and when future contacts are made.

## **Reasons**

16. 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

