

CABINET
8 JULY 2025

COLLECTION OF COUNCIL TAX, BUSINESS RATES AND RENT 2024-25

**Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio**

**Responsible Director -
Elizabeth Davison, Executive Director – Resources and Governance**

SUMMARY REPORT

Purpose of the Report

1. To provide Members with an update on the collection of Council Tax, Business Rates and Council rents during 2024-25 and to seek approval for the write-off of debts over £1,000 that are irrecoverable.

Summary

2. The Collection of Council Tax, Business Rates and Council rents during 2024-25 has continued to be a significant challenge in the current economic climate.
3. However, despite the challenges, a total of £143.45 million has been collected in 2024-25, as follows:
 - (a) £79.19 million of Council Tax
 - (b) £33.78 million of Business Rates
 - (c) £30.48 million of Council rents.
4. Approval is being sought to write-off a total of £1,226,320 of debts in respect of individual cases exceeding £1,000 for the financial year 2024-25, where it has become apparent that no further steps can be taken to recover the sums due, as follows:
 - (a) £386,385 of Council Tax
 - (b) £331,368 of Business Rates
 - (c) £174,791 of former Council tenant arrears
 - (d) £86,253 of Housing Benefit overpayments
 - (e) £247,523 of sundry debts.
5. This report was considered by the Economy and Resources Scrutiny Committee on 26 June 2025, who agreed its onward submission for consideration by Cabinet.

Recommendation

6. It is recommended that Cabinet:
 - (a) Consider the contents of the report, and
 - (b) Approve the write-off of £1,226,320 for debts over £1,000, subject to further steps for recovery being taken, wherever possible, if and when contact with the debtor is made.

Reasons

7. The recommendations are supported by the following reasons:
 - (a) The collection of Council Tax, Business Rates and Council rents underpins the Council's MTFP.
 - (b) The write-off of irrecoverable debts enables the Council's accounts to be maintained in accordance with Financial Procedure Rules.

Elizabeth Davison
Executive Director – Resources and Governance

Background Papers

No background papers were used in the preparation of this report

Anthony Sandys: Extension 6926

Council Plan	This report supports the Council Plan's ECONOMY priority to build a strong sustainable economy and highly skilled workforce with opportunities for all
Addressing inequalities	The Council Tax and Business Rates Recovery Strategy sets out how the Council treats all our customers fairly and consistently in the recovery of debts and ensures individual's rights are protected
Tackling Climate Change	The efficient and effective collection of Council Tax, Business Rates and rents supports the funding of initiatives within the Council's Climate Change Strategy
Efficient and effective use of resources	This report does not contain proposals but refers to ongoing initiatives to increase income
Health and Wellbeing	There are no issues which this report needs to address
S17 Crime and Disorder	There are no issues which this report needs to address
Wards Affected	The report affects all wards
Groups Affected	The report affects all residents
Budget and Policy Framework	This report does not recommend a change to the Council's budget or policy framework
Key Decision	This report does not represent a key decision
Urgent Decision	This report does not represent an urgent decision
Impact on Looked After Children and Care Leavers	There are no issues which this report needs to address

MAIN REPORT

Information and Analysis

Council Tax

8. During 2024-25, a total of £80.29 million of Council Tax was due, of which £77.34 million was collected (or 96.3%). In addition, £1.85 million of Council Tax arrears relating to previous years was collected in 2024-25. This compares to £72.52 million collected in 2023-24 (or 96.4%) and £1.88 million of Council Tax arrears.
9. The Collection of Council Tax during 2024-25 has continued to be a significant challenge in the current economic climate. However, despite the challenges, Council Tax arrears have only increased slightly from £6.26 million in March 2024 to £6.55 million in March 2025.
10. The Council is still expecting to collect the overall target of 99% of Council Tax due for 2024-25. A summary of Council Tax collection from 2012 is given at table 1 below and shows that collection rates remain high, and arrears are well managed.

Table 1: Council Tax collection summary

Year	Council Tax (£,000)				Percentage Collected to date
	Due	Collected	Written-off	Outstanding	
2012-13	41,262	40,890	361	11	99.1%
2013-14	44,662	44,177	481	4	98.9%
2014-15	46,291	45,697	584	10	98.7%
2015-16	47,874	47,201	657	16	98.6%
2016-17	50,238	49,528	691	20	98.6%
2017-18	53,288	52,507	741	40	98.5%
2018-19	57,166	56,372	720	74	98.6%
2019-20	60,092	59,393	553	146	98.8%
2020-21	61,561	60,785	479	297	98.7%
2021-22	67,565	66,275	638	652	98.1%
2022-23	70,788	69,470	406	912	98.1%
2023-24	75,059	73,270	261	1,528	97.6%
2024-25	80,277	77,337	113	2,827	96.3%

11. However, some of the older outstanding debts have been identified as irrecoverable and approval for write-off is being sought. A total of £386,385 Council Tax debts over £1,000 have been identified for write-off in 2024-25. This represents 0.48% of the Council Tax due to be collected in 2024-25. Details of the proposed Council Tax debts over £1,000 to be written off are given at table 2 below.

Table 2: Proposed Council Tax debts over £1,000 to be written off 2024-25

Reason for write-off	Value
Bankruptcy/Debt Relief Order	£222,042
No longer financially viable	£93,406
No forwarding address	£34,717
Council Tax Support	£27,060
Deceased	£5,408
Debt over 6 years old	£2,723
Official error	£1,029
Total write-off	£386,385

12. Details of the reasons for the write-off of debts are as follows:

- (a) **Bankruptcy/Debt Relief Order** – these are debts where the debtor has been made bankrupt, insolvent or is subject to a Debt Relief Order, and there are no assets left to recover the debt.
- (b) **No longer financially viable** – these are debts where all reasonable steps to recover the amounts have been taken, but it is no longer financially viable to proceed further. For example, this could be as a result of information from an Enforcement Agent, advice from Legal Services or the debtor being in prison.

- (c) **No forwarding address** – these are debts where all reasonable steps have been taken to trace the debtor, but their current whereabouts are not known. If contact is made in the future, the debt will become recoverable again.
 - (d) **Council Tax Support** – these are debts which are actively being collected through the maximum deductions allowable from the debtor’s Department for Work and Pensions (DWP) benefits, but where the debtor has multiple debts outstanding.
 - (e) **Deceased** – these are debts where the debtor is deceased and there are no assets left in the estate.
 - (f) **Debt over six years old** – these are debts where all reasonable steps to recover the amounts have been taken, but it is no longer financially viable to proceed further, and the debt is over six years old.
 - (g) **Official error** – these are debts caused because of an error made by the Council or another official organisation, such as the DWP, and the debt is irrecoverable.
13. Members should also be aware that, for the same period, £539,714 has been authorised for write-off in respect of sums of less than £1,000. A summary of the write-offs for 2024-25, including credits written back, is given at table 3 below.

Table 3: Council Tax write-off summary 2024-25

Classification	Value
Debts over £1,000 written-off	£386,385
Debts under £1,000 written-off	£539,714
Credits written back	-£90,381
Debts written-off reversal*	-£37,535
Total net write-off	£798,183

14. *Debts written-off reversal: These are debts previously written-off that have been reversed back to recover following successful contact with the debtor.

Business Rates

15. During 2024-25, a total of £34.06 million of Business Rates was due, of which £33.78 million was collected (or 99.2%). This compares to £31.16 million collected in 2023-24 (or 99.9%).
16. As with Council Tax, the collection of Business Rates during 2024-25 continued to be a significant challenge in the current economic climate. However, despite the challenges, Business Rates arrears (excluding costs) remain at low levels at £0.75 million in March 2025, compared to £0.80 million in March 2024.
17. The Council has already exceeded the collection target of 99% of Business Rates due for 2024-25. A summary of Business Rates collection from 2012 is given at table 4 below and

shows that collection rates remain high, and arrears are well managed.

Table 4: Business rates collection summary

Year	Council Tax (£,000)				Percentage Collected to date
	Due	Collected	Written-off	Outstanding	
2012-13	32,344	31,763	573	8	98.2%
2013-14	33,257	32,664	575	18	98.2%
2014-15	33,546	33,110	436	0	98.7%
2015-16	34,063	33,733	330	0	99.0%
2016-17	35,738	35,305	431	2	98.8%
2017-18	33,545	33,166	376	3	98.9%
2018-19	33,683	33,313	349	21	98.9%
2019-20	32,926	32,758	156	12	99.5%
2020-21	18,395	18,372	17	6	99.9%
2021-22	26,391	26,320	61	10	99.7%
2022-23	31,537	31,484	-50	103	99.8%
2023-24	31,202	30,698	195	309	98.4%
2024-25	34,060	33,782	22	256	99.2%

18. However, some of the older outstanding debts have been identified as irrecoverable and approval for write-off is being sought. A total of £331,368 Business Rates debts over £1,000 have been identified for write-off in 2024-25. This represents 0.97% of the Business Rates due to be collected in 2024-25. Details of the proposed Business Rates debts over £1,000 to be written off are given at table 5 below.

Table 5: Proposed Business Rates debts over £1,000 to be written off 2024-25

Reason for write-off	Value
No longer financially viable	£199,452
Bankruptcy	£126,964
No forwarding address	£3,944
Debt over 6 years old	£1,008
Total write-off	£331,368

19. Members should also be aware that, for the same period, £19,364 has been authorised for write-off in respect of sums of less than £1,000. A summary of the write-offs for 2024-25, including credits written back, is given at table 6 below.

Table 6: Business Rates write-off summary 2024-25

Classification	Value
Debts over £1,000 written-off	£331,368
Debts under £1,000 written-off	£19,364
Credits written back	-£9,449
Debts written-off reversal	-£22,937
Total net write-off	£318,345

Council Rents

20. During 2024-25, a total of £30.9 million of Council rent was due and £30.3 million was collected (or 98.0%). In addition, £178,121 of former tenant arrears were also collected. The amount of rent arrears has decreased from £959,140 in April 2024 to £880,829 in April 2025.
21. Housing Services are committed to help tenants to maintain a tenancy through prevention, support and debt recovery and make all reasonable attempts to recover debts and provide practical advice and assistance to tenants facing difficulties with their rent payments.
22. Recovery action for current tenant rent charges includes letters, home visits, emails, text message and phone calls. Court action is taken to regain possession of the property as a last resort action. However, a supportive stance in relation to rent collection has been taken throughout 2024-25 to assist tenants to maintain their tenancy.
23. However, former tenant debts, including rechargeable repairs, may be written-off where recovery is uneconomical to the Council, or the tenant's whereabouts remain unknown for over a year, despite all reasonable tracing efforts being made. Current tenant arrears are only written-off where the tenant is subject to the Debt Respite Scheme (Breathing Space), Debt Relief Orders, Bankruptcy or Individual Voluntary Arrangements.
24. Approval is being sought to write-off a total of £174,791 of former tenant rent arrears over £1,000, where all reasonable recovery efforts have been exhausted. This represents 0.56% of Council rents due to be collected in 2024-25. Details of the proposed former tenant rent arrears over £1,000 to be written off are given at table 7 below.

Table 7: Proposed former tenant rent arrears over £1,000 to be written off 2024-25

Reason for write-off	Value
No longer financially viable	£112,301
No forwarding address	£37,912
Deceased	£20,787
Debtor in prison	£2,402
Debtor in residential care	£1,389
Total write-off	£174,791

25. Members should also be aware that, for the same period, £67,971 has been authorised for write-off in respect of sums of less than £1,000. A summary of the write-offs for 2024-25, including credits written back, is given at table 8 below.

Table 8: Former tenant arrears write-off summary 2024-25

Classification	Value
Debts over £1,000 written-off	£174,791
Debts under £1,000 written-off	£67,971
Credits written back	-£1,223
Net write-off	£241,539

Housing Benefit Overpayments

26. During 2024-25, a total of £428,985 Housing Benefit overpayments were identified and £453,719 was collected (or 105.8%). The amount of outstanding Housing Benefit overpayments has therefore reduced from £1.34 million in March 2024 to £1.19 million in March 2025.
27. Approval is being sought to write-off a total of £86,253 of Housing Benefit overpayments over £1,000, where all reasonable recovery efforts have been exhausted. This represents 4.88% of all Housing Benefit overpayments due to be collected in 2024-25. Details of the proposed Housing Benefit overpayments over £1,000 to be written off are given at table 9 below.

Table 9: Proposed Housing Benefit overpayments over £1,000 to be written off 2024-25

Reason for write-off	Value
Official error	£35,339
Deceased	£22,743
Bankruptcy/Debt Relief Order	£22,522
No longer financially viable	£4,462
Hardship	£1,188
Total write-off	£86,253

28. Members should also be aware that, for the same period, £13,287 has been authorised for write-off in respect of sums of less than £1,000. A summary of the write-offs for 2024-25 is given at table 10 below.

Table 10: Housing Benefit overpayments write-off summary 2024-25

Classification	Value
Debts over £1,000 written off	£86,253
Debts under £1,000 written-off	£13,287
Total write-off	£99,540

Sundry Debt invoices

29. During 2024-25, a total of £36.386 million of new sundry debts were raised and £36.751 million was collected (or 101.0%). The amount of outstanding sundry debts has increased slightly from £11.322 million in March 2024 to £11.552 million in March 2025, as some of the debt collected related to sundry debts raised in previous years.
30. Approval is being sought to write-off a total of £247,523 of sundry debts over £1,000, where all reasonable recovery efforts have been exhausted. This represents 0.68% of all sundry debts due to be collected in 2024-25. Details of the proposed sundry debts over £1,000 to be written-off are given at table 11 below.
31. **Table 11: Proposed sundry debts over £1,000 to be written-off 2024-25**

Reason for write-off	Value
Deceased	£127,701
No longer financially viable	£119,822
Total write-off	£247,523

32. Members should also be aware that, for the same period, £281,342 has been authorised for write-off in respect of sums of less than £1,000. A summary of the write-offs for 2024-25 is given at table 12 below.

Table 12: Sundry debts write-off summary 2024-25

Classification	Value
Debts over £1,000 written-off	£247,523
Debts under £1,000 written-off	£281,342
Total write-off	£528,865

Financial Implications

33. From April 2013, following the introduction of the Non-Domestic Rates Retention scheme, the Council has become liable for its proportion (49%) of the bad and doubtful debts with the remainder being shared between Central Government (50%) and the Durham and Darlington Fire Authority (1%). This has been allowed for in the Council's accounts. 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.
34. Financial regulations require authorities to make an annual assessment of the extent to which any money owed to the Council is likely to prove irrecoverable and make adequate provision in their accounts. The financial implications of writing-off the proposed former tenant arrears debt has therefore, already been taken into account in the Housing Revenue Account.

35. In respect of Housing Benefit overpayments, the DWP has recognised that in a system as complex as the Housing Benefit scheme, errors will occur. The DWP provide incentives for local authorities to minimise the number of these errors. As a result, local authorities receive subsidy depending on the type of overpayment.
36. Official error overpayments are subsidised at 100%, therefore these overpayments will be fully reimbursed by the DWP. All other eligible overpayments are funded at 40% subsidy, most of which are then successfully recovered. There will be no financial impact on the Council's current revenue budget as provisions have been made in the previous year.
37. For sundry debts, a provision is made in the accounts for bad debts on a monthly basis and reflected in budgets. Debts over one year old are provided for on a 100% basis, so the write-offs outlined above will have no adverse effect on the MTFP. Debts of less than one year old may also be provided for and the decision of how much to provide is taken in consultation with the manager responsible for the service.