

TITLE OF REPORT: Council Tax and Non-Domestic Rates – Transfer of Uncollectable Amounts

REPORT OF: Darren Collins, Strategic Director, Corporate Resources

Purpose of the Report

1. This report asks Cabinet to approve the transfer of outstanding balances from Council Tax and Non-Domestic Rates (NDR) accounts, where all possible recovery action has been taken and the balances are now considered to be uncollectable.

Background

2. Council Tax and NDR charges are levied in accordance with statutory legislation. Under the localisation of Business Rates, a proportion of monies collected by the Council are retained locally to form part of the core funding of the Council.
3. Charges which remain unpaid are subject to prompt appropriate recovery action. Despite this action there remain some debts, which are considered uncollectable.
4. The amounts, which have been identified as uncollectable are summarised at Appendix 1. These balances represent the full amount identified as uncollectable at the end of the financial year 2017-18.

Proposal

5. It is proposed to transfer the balance of 1,349 accounts to the value of £194,346.25 for Council Tax and 377 accounts to the value of £1,150,415.14 for Non-Domestic Rates.
6. In addition to this, balances of £500.00 or less on 2,768 individual accounts totalling £232,922.46 in respect of Council Tax and 158 accounts totalling £22,186.72 for Non-Domestic Rates, have been transferred under delegated powers in accordance with Financial Regulation 8.10.
7. The total proposed transfer of uncollectable balances is therefore £427,268.71 in respect of Council Tax and £1,172,601.86 in respect of Non Domestic Rates. Of the proposed Non Domestic Rates transfer, £994,343.14 is as a result of insolvency.
8. The amount of the proposed transfer represents 0.5% of the Council Tax collectable debit and 1.3% of the NDR collectable debit for 2017-18.

Recommendations

9. It is recommended that Cabinet note the action taken under delegated powers to transfer 2,768 accounts totalling £232,922.46 in respect of Council Tax and 158 accounts totalling £22,186.72 in respect of NDR and agree to:
- (i) The transfer of 1,349 accounts in respect of Council Tax balances totalling £194,346.25.
 - (ii) The transfer of 377 accounts of NDR balances totalling £1,150,415.14.

For the following reason:

- (i) To ensure the effective management of the Council's resources.
- (ii) To ensure that the Council Accounts accurately reflect the correct financial position.

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APPENDIX 1

Policy Context

1. The proposals in this report are consistent with the Council's priorities and in particular the priority of ensuring a sustainable Gateshead through ensuring the best use of its resources. The proposals are consistent with the framework for achieving the Council's new strategic approach "Making Gateshead a Place Where Everyone Thrives". The Council recognises there are huge financial pressures on not just Council resources but those of partners, local businesses and residents.

Background

2. The transfer reflects Council Tax and NDR accounts where the recovery process has been exhausted and it is no longer cost effective to pursue the cases through the court process.

Details of Debts Included in Transfer

3. The tables below give details of the reason and the year that the debt was created.

Council Tax

Year of Debit	Deceased	Insolvency	Other	Total
	£'000's	£'000's	£'000's	£'000's
Pre 2012	1	10	99	110
2012/13	1	1	17	19
2013/14	2	5	22	29
2014/15	3	8	29	40
2015/16	4	15	41	60
2016/17	7	31	71	109
2017/18	3	38	19	60
Total				427

Non-Domestic Rates

Year of Debit	Insolvency	Other	Total
	£'000's	£'000's	£'000's
Pre 2016	552	171	723
2016/17	366	6	372
2017/18	77	1	78
Total			1,173

Consultation

4. The Leader of the Council has been consulted on this report.

Alternative Options

5. No alternative options are proposed. A regular review of debt owed to the Council is an essential part of good recovery and accounting procedures.

Implications of Recommended Option

6. Resources

- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that the cost of the transfer of £427,268.71 for Council Tax and £1,172,601.86 for NDR can be met from the provision set up in the Collection Fund.
- b) **Human Resources Implications** – Nil
- c) **Property Implications** - Nil

7. **Risk Management Implications** – The transfers mitigate the risk of entries in the Council's statement of accounts being incorrect.

8. **Equality and Diversity Implications** – Nil

9. **Health Implications** - Nil

10. **Crime and Disorder Implications** - Nil

11. **Sustainability Implications** - Nil

12. **Human Rights Implications** – Nil

13. **Area and Ward Implications** – All Wards