

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 Non-Domestic Rates 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 2018-19.

Proposal

5. It is proposed to transfer the balance of 1,022 accounts to the value of £264,958.58 for Council Tax and 276 accounts to the value of £667,301.29 for Non-Domestic Rates.
6. In addition to this, balances of £500.00 or less on 2,454 individual accounts totalling £125,053.90 in respect of Council Tax and 104 accounts totalling £2,969.11 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 £390,012.48 in respect of Council Tax and £670,270.40 in respect of Non-Domestic Rates. Of the proposed Non-Domestic Rates transfer, £523,944.15 (78%) is as a result of insolvency.
8. The amount of the proposed transfer represents 0.4% of the Council Tax collectable debit and 0.7% of the Non-Domestic Rates collectable debit for 2018-19.

Recommendations

9. It is recommended that Cabinet agree to:

- (i) The transfer of 1,022 uncollectable accounts in respect of Council Tax balances totalling £264,958.58.
- (ii) The transfer of 276 uncollectable accounts of Non-Domestic Rates balances totalling £667,301.29.
- (iii) Note the action taken under delegated powers to transfer Council Tax and Non-Domestic Rates accounts with balances of £500 or less identified in paragraph 6 of this report.

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 Council priorities and in particular ensuring that effective use is made of Council resources to support the framework for “Making Gateshead a Place Where Everyone Thrives”.

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 2016	16	61	150	227
2017/18	10	34	50	94
2018/19	4	50	15	69
Total				390

Non-Domestic Rates

Year of Debit	Insolvency	Other	Total
	£'000's	£'000's	£'000's
Pre 2016	137	131	268
2017/18	180	10	190
2018/19	206	6	212
Total			670

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 £390,012.48 for Council Tax and £670,270.40 for NDR can be met from the bad debt provision within 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

Background Information

14. Nil