

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 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 2015-16.

Proposal

5. It is proposed to transfer the balance of 1,005 accounts to the value of £148,240.73 for Council Tax and 291 accounts to the value of £924,928.72 for Non-Domestic Rates.
6. In addition to this, balances of £500.00 or less on 2,142 individual accounts totalling £170,402.12 in respect of Council Tax and 203 accounts totalling £18,869.85 for Non-Domestic Rates, have been transferred under delegated powers in accordance with Financial Regulation 8.10.
7. The total proposed transfer is therefore £318,642.85 Council Tax and £943,798.57 Non Domestic Rates of uncollectable balances. Of the proposed NDR transfer, £740,247.12 is as a result of insolvency.
8. The amount of the proposed transfer represents 0.4% of the Council Tax collectable debit and 1.0% of the NDR collectable debit for 2015-16.

Recommendations

9. It is recommended that Cabinet notes the action taken under delegated powers to transfer 2,142 accounts totalling £170,402.12 in respect of Council Tax and 203 accounts totalling £18,869.85 in respect of NDR and agrees to: -

- The transfer of 1,005 accounts in respect of Council Tax balances totalling £148,240.73
- The transfer of 291 accounts of NDR balances totalling £924,928.72.

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 vision and medium term objectives as set out in Vision 2030 and the Council Plan and, in particular the key Council priority of ensuring a sustainable Gateshead through ensuring the best use of its resources.

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.
3. Of the £943,798.57 Non Domestic Rates transfer, £374,727.79 relates to three cases of insolvency with the following values:
 - (i) 1 account with a value of £249,406.26
 - (ii) 1 account with a value of £64,545.08
 - (iii) 1 account with a value of £60,776.45

Details of Debts Included in Transfer

4. 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
Prev Years	8	6	77	91
2010/11	4	8	8	20
2011/12	3	7	6	16
2012/13	2	10	15	27
2013/14	4	22	24	50
2014/15	8	22	47	77
2015/16	3	20	15	38
Total				319

Non-Domestic Rates

Year of Debit	Insolvency	Other	Total
	£'000's	£'000's	£'000's
Prev Years	80	108	188
2011/12	79	42	121
2012/13	104	34	138
2013/14	157	10	167
2014/15	259	5	264
2015/16	60	5	65
Total			943

Consultation

5. The Leader has been consulted.

Alternative Options

6. 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

7. Resources

- a) **Financial Implications** - The Strategic Director, Corporate Resources confirms that the cost of the transfer of £318,642.85 for Council Tax and £943,798.57 for NDR can be met from the provision set up in the Collection Fund.

- b) **Human Resources Implications** – Nil

- c) **Property Implications** – Nil

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

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

10. **Health Implications** - Nil

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

12. **Sustainability Implications** - Nil

13. **Human Rights Implications** – Nil

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