

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

**REPORT OF:** Darren Collins, Strategic Director, Resources and Digital

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### **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 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 2022-23.

### **Proposal**

5. It is proposed to transfer the balance of 1005 accounts to the value of £1,320,323.84 for Council Tax and 74 accounts to the value of £883,256.54 for Non-Domestic Rates.
6. In addition to this, balances of £500.00 or less on 4582 individual accounts totalling £279,010.97 in respect of Council Tax and 47 accounts totalling £1,572.27 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 £1,599,334.81 in respect of Council Tax and £884,828.81 in respect of Non-Domestic Rates.

## **Recommendations**

8. It is recommended that Cabinet agrees to:
- (i) The transfer of 1005 uncollectable accounts in respect of Council Tax balances totalling £1,320,323.84.
  - (ii) The transfer of 74 uncollectable accounts of Non-Domestic Rates balances totalling £883,256.54.
  - (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 Non-Domestic Rates 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	Uneconomical	Irrecoverable	Other	Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Pre 2020	29	41	232	975	53	1330
2020/21	9	36	7	8	47	107
2021/22	17	41	3	4	54	119
2022/23	8	29	0	0	6	43

<b>Total</b>	<b>1599</b>
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#### Non-Domestic Rates

Year of Debit	Insolvency/Dissolved	Bankruptcy	Unable to recover	Other	Total
	£'000's	£'000's	£'000's	£'000's	£'000's
Pre 2020	191	4	68	50	313
2020/21	177	0	2	0	179
2021/22	239	0	0	0	239
2022/23	152	0	2	0	154

<b>Total</b>	<b>885</b>
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### Consultation

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

## **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. **Financial Implications** - The Strategic Director, Resources and Digital confirms that the cost of the transfer of £1,599,334.81 for Council Tax and £884,828.81 for Non-Domestic Rates can be met from the bad debt provision within the Collection Fund.
8. **Risk Management Implications** – The transfers mitigate the risk of entries in the Council's statement of accounts being incorrect.
9. **Human Resources Implications** – Nil
10. **Equality and Diversity Implications** – Nil
11. **Health Implications** - Nil
12. **Crime and Disorder Implications** - Nil
13. **Climate Emergency and Sustainability Implications** - Nil
14. **Human Rights Implications** – Nil
15. **Ward Implications** – All Wards

## **Background Information**

16. Nil