

TITLE OF REPORT: 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 Non-Domestic Rates (NDR) accounts, where all possible recovery action has been taken and the balances are now considered to be uncollectable.

Background

2. Non-Domestic Rates 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 in the first six months of the 2016-17 financial year.

Proposal

5. It is proposed to transfer the balance of 326 accounts to the value of £3,002,743.94 for Non-Domestic Rates.
6. In addition to this, balances of £500.00 or less on 127 accounts totalling £21,827.44 for Non-Domestic Rates have been transferred under delegated powers in accordance with Financial Regulation 8.10.
7. The total proposed transfer is therefore £3,024,571.38 in uncollectable Non-Domestic Rates. Of the proposed transfer, £2,984,223.27 is as a result of insolvency, dissolved companies and bankruptcy.
8. The amount of the proposed transfer represents 3.15% of the Non-Domestic Rates annual collectable debit.

Recommendations

9. It is recommended that Cabinet agrees to the transfer of the balances on 326 uncollectable accounts totalling £3,002,743.94 and also notes the transfer of accounts totalling £21,827.44 under delegated powers.

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 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. This has been independently verified by Internal Audit review.
3. Of the £3,024,781.38 Non-Domestic Rates transfer, £1,457,904.29 is in respect of one company which is now dissolved. Significant recovery action has been undertaken in respect of this debt but this was unsuccessful due to the company possessing no assets.

Details of Debts Included in Transfer

4. The table below give details of the reason for the transfer and the year that the debt was created.

Non-Domestic Rates

Year of Debit	Insolvency	Other	Total
	£'000's	£'000's	£'000's
Prev Years	900	33	933
2012/13	838	11	849
2013/14	437	15	452
2014/15	425	0	425
2015/16	328	12	340
2016/17	24	1	25
Total			3,024

Consultation

5. The Leader of the Council has been consulted on the contents of 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. Resources

a) Financial Implications - The Strategic Director, Corporate Resources confirms that the cost of the transfer of £3,024,571.38 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.

10. Equality and Diversity Implications – Nil

11. Health Implications - Nil

12. Crime and Disorder Implications - Nil

13. Sustainability Implications - Nil

14. Human Rights Implications – Nil

15. Area and Ward Implications – All Wards

Background Information

16. Nil