

WIRRAL COUNCIL

CABINET

23 JUNE 2011

SUBJECT:	COLLECTION SUMMARY 2010/11
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF FINANCE
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR STEVE FOULKES
KEY DECISION?	NO

1.0. EXECUTIVE SUMMARY

1.1. This report details the collection of Council Tax, Business Rates, Sundry Debtors and Housing Act Advances. It highlights key collection indicators and trends with regard to irrecoverable sums and the sums written off under delegation.

2.0. RECOMMENDATION

2.1. That the report be noted.

3.0. REASON FOR RECOMMENDATION

3.1. For Members to be aware of the collection activity undertaken in these revenue areas,

4.0. BACKGROUND AND KEY ISSUES

4.1. Council Tax Collection

4.1.1. The following statement summarises 2010/11 collection of Council Tax.

	£	£
Arrears Brought Forward at 1 April 2010		12,702,145
Total Charge		<u>178,798,665</u>
		191,500,810
Less Credits Brought Forward at 1 April 2010		<u>882,657</u>
		190,618,153
Less Allowances:		
Exemptions	6,003,880	
Disabled Persons Relief	155,330	
Discounts	18,414,611	
Benefits	31,033,768	
Write-offs	<u>718,446</u>	56,325,735
		134,292,418
Add Refunds Made		1,178,552

Add Costs	<u>520,479</u>
	135,991,449
Less Cash Received	<u>122,717,449</u>
Arrears Carried Forward at 31 March 2011	<u>13,270,000.</u>

Number of properties at 31 March 2011	145,427
Number of Benefit Recipients at 31 March 2011	42,226

4.1.2. During 2010-2011 a total of 52,062 reminder notices and 14,262 summonses were issued leading to the Courts issuing 12,707 Liability Orders. 1,974 Attachment of Earnings Orders and 3,981 Deductions from Job Seekers Allowance / Income Support were commenced and 8,426 cases were referred to Bailiffs.

4.1.3. Despite the continuing economic downturn in 2010-11 Council Tax collection improved with an increase from 96.8% in 2009-2010 to 97% in 2010-11. This is against the backdrop of issuing 13,000 less reminder notices, 5,500 less summonses and referring 1,200 less cases to the bailiff. I am attempting further collection improvements this year to further reduce coercive recovery practices.

4.2. Council Tax Irrecoverables

4.2.1. There is no specific power to write off Council Tax debts, which are covered by the general power of administering the financial affairs of the Authority. Examples of suitable cases for write off are: deceased persons with no estate, persons not traced, Insolvency and minimal sums. All other debts are actively pursued.

4.2.2. The write-off provision for 2010/2011 was £4.0m. Trace and recovery work is ongoing for Council Tax arrears. In 2010/11 £1,326,565 has been written off and is categorised as follows:

	£
Deceased	44,886
Insolvency	172,568
Miscellaneous	19,546
1998-2000	608,419
Non-traceable	<u>481,146</u>
	<u>1,326,565</u>

Miscellaneous write-offs include small debits/credits which are uneconomic to pursue, committal sums remitted, recovery costs cancelled, and debts that are statute barred.

4.2.3. The Council Tax computer system was replaced in December 2006 and is designed to hold all old accounts. With the previous system the eighth year debts were archived to a residual collection system. This no longer occurs. However as in previous years the year 2004-2005 accounts were analysed for collection purposes. This resulted in £481,146 of the debt being written off as unable to be traced. The remaining £455,442 will continue to be collected for another six years.

4.2.4. The balance on the residual system as at 1 April 2009 was £608,310, which covers the period from 1 April 1998 to 31 March 2000. £38,498 was collected against residual debts on this system. The cash receipts were reduced by £38,607. This was refunded to taxpayers due to successful Council Tax banding appeals. Many of the appeals resulted in repayments as far back as April 1993. There was in effect a negative collection of £109.

4.2.5. I have under delegated powers, written off the balance of the 1998-2000 debt during 2010/11. The debt is 11-12 years old and this practice is in line with that used for General Rates and Poll Tax debts of that age. £608,419 was written off. By writing off 2 years debt the old system was retired saving £5,000 per annum in licence fees. The final collection performance for 1998-99 Council Tax was 99.13% and for 1999/2000 99.26%.

4.3. Council Tax Statistics

4.3.1. Number of Dwellings

1 April 2010	145,753
1 April 2011	145,427
Number of Dwellings as an Equivalent of Band 'D'	
1 April 2010	106,283
1 April 2011	106,476

4.3.2. Year on Year Volume Comparisons

	31.03.09	31.03.10	31.03.11
Direct Debit Payers	85,995	86,739	87,863
Discount Recipients	70,130	71,686	72,105
Inc Pensioners discounts	7,193	8,797	8,910
Exempt Persons	3,835	4,116	4,072
No. of Amended/Copy Accounts	125,092	160,696	109,191
No. of Returned Direct Debit Payments	10,441	10,779	11,472
Payments: Direct Debits	861,591	865,047	873,033
Cash/Cheque	124,395	77,036	71,566
Salaries/Wages	20,492	17,113	16,315
Debit/Credit Card	45,915	52,012	55,994
Paypoint		33,203	32,367
Post Office		75,889	69,654
Dept Work + Pensions		8,599	27,422
Bailiff		21,393	27,957

BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

4.4. Collection

4.4.1. The following statement summarises 2010-11 collection.

	£	£
Opening Debit		74,622,093
Plus Balance Brought Forward		6,860,339
Plus Costs		<u>27,664</u>
		81,510,096
<u>Allowances</u>		
Assessment changes in year	-2,775,613	
Transitional Relief	-883,171	
Empty relief	22,528	
Empty relief exemptions	-4,978,448	
Part Occupation relief	-225,094	
Void property relief	-108,719	
Charitable Organisations	-4,567,740	
Hardship	-3,000	
Small Business rate relief	-3,136,299	
Write-Offs	-768,717	
		<u>-17,424,273</u>
		64,085,823
Refunds made		<u>4,283,967</u>
		68,369,790
Less Cash Received		-61,386,180
Less Prepaid March 2009		-182,632
Plus 2010-11 Prepaid		409,946
Less net Interest		<u>-81,031</u>
Balances Carried Forward		7,129,893
Rateable Value 1 April 2010		180,402,653
Number of Properties 1 April 2010		7,898

4.4.2. The Business Rates system is based on a nationally set charge collected locally. In 2010/11 Wirral paid £63.5m into the National Pool from which Wirral received £137.8m. The Government re-distributes the contents of this Pool to all Authorities based on their respective populations.

4.5. Irrecoverables

4.5.1. Within the collection target is an allowance for irrecoverables or losses on collection. This is calculated as a percentage of anticipated yield and was £775,057 in 2010/11 as compared to £608,602 in 2009-10.

4.5.2. The Government sets these allowances for Authorities. Write-offs above these levels may need to be audited and, if accepted, collection levels are amended.

4.5.3. A breakdown of 2010/11 write-offs is given below:-	Amount £
Absconded/Irrecoverable	154,054
Insolvency (including adjustments)	614,380
Miscellaneous (including deceased)	<u>283</u>
TOTAL	<u>768,717</u>

4.5.4. Statistics

Property	2010-11	2009-10
Number of Properties on Valuation List	7,898	7,922
Rateable Value	£180,402,653	£155,877,636
New and Altered Property Notifications	430	430
 Recovery Action		
Summonses	783	980
Liability Orders	615	833
Chargepayers on Direct Debit	2,532	3,036

4.5.5. The substantial increase in the aggregate rateable value was the result of the five yearly national revaluation of all non domestic rate assessments which took effect from 1 April 2010.

4.5.6. The drop in the average number of direct debit payments was due to the extension of the Small Business Rate Relief scheme which meant that some ratepayers were not required to pay instalments later in the financial year

4.6. SUNDRY DEBTOR ACCOUNTS

4.6.1 The collection statement for 2010-11 is shown with the 2009/10 comparison:

	2009/10	2009/10
	£	£
Balance Brought Forward at 1 April	25,730,282	27,650,600
Net Amount of Invoices	<u>93,647,046</u>	<u>90,452,390</u>
	119,377,328	118,192,990
Less Write-Offs	<u>0</u>	<u>364,773</u>
	119,377,328	117,828,217
Payments Received	<u>91,744,046</u>	<u>92,097,935</u>
Balance Carried Forward at 31 March	27,633,282	25,730,282

4.6.2. The number of invoices and their value raised over the last five years is as follows:

	Invoices	£m
2006-07	32,720	44.0
2007-08	39,480	69.7
2008-09	38,156	80.4
2009-10	34,230	90.4
2010-11	51,507	93.6

Irrecoverables

4.6.3 A focus on collection against recent invoices during 2010/11 resulted in no write offs being processed during 2010-11. This has no impact on collection. Write offs will recommence during 2011-12.

4.7. HOUSING ACT ADVANCES

4.7.1. The collection statement for 2010-11 is shown with 2009-10 comparison and a five years arrears trend.

	2010/11	2009/10
	£	£
Arrears Brought Forward	2,448	2,953
Charges	<u>32,035</u>	<u>61,043</u>
	34,483	63,996
Cash Collected	<u>33,101</u>	<u>61,548</u>
Arrears Carried Forward	<u>1,382</u>	<u>2,448</u>

Five Year Collection Details

Year	Amount Collectable £	Arrears £	Number of Accounts
2006-2007	138,806	2,102	73
2007-2008	76,343	4,025	50
2008-2009	73,748	2,953	38
2009-2010	63,996	2,448	28
2010-2011	34,483	1,382	22

Total of loans outstanding at 31 March 2010	£100,796
Total of loans outstanding at 31 March 2011	£78,074

4.7.2. No new advances were made in 2010/11. The number of mortgage accounts continues to decrease as more are redeemed or transferred to other institutions. The caseload retained continues to be monitored to prevent arrears increasing.

4.8. IRRECOVERABLE DEBTS

4.8.1. Under delegated powers I have written off as irrecoverable the following:-

	£
Council Tax	1,326,565
Business Rates	768,717
TOTAL	2,095,282

5.0. RELEVANT RISKS

5.1. If debts are not written off they have the potential to inflate what might be thought collectable. Debts are only written off after a number of stringent checks.

6.0. OTHER OPTIONS CONSIDERED

6.1. No other options considered.

7.0. CONSULTATION

7.1. Relevant officers of the Council have been consulted in preparing this report.

8.0. IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1. There are none arising from this report.

9.0. RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1. There are no financial and staffing implications beyond the statements of accounts contained in this report

10.0 LEGAL IMPLICATIONS

10.1. There are none arising from this report.

11.0. EQUALITIES IMPLICATIONS

11.1. There are none arising from this report.

12.0. CARBON REDUCTION IMPLICATIONS

12.1. There are none arising from this report.

13.0. PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising from this report.

FNCE/116/11

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APPENDICES

None

SUBJECT HISTORY (last 3 years)

Cabinet	24 June 2010
Cabinet	25 June 2009
Cabinet	26 June 2008