

COLLECTION SUMMARY 2018/19**REPORT SUMMARY**

This Appendix details the collection of Council Tax, Business Rates, Sundry Debtors, and Housing Benefit Overpayments. It also highlights key collection indicators and for irrecoverable sums, the sums that were written off under delegation and details of those debts for which Cabinet approval is sought to write off.

RECOMMENDATIONS

- a) That the sundry debts for Adults Social Services and Other Directorates detailed in the report be written-off against the Provision for Bad Debts.

ITEMS TO BE NOTED

- a) The decrease in Council Tax in-year collection rate from 95.5% in 2017/18 to 94.8% in 2018/19
- b) Increase in cash collected for Council Tax 2018/19 of £9.4m
- c) The Business Rates collection rate for 2018/19 of 97.9%; the same collection rate of 97.9% as attained in 2017/18
- d) The Sundry Debt arrears figure as at 31 March 2019 decreased by £3 million to £26 million

SUPPORTING INFORMATION**1.0 REASONS FOR RECOMMENDATIONS**

- 1.1 To inform Members of the collection activity undertaken in these areas.
- 1.2 Sums written off are approved either under delegation or by Cabinet.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The report presents a summary of the collection performance for 2018/19 and no other options were considered.

3.0 BACKGROUND INFORMATION**COUNCIL TAX**

- 3.1 Work backlogs reduced throughout the year and various steps were taken to improve processing time and resources and this work is still underway with recruitment imminent. Although the in-year collection rate decreased from 95.5% in 2017/18 to 94.8% in 2018/19, an additional £9,415,611 was been collected in 2018/19, compared to 2017/18.

3.2 Collection Summary 2018/19

	£	£
Arrears brought forward 01/04/2018		19,438,669
Total Charge 2018/19		192,230,075
		<hr/> 211,668,744
Less credit brought forward 01/04/2018		-1,545,854
		<hr/> 210,122,890
Less adjustments	160,060	
Council Tax Support	-27,604,852	
Write-offs	-2,075,608	
		<hr/> -29,520,400
		<hr/> 180,602,490
Add Refunds		1,620,794
Add Costs		1,187,765
		<hr/> 183,411,049
Less Cash received		-162,381,041
		<hr/> 21,030,008
Add Credit carried forward to 2019/20		1,526,180
Arrears carried forward 31/03/2019		<hr/> 22,556,188

Irrecoverable

- 3.3 Recovery of Council Tax is maximised wherever possible and year on year collection continues to be high. In some circumstances, however, cases need to be put forward for write off, for example where the liable person is deceased with no estate or the person cannot be traced.
- 3.4 In addition to normal on going recovery action, additional resources were allocated in 2018/19 to review all outstanding debt. This exercise highlighted debt that had been through all possible recovery action, including referral to Enforcement Agents and Trace Agencies. The only cases to be written off were ones where all recovery avenues had been exhausted, and as such no further cost-effective recovery action option is possible.

The Bad Debt provision for 2018/19 was £13.8 million. The write off categories are as follows; -

Category	2018/19 £	2017/18 £
Deceased	69,236	108,016
Insolvency	282,059	431,504
Care Leavers	34,351	
Non-traceable	970,126	426,276
Uncollectable (old debt)	719,836	4,005,390
Total	<u>2,075,608</u>	<u>4,971,187</u>

3.5 Statistics

	<u>2018/19</u>	<u>2017/18</u>
Number of properties	148,853	148,271
Number of Council Tax Scheme Recipients	31,277	32,594
Council Tax Collection	94.8%	95.5%

BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

- 3.6 The collection rate of 97.9% in 2018/19 which was equal to the collection rate attained in 2017/18.

3.7 Collection Summary 2018/19

	£	£
Opening Debit		93,077,461
Plus Balance Brought Forward		4,924,995
Less Credit Brought Forward		<u>-5,221,225</u>
		92,781,231
<u>Allowances</u>		
Assessment changes in year	-857,596	
Transitional Relief	1,219,023	
Empty relief exemptions	- 4,178,107	
Part Occupation relief	-4,099	
Void Property Relief	-280	
Charitable Organisations	-6,569,563	
Hardship	0	
Small Business Rate Relief (SBRR)	-9,777,075	
Multi Occupation SBRR	-35,994	
Local Disc/Flood/Retail	- 350,029	
Local Newspaper Relief	- 1500	
Enterprise Zone Discount	-75,926	
Re-Occupation Relief	0	
Write-Offs	<u>-774,207</u>	<u>-21,405,353</u>
		71,375,878
Add costs		<u>53,730</u>
		71,429,608
Less Payments Received		-75,624,319
Add Refunds		6,056,380
Add Credit c/fwd. to 2019/20		2,152,961
Add 2019/20 Prepayments (inc 18/19 cash received)		736 384
Balance Carried Forward		<u>4,751,014</u>

Irrecoverable

- 3.8 The Bad Debt provision for Business Rates is £3.1 million in 2018/19 and those written-off by category in 2018/19 were:-

<u>Category</u>	<u>2018/19</u>	<u>2017/18</u>
	£	£
Absconded/Irrecoverable	166,153	214,204
Insolvency	608,984	760,578
Miscellaneous (including deceased)	<u>-930</u>	<u>803</u>
Total	<u>774,207</u>	<u>975,585</u>

3.9 Statistics

	<u>2018/19</u>	<u>2017/18</u>
Number of Properties on Valuation List	8,585	8,532
Rateable Value	£191,308,171	£190,141,397
New and Altered Property Notifications	295	291
Charge payers on Direct Debit	1,805	2,227
Collection Rate	97.9%	97.9%

- 3.10 The Council has an Enterprise Zone, Wirral Waters, which came into force on 1 April 2012.
- 3.11 The Birkenhead Business Improvement District (BID) includes 652 businesses in the Zone that pay a levy of 1.5% of the Rateable Value and covers a period of 5 years. In 2018/19 (year 3) the BID levy raised £431,943, which is reinvested to improve the BID area. The collection rate was 95.2%.
- 3.12 Wirral is part of the Liverpool City Region pilot whereby it will retain 99% of all Business Rates collected from 2018/19 with 1% being paid to the Fire Authority. There are now proposals that the government will roll out a 75% retention by all LA's in 2020/10.
- 3.13 The outcome of the Government review into Business Rates means that from April 2017 businesses with a Rateable Value of £12,000 or under do not pay Business Rates which affects some 5,500 business in Wirral. Whilst a further 500 businesses with a Rateable Value of £12,000 to £15,000 receive tapered relief. Properties with a Rateable Value of up to £51,000 pay the lower poundage.
- 3.14 As a result of the 2017 revaluation of non-domestic properties, some ratepayers were subject to substantial increases in the amounts payable and others substantial reductions. The Government introduced arrangements to phase the effects of these changes, setting limits on increases and reductions in bills. The limits continue to apply to yearly increases and decreases until the full amount becomes due, over the 4 year period.
- 3.15 The Chancellor of the Exchequer announced measures to help businesses in his budget statement on 8 March 2017 which are to help those affected by the revaluation of properties effective from 1 April 2017. On Wirral, the full amount of additional relief of £532k was awarded to support local businesses' in 2017/18 and again in 2018/19 the full amount was awarded to the value of £259k.

ACCOUNTS RECEIVABLE (SUNDRY DEBTS)

- 3.16 Accounts Receivable invoices, often referred to as Sundry Debtors, are issued in respect of a wide and varying range of services, including charges for Adult Social Care. In 2018/19, invoices totalling £113.9 million were raised and income of £105.3 million collected. 2018/19 saw the introduction of a new billing scheme for DASS Top- Up client, invoicing through the AR system.

3.17 Collection Statement

		2018/19 £	2017/2018 £
3.18	Balance Brought Forward at 01/04/2018	29,040,400	26,075,759
	Net amount of Invoices	101,846,508	98,603,473
		130,886,908	124,679,232
	Less Write-offs	281,786	2,026,308
		130,605,122	122,652,924
	Payments Received	105,305,521	93,746,768
	Adjustments	840,861	134,244
	Balance carried forward at 31/03/2018	26,140,462	29,040,400

Included in the 2018/19 are invoices raised in the final days of March. For 2018/19 this involved invoices totalling £9.7 million.

Irrecoverable

- 3.19 Sums over the limit of delegation £1,000 and below £5,000 require Cabinet approval and for each case over £5,000 explanations are provided to Cabinet. (see Annex) The Bad Debt provision for 2018/2019 is £9.04m.
- 3.20 Sums totalling £281,786 are proposed for write off comprising £271,378 of Adult Social Services debtors and a further £10,408 of other Departmental debts.

Debt – Value	Adult Social Services		Other Directorates	
	Number	£	Number	£
<£1,000	636	125,129	22	2,812
£1,000-£5,000	41	98,660	3	7,596
>£5000	4	47,589		
Total	681	271,378	25	10,408

Write Off Reason	Adult Social Services		Other Directorates	
	No.	£	No.	£
Deceased	312	99,462	0	0
Dept. Advise	0	0	2	557
Irrecoverable	220	132,922	8	1,591
Liquidation	0	0	2	6,065
No Trace	0	0	1	93
Settlement	0	0	1	1,531
Small Amount	0	0	7	89
Statute Barred	71	38,316	0	482
Uneconomical	78	679	4	0
Total	681	271,378	25	10,408

HOUSING BENEFIT OVERPAYMENT DEBTS

3.21 The following Housing Benefit overpayment debts were written off in 2018/19.

Reason	No	£
Elderly	8	6,999
Bankrupt	81	61,009
Deceased	67	43,151
Statute Barred	73	38,014
Small Balance	110	1,637
Uneconomic to pursue	105	15,946
Total	444	166,756

Irrecoverable

3.22 Under delegated powers, the following have been written off in year: -

	£
Council Tax	2,075,608
Business Rates	774,207
Sundry Debtors	281,786
Housing Benefits Overpayments	166,756
Total	<u>3,298,357</u>

4.0 FINANCIAL IMPLICATIONS

4.1 Debts written off as irrecoverable are charged against the Council provisions for bad debts which are reviewed annually in accordance with the requirements of accounting practice. At 31 March 2018 the provision for Council Tax stood at £13.8 million, Business Rates £3.1 million and Sundry Debts £9.04 million.

5.0 LEGAL IMPLICATIONS

5.1 Those debts recommended for write-off have been agreed by the Head of Legal and Member Services.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 Staffing issues were raised to the Director of Finance & Investment in year. Recruitment is now underway to address resource deficit. There are no known IT or asset implications arising directly from this report.

7.0 RELEVANT RISKS

7.1 Debts are written off following rigorous recovery actions checks are exhausted. All write offs are reviewed by Head of Service and Senior Manager Income, Strategy and Policy before presentation to Director of Finance and Investment.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report being a report on the overall financial affairs for the financial year just completed.

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ANNEX

Sundry Debtor Accounts – Write-Offs over £5,000

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Collection Summary 2013/14	7 July 2014
Cabinet - Outturn Collection Summary 2014/15	13 July 2015
Cabinet - Outturn Collection Summary 2015/16	18 July 2016
Cabinet - Outturn Collection Summary 2016/17	19 June 2017
Cabinet - Outturn Collection Summary 2017/18	16 July 2018