

COLLECTION SUMMARY 2019/20**REPORT SUMMARY**

This Appendix details of 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.

THAT THE CABINET IS RECOMMENDED TO:

- a) That the following debts be approved for write off against the Provision for Bad Debts.

	£
Council Tax	1,518,317
Business Rates	250,904
Sundry Debtors	344,648
Housing Benefit Overpayments	157,198
Total	<u>2,271,067</u>

ITEMS TO BE NOTED

- a) The in-year collection rate for Council Tax was 94.8%; the same as the previous year.
- b) An increase in cash collected for Council Tax 2019/20 of £11.7 million
- c) The in-year collection rate for Business Rates was 97.53%. In 2018/19 the collection rate was 97.9%.
- d) £86.557 million of Sundry Debtors collected in the year.

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 2019/20 and no other options were considered.
- 2.2** Not to approve the write off, of the debt.

3.0 BACKGROUND INFORMATION

COUNCIL TAX

3.1 Council Tax recovery continued to use all methods available for the recovery of the tax.

3.2 Collection Summary 2019/20

	Council Tax	
	£	£
Arrears brought forward		22,460,583
Original debit raised	202,943,022	
Adjustments (reliefs, discounts, refunds etc)	(26,525,916)	
Cash collected	(172,536,685)	
Net movement in arrears		3,880,421
Closing balance		26,341,004

Irrecoverable Council Tax

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.

The total Bad Debt provision for 2019/20 was £17.012 million (including preceptor's provision). The write off categories are as follows:

Category	2019/20 £	2018/19 £
Deceased	105,533	69,236
Insolvency	255,945	282,059
Care Leavers	(74)	34,351
Non Traceable	45,359	970,126
Uncollectable	1,111,554	719,836
Total	1,518,317	2,075,608

3.4 Statistics

	2019/20	2018/19
Number of properties	149,486	148,853
Number of Council Tax Support claimants	30,318	31,277
Council Tax Collection Rate	94.8%	94.8%

BUSINESS RATES (NATIONAL NON-DOMESTIC RATES)

3.5 The collection rate of 97.53% in 2019/20 was achieved despite a climate of uneconomic uncertainty.

3.6 Collection Summary 2019/20

Business Rates		
	£	£
Arrears brought forward		4,300,809
Original debit raised	95,575,146	
Adjustments (reliefs, discounts, refunds etc)	(21,184,611)	
Cash collected	(73,062,518)	
Net movement in arrears		1,328,017
Closing balance		5,628,826

Irrecoverable Business Rates

3.7 The total Bad Debt provision for Business Rates is £3.8 million in 2019/20 (including preceptors) and those written-off by category in 2019/20 were:

Category	2019/20 £	2018/19 £
Absconded	52,195	166,153
Insolvency	192,505	608,984
Irrecoverable (including deceased)	6,204	(930)
Total	250,904	774,207

3.8 Statistics

	2019/20	2018/19
Number of properties on Valuation List	8,606	8,585
Rateable Value	£191,488,255	£191,308,171
Collection Rate	97.53%	97.9%

ACCOUNTS RECEIVABLE (SUNDRY DEBTS)

3.9 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 2019/20, invoices totalling £96 million were raised and income of £86.6 million collected.

3.10 Collection Statement

	2019/20	2018/19
	£	£
Balance brought forward	23,066,564	29,040,400
Debits (Invoices Raised)	96,074,729	101,846,508
	<hr/> 119,141,293	<hr/> 130,886,908
Write offs	(344,648)	(281,786)
	<hr/> 118,796,645	<hr/> 130,605,122
Payments received	(86,557,083)	(105,305,521)
Adjustments (including credit notes)	(166,401)	840,861
Balance carried forward at 31/03/2020	<hr/> 32,073,161	<hr/> 26,140,462

Included in the 2019/20 balance carried forward are invoices raised in the final weeks of March, amounting to £16.5 million, which would have no prospect of recovery prior to year-end.

Irrecoverable Accounts Receivable

3.11 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 where required. The Bad Debt provision for 2019/20 is £8.958 million.

3.12 Sums totalling £344,648 are proposed for write off comprising £293,356 of Adult Social Services debtors and a further £51,292 of other Directorate debts.

Debt – Value	Adult Social Services		Other Directorates	
	Number	£	Number	£
<£1,000	492	86,740	96	20,558
£1,000-£5,000	4	10,001	7	21,027
>£5000	12	196,615	1	9,707
Total	508	293,356	104	51,292

Write Off Reason	Adult Social Services		Other Directorates	
	Number	£	Number	£
Deceased	376	207,307	0	0
Irrecoverable	51	56,303	7	16,606
Liquidation	0	0	26	8,237
No Trace	0	0	2	624
Settlement	6	7,395	0	0
Small Amount	0	0	11	142
Statute Barred	1	21,015	56	20,948
Uneconomical	74	1,336	2	4,735
Total	508	293,356	104	51,292

HOUSING BENEFIT OVERPAYMENT DEBTS

3.13 The following Housing Benefit overpayment debts were written off in 2019/20.

Reason	Number	£
Elderly	9	14,605
Bankrupt	50	65,595
Deceased	81	52,406
Statute Barred	30	22,862
Small Balance	22	121
Uneconomic to pursue	8	1,609
Total	200	157,198

4.0 FINANCIAL IMPLICATIONS

- 4.1** Debts written off as irrecoverable are charged against the Council's provisions for bad debts which are reviewed annually in accordance with the requirements of accounting practice. At 31 March 2020 the provision for Council Tax stood at £17.012 million, Business Rates £3.829 million and Sundry Debts £8.958 million.

5.0 LEGAL IMPLICATIONS

- 5.1** Those debts recommended for write-off have been agreed by the Director of Resources.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1** Staffing issues were raised to the Director of Finance & Investment (now the Director of Resources) 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 Resources. The not writing off, of risks that could be recovered, is managed through effective control mechanisms.

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 is no direct impact upon equality arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1** There are no implications arising directly from this report.

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BACKGROUND PAPERS

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
Cabinet - Outturn Collection Summary 2018/19	22 July 2019