

## WIRRAL COUNCIL

CABINET - 20 JUNE 2006

## REPORT OF THE DIRECTOR OF FINANCE

## COLLECTION SUMMARY – 2006-07

## 1. EXECUTIVE SUMMARY

1.1. This report details the collection of Council Tax, Business Rates, Sundry Debtors and Housing Act Advances.

## 2. COUNCIL TAX

## 2.1. Council Tax Collection

2.1.1. The following statement summarises collection of Council Tax.

	£	£
Arrears Brought Forward at 1 April 2006		11,679,038
Total Charge		<u>153,570,939</u>
		165,249,977
Less Credits Brought Forward at 1 April 2006		<u>669,294</u>
		164,580,683
Less Allowances:		
Exemptions	4,343,015	
Disabled Persons Relief	147,161	
Discounts	16,341,530	
Benefits	23,871,899	
Write-offs	<u>+70,254</u>	<u>44,633,351</u>
		119,947,332
Add Refunds Made		1,511,900
Add Costs		<u>474,850</u>
		121,934,082
Less Cash Received		<u>110,334,627</u>
Arrears Carried Forward at 31 March 2007		<u>11,599,455</u>
Number of properties at 31 March 2007		144,046
Number of Benefit Recipients at 31 March 2007		36,925

2.1.2. During 2006-2007 a total of 58,444 reminder notices were issued and 17,283 court cases were heard leading to 9,474 Liability Orders and 533 Attachment of Earnings Orders. Deductions from Job Seekers Allowance/Income Support in 2,731 cases were commenced and 7,388 cases were referred to Bailiffs.

2.1.3. Changing the IT system part way through the year impacted on Council Tax collection performance resulting in a 1% drop from 97.3% in 2005-06 to 96.3% collection for 2006-07. It is anticipated collection will show improvement in 2007-08 and in effect these arrears are being collected later than previously and work is already well underway to retrieve this position.

## 2.2. Council Tax Irrecoverables

2.2.1. 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.

2.2.2. The write-off provision for 2006-2007 was £3.5m. Trace and recovery work is on going for Council Tax arrears. In 2006/07 -£70,254 has been written off and is categorised as follows:

	£
Deceased	968
Insolvency	131,156
Miscellaneous	-202,378
2000-2001	<u>604,747</u>
	<u>£534,493</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. Due to the IT system change during the year many more small credits have been removed from the system which is reflected in the above figure.

2.2.3. The Council Tax computer system was replaced in December 2006 and is designed to hold all years accounts. With the old system the 8th year debts were archived to a residual collection system. This no longer occurs. However as in previous years the year 8 (2000-2001) accounts were analysed for collection purposes. This resulted in £604,747 of the debt being written off as unable to be traced. The remaining £376,299 will continue to be collected in the new system.

2.2.4. The balance on the residual system as at 1 April 2007 was £1.446m, which covers the period from 1 April 1995 to 31 March 2000. £104,925 was collected against residual debts on this system. The cash receipts were reduced by £143,941. This was refunded to taxpayers due to successful Council Tax banding appeals. These have increased greatly due to recent press and television publicity. Many of the appeals resulted in repayments as far back as April 1993.

2.2.5. I have under delegated powers, written off the balance of the 1994-95 debt during 2006-07. The debt is 12 years old and this practice is in line with that used for General Rates and Poll Tax debts of that age. £281,595 was written off. The final collection performance for 1994-95 Council Tax was 98.92%.

### 2.3. Council Tax Statistics

#### 2.3.1. Number of Dwellings

1 April 2006	143,422
<b>1 April 2007</b>	<b>144,046</b>

#### Number of Dwellings as an Equivalent of Band 'D'

1 April 2006	106,377
<b>1 April 2007</b>	<b>105,844</b>

#### 2.3.2. Year on Year Volume Comparisons

	31.03.05	31.03.06	<b>31.03.07</b>
Direct Debit Payers	78,000	82,633	<b>85,100</b>
Discount Recipients	49,587	48,794	<b>56,383</b>
Exempt Persons	3,282	3,405	<b>3,397</b>
No. of Amended/Copy Accounts	201,150	205,493	<b>190,456</b>
No. of Returned Direct Debit Payments	7,629	9,052	<b>11,116</b>
Payments: Direct Debits	722,276	772,101	<b>796,001</b>
Cash/Cheque	273,052	225,635	<b>190,025</b>
Salaries/Wages	38,010	39,687	<b>37,987</b>
Bank Giro	42,715	25,431	<b>22,147</b>
P.O. Giro	14,853	20,856	<b>18,020</b>
<b>Refunds</b>	6,034	5,900	<b>6,790</b>

### 3. BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

#### 3.1. Collection

3.1.1. The following statement summarises 2006/07 collection.

	£	£
Opening Debit		68,396,969
Plus Balance Brought Forward		1,356,345
Plus Costs		<u>42,517</u>
		69,795,831

<u>Allowances</u>	
Assessment changes in year	-2,160,869
Empty relief exemptions	-5,196,037
Empty relief	-803,771
Small Business rate relief	-1,757,655
Charitable Organisations	-3,010,882
Transitional Relief	-257,220
Part Occupation Property Relief	-173,710
Write-Offs	-769,545
	<u>-14,129,689</u>
	55,666,142
Refunds made	<u>1,673,504</u>
	57,339,646
Less Cash Received	-56,133,886
Less net Interest	<u>-32,822</u>
Balances Carried Forward	1,172,938
Rateable Value 1 April 2006	157,606,575
Number of Properties 1 April 2006	8,142

3.1.2. The Business Rates system is based on a nationally set charge collected locally. In 2006-07 Wirral paid £55.9m into the National Pool. The Government re-distributes the Pool to all Authorities based on population, and in 2006-07 Wirral received £104.5m.

### 3.2. Irrecoverables

3.2.1. Within the collection target is an allowance for irrecoverables or losses on collection. This is calculated as a percentage of anticipated yield and was £579,440 in 2006-07 as compared to £516,358 in 2005-06.

3.2.2. The Government sets these allowances for Authorities. Write-offs above these levels may need to be audited and, if accepted, collection levels are amended. Although the write off levels were exceeded in this year no specific audit has yet been requested by the Audit Commission.

3.2.3. A breakdown of 2006-07 write-offs is given below:-

	Amount £
Absconded/No Trace	270,693
Insolvency	422,697
Miscellaneous. (Inc. Deceased)	<u>76,153</u>
TOTAL	<u>769,545</u>

### 3.3. Statistics

<b>Property</b>	<b>2006-07</b>	2005-06
Number of Properties on Valuation List	<b>8,220</b>	8,220
Rateable Value	<b>£156,269,386</b>	£156,269,386
New and Altered Property Notifications	<b>428</b>	428
<b>Recovery Action</b>		
Summonses	<b>1,068</b>	1,287
Liability Orders	<b>779</b>	734
Chargepayers on Direct Debit	<b>3,023</b>	3,016

### 4. SUNDRY DEBTOR ACCOUNTS

4.1.1 The collection statement for 2006-07 is shown with the 2005-06 comparison.

	<b>2006-07</b>	2005-06
	£	£
Balance Brought Forward at 1 April	<b>14,670,672</b>	11,004,908
Net Amount of Invoices	<b><u>43,963,029</u></b>	<u>45,906,763</u>
	<b>58,633,701</b>	56,911,671
Less Write-Offs	<b><u>0</u></b>	<u>202,914</u>
	<b>58,633,701</b>	56,708,757
Payments Received	<b><u>42,388,113</u></b>	<u>42,038,085</u>
Balance Carried Forward at 31 March	<b><u>16,245,588</u></b>	<u>14,670,672</u>

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

	Number of Invoices	£m
2002-03	39,131	29.5
2003-04	40,447	34.5
2004-05	38,792	41.3
2005-06	32,080	45.9
<b>2006-07</b>	<b>32,720</b>	<b>44.0</b>

4.1.3. In 2006-07 a new Accounts Receivable IT system was implemented which has had an effect on collection performance. A total of 8,535 reminders were issued during 2006-07 compared to 18,663 during the previous year. Given this system change and the required staff resource on the project I have not written off any debts in this financial year but will do so in 2007/08.

## 5. HOUSING ACT ADVANCES

- 5.1. The collection statement for 2006-07 is shown with 2005-06 comparison and a five years arrears trend.

	<b>2006-07</b>	2005-06
	£	£
Arrears Brought Forward	<b>2,384</b>	3,851
Charges	<b><u>136,422</u></b>	<u>177,151</u>
	<b>138,806</b>	181,002
Cash Collected	<b><u>136,704</u></b>	<u>178,618</u>
Arrears Carried Forward	<b><u>2,102</u></b>	<u>2,384</u>

### Five Year Collection Details

Year	Amount Collectable £	Arrears £	Number of Accounts
2002-2003	365,236	6,842	200
2003-2004	287,548	4,937	159
2004-2005	209,037	3,851	136
2005-2006	181,002	2,384	102
2006-2007	138,806	2,102	73
Total of loans outstanding at 31 March 2006			£344,962
<b>Total of loans outstanding at 31 March 2007</b>			<b>£244,091</b>

- 5.2. No new advances were made in 2006-07. 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.

## 6. IRRECOVERABLE DEBTS

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

	£
Council Tax	- 70,254
Business Rates	<u>769,545</u>
TOTAL	<u>£699,291</u>

## 7. FINANCIAL AND STAFFING IMPLICATIONS

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

**8. LOCAL MEMBER SUPPORT IMPLICATIONS**

8.1. There are no specific implications arising out of this report.

**9. LOCAL AGENDA 21 STATEMENT**

9.1. There are no specific implications arising out of this report.

**10. PLANNING IMPLICATIONS**

10.1. There are no specific implications arising out of this report.

**11. EQUAL OPPORTUNITIES IMPLICATIONS**

11.1. There are no specific implications arising out of this report.

**12. COMMUNITY SAFETY IMPLICATIONS**

12.1. There are no specific implications arising out of this report.

**13. HUMAN RIGHTS IMPLICATIONS**

13.1. There are no specific implications arising out of this report.

**14. RECOMMENDATION**

14.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE