

WIRRAL COUNCIL

CABINET

24 JUNE 2010

REPORT OF THE DIRECTOR OF FINANCE

COLLECTION SUMMARY – 2009-10

1. 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 requests approval to write off debts in excess of delegation.

2. COUNCIL TAX

2.1. Council Tax Collection

2.1.1. The following statement summarises 2009/10 collection of Council Tax.

	£	£
Arrears Brought Forward at 1 April 2009		12,841,000
Total Charge		<u>175,655,506</u>
		188,496,506
Less Credits Brought Forward at 1 April 2009		<u>885,125</u>
		187,611,381
Less Allowances:		
Exemptions	5,217,368	
Disabled Persons Relief	156,366	
Discounts	21,976,951	
Benefits	29,760,480	
Write-offs	<u>724,252</u>	57,835,417
		129,775,964
Add Refunds Made		1,570,013
Add Costs		<u>657,195</u>
		132,003,317
Less Cash Received		<u>119,301,172</u>
Arrears Carried Forward at 31 March 2010		<u>12,702,145.</u>
Number of properties at 31 March 2009		145,427
Number of Benefit Recipients at 31 March 2009		39,106

2.1.2. During 2009-2010 a total of 64,871 reminder notices and 19,749 summonses were issued leading to the Courts issuing 12,707 Liability Orders. 1,604 Attachment of Earnings Orders and 4176 Deductions from Job Seekers Allowance / Income Support were commenced and 9,600 cases were referred to Bailiffs.

2.1.3. Despite the continuing economic downturn in 2009-10 Council Tax collection improved slightly with an increase from 96.7% in 2008-2009 to 96.8% in 2009-

10. It is not expected that there will be a significant increase in collection for 2010-11 but I anticipate collection levels to be maintained.

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 2009-2010 was £3.9m. Trace and recovery work is ongoing for Council Tax arrears. In 2009/10 £974,708 has been written off and is categorised as follows:

	£
Deceased	148,177
Insolvency	100,373
Miscellaneous	-59,241
1997-1998	256,883
2003-2004	<u>528,516</u>
	<u>974,708</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.

2.2.3. 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 8 (2003-2004) accounts were analysed for collection purposes. This resulted in £528,516 of the debt being written off as unable to be traced. The remaining £449,455 will continue to be collected.

2.2.4. The balance on the residual system as at 1 April 2008 was £868,574, which covers the period from 1 April 1997 to 31 March 2000. £62,722 was collected against residual debts on this system. The cash receipts were reduced by £66,073. 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.

2.2.5. I have under delegated powers, written off the balance of the 1997-98 debt during 2009-10. 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. £256,883 was written off. The final collection performance for 1997-98 Council Tax was 99.4%.

2.3. Council Tax Statistics

2.3.1. Number of Dwellings

1 April 2009	145,421
1 April 2010	145,427

Number of Dwellings as an Equivalent of Band 'D'

1 April 2009	105,863
1 April 2010	106,283

2.3.2. Year on Year Volume Comparisons

	31.03.07	31.03.08	31.03.09
Direct Debit Payers	86,500	85,995	86,739
Discount Recipients	64,134	70,130	71,686
Inc Pensioners discounts	6,528	7,193	8,797
Exempt Persons	3,530	3,835	4,116
No. of Amended/Copy Accounts	129,477	125,092	160,696
No. of Returned Direct Debit Payments	13,478	10,441	10,779
Payments: Direct Debits	838,589	861,591	865,047
Cash/Cheque	69,694	124,395	77,036
Salaries/Wages	35,582	20,492	17,113
Debit/Credit Card	43,688	45,915	52,012
Paypoint			33,203
Post Office			75,899
Dept Work + Pensions			28,599
Bailiff			21,393
Refunds	6,126	5,972	5,972

3. BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

3.1. Collection

3.1.1. The following statement summarises 2009/10 collection.

	£	£
Opening Debit		75,591,065
Plus Balance Brought Forward		8,417,912
Plus Costs		<u>45,812</u>
		84,054,789
<u>Allowances</u>		
Assessment changes in year	-5,008,877	
Empty relief exemptions	-3,704,982	
Empty relief	-5,096	
Small Business rate relief	-2,112,741	
Charitable Organisations	-3,881,683	
Transitional Relief	562,959	
Part Occupation Property Relief	-280,969	
Write-Offs	-1,962,722	
Hardship	0	
		<u>-16,396,193</u>
		67,658,596
Refunds made		<u>3,078,585</u>
		70,737,181
Less Cash Received		-63,741,213
Less Prepaid March 2009		-197,211
Plus 2010-11 Prepaid		182,632
Less net Interest		<u>-121,050</u>

Balances Carried Forward	6,860,339
Rateable Value 1 April 2009	155,877,636
Number of Properties 1 April 2009	7,922

3.1.2. The Business Rates system is based on a nationally set charge collected locally. In 2009-10 Wirral paid £59.5m into the National Pool. The Government re-distributes the Pool to all Authorities based on population. In 2009-10 Wirral received £123.7m.

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 £608,602 in 2009-10 as compared to £558,522 in 2008-09.

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. The implementation of a new business rates system during 2008-09 resulted in the processing of few write offs during that year, consequently exceeding the limit during 2009-10 should require no specific action on the part of the Council.

3.2.3. A breakdown of 2009-10 write-offs is given below:-

	£
Absconded/Irrecoverable	818,742
Insolvency	1,142,932
Miscellaneous. (Inc. Deceased)	<u>1,048</u>
TOTAL	<u>1,962,722</u>

3.3. Statistics

Property	2009-10	2008-09
Number of Properties on Valuation List	7,922	8,098
Rateable Value	£155,877,636	£156,791,226
New and Altered Property Notifications	430	516
 Recovery Action		
Summonses	980	1,081
Liability Orders	833	667
Chargepayers on Direct Debit	3,036	3,066

4. SUNDRY DEBTOR ACCOUNTS

4.1. The collection statement for 2009-10 is shown with the 2008-09 comparison.

	2009-10	2008-09
	£	£
Balance Brought Forward at 1 April	27,650,600	21,974,186
Net Amount of Invoices	<u>90,452,390</u>	<u>80,412,203</u>
	118,192,990	102,386,389
Less Write-Offs	<u>364,773</u>	<u>148,006</u>
	117,828,217	102,238,383
Payments Received	<u>92,097,935</u>	<u>74,587,783</u>
Balance Carried Forward at 31 March	25,730,282	27,650,600

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

	Invoices	£m
2005-06	32,080	45.9
2006-07	32,720	44.0
2007-08	39,480	69.7
2008-09	38,156	80.4
2009-10	34,230	90.4

4.2 Irrecoverables

4.2.1 Provision for irrecoverable debts has been made and debts identified as irrecoverable are being written off. The amounts written off under delegated powers in operation for 2009-10 (under £1,000) are summarised below:

	Number	£
Absconds	34	7,524
Irrecoverable	198	26,301
Miscellaneous	231	35,100
Insolvency	68	28,123
Deceased debtors and small value	<u>457</u>	<u>12,000</u>
	988	109,048

4.2.2 Sums over the limit of delegation are shown later in the report and require Cabinet approval. These items are within the following categories and are detailed in Appendix 1

	Number	£
Absconds	9	17,500
Irrecoverable	9	12,883
Miscellaneous	17	86,062
Insolvency	19	131,474
Deceased	<u>2</u>	<u>7,806</u>
	56	255,725

4.2.3 Details have previously been requested for debts of over £5,000 which have been submitted for write off and these are detailed below.

Case 1 Department of Technical Services

Invoice dated August 1998 amounting to £5,396.78 in respect of traffic signal installation. As the debt was eleven years old, legal advice was that it was statute barred and the debt should be written off.

Case 2 Children & Young People's Department

Invoice dated July 2001 amounting to £6,266.54 in respect of repayment of money due to Prenton Infants School. Debtor subsequently died leaving no assets, consequently the debt was recommended to be written off.

Case 3 Children & Young People's Department

Invoice dated May 2006 amounting to £6,345.00 for recovery of a repaid cheque payment. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 4 Children & Young People's Department

Invoice dated April 2005 amounting to £10,738.75 in respect of course fees. The department could not provide sufficient evidence to support recovery through the Courts; consequently it was advised that the debt should be recommended to be written off.

Case 5 Children & Young People's Department

Invoice dated December 2008 amounting to £17,331.25 in respect of the recovery of money for a vehicle purchased in May 2007. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 6 Children & Young People's Department

Invoice dated October 2007 amounting to £35,438.93 in respect of an equipment and telephones upgrade. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 7 Children & Young People's Department

Invoice dated September 2007 amounting to £45,419.63 in respect of work at St Mary's College, Wallasey. The company subsequently went into liquidation and as there is unlikely to be a dividend to unsecured creditors such as the Council, the debt was recommended to be written off.

Case 8 Department of Adult Social Services

Invoice dated March 1999 amounting to £11,695.60 in respect of accommodation charges. Legal advice given to the department that there were no available assets, and therefore no prospect of recovery, consequently the debt was recommended to be written off.

Case 9 Department of Adult Social Services

Invoice dated October 2002 amounting to £28,439.25 in respect of accommodation charges. Legal advice is that the invoice is statute barred and that there is no prospect of recovery from the estate of the deceased, consequently the debt was recommended to be written off.

5. HOUSING ACT ADVANCES

- 5.1. The collection statement for 2009-10 is shown with 2008-09 comparison and a five years arrears trend.

	2009-10	2008-09
	£	£
Arrears Brought Forward	2,953	4,025
Charges	<u>61,043</u>	<u>69,723</u>
	63,996	73,748
Cash Collected	<u>61,548</u>	<u>70,795</u>
Arrears Carried Forward	<u>2,448</u>	<u>2,953</u>

Five Year Collection Details

Year	Amount Collectable £	Arrears £	Number of Accounts
2005-2006	181,002	2,384	102
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
Total of loans outstanding at 31 March 2009			£149,432
Total of loans outstanding at 31 March 2010			£100,796

5.2. No new advances were made in 2009-10. 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	974,708
Business Rates	1,962,722
Sundry Debtors	<u>109,048</u>
TOTAL	<u>3,046,478</u>

7. FINANCIAL AND STAFFING IMPLICATIONS

7.1. There are no financial and staffing implications beyond the statements of accounts contained in this report. It is recommended that accounts totalling £255,725.11 be written off.

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. BACKGROUND PAPERS

14.1. None used in the preparation of this report.

15. RECOMMENDATION

15.1. That approval be given to write off £255,725.11.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/94/10

						5
						-
1	31-Oct-		Phones			£35,438.9
3	07	WE	Upgrade	LIQUIDATION		3
						-
1	26-Sep-		Works Order			£45,419.6
4	07	WE		LIQUIDATION		3
						-
						£133,984.1
						0

Technical Services

	15-Aug-					-
1	07	PRS	Skip Permits	LIQUIDATION		£1,012.00
	22-May-					-
2	08	WCT	Fuel	LIQUIDATION		£1,015.11
						-
3	26-Jun-06	GM	Skip Permits	LIQUIDATION		£1,067.00
	20-Mar-					-
4	07	PRS	Skip Permits	LIQUIDATION		£1,078.00
	21-Feb-		Annual			-
5	07	COE	Maintenance	LIQUIDATION		£1,086.88
						-
6	16-Jul-07	PRS	Skip Permits	LIQUIDATION		£1,100.00
	04-May-					-
7	06	GM	Skip Permits	LIQUIDATION		£1,111.00
	01-Sep-		Traffic			-
8	05	JAM	Accident	NO TRACE		£1,238.74
						-
9	08-Jun-07	PRS	Skip Permits	LIQUIDATION		£1,265.00
1	11-Mar-		Traffic	INSUFFICIENT		-
0	08	TS	Accident	PROOF		£1,412.53
1	13-Mar-		Traffic			-
1	08	AM	Accident	IRRECOVERABLE		£1,464.90
			Traffic			-
2	04-Jan-07	NE	Accident	IRRECOVERABLE		£1,478.57
1	22-May-					-
3	07	PRS	Skip Permits	LIQUIDATION		£1,507.00
1	17-Mar-		Clearway			-
4	06	UU	Order	DEPT ADVISE		£1,524.64
1						-
5	10-Apr-07	PRS	Skip Permits	LIQUIDATION		£1,782.00
1	25-Oct-		Certificate of			-
6	02	LCH	Payment	STATUTE BARRED		£3,842.66
1	17-May-		Traffic			-
7	02	JW	Accident	NO TRACE		£4,725.56
1	24-Aug-		Signal			-
8	98	PD	Installation	STATUTE BARRED		£5,396.78
1			Site Inspection			-
9	05-Jan-07	RED	Fees	LIQUIDATION		£1,052.42

£34,160.79

Finance

	18-Feb-		Overpaid		-
1	04	NDR	Wages	DEPT ADVISE	£3,991.91
	05-Sep-		Balance Car		-
2	97	KO	Loan	IRRECOVERABLE	£1,358.97
	06-Dec-		Balance Car		-
3	93	GS	Loan	DECEASED	£1,539.68
	02-Feb-		Overpaid		-
4	06	JC	Salary	NO TRACE	£1,568.39
	24-Nov-		Overpaid		-
5	05	CG	Salary	SETTLEMENT	£2,173.14
	19-Dec-		Overpaid		-
6	02	JB	Salary	IRRECOVERABLE	£2,745.96
	06-Nov-		Overpaid	INSUFFICIENT	-
7	06	ST	Salary	PROOF	£3,602.07

£16,980.12

Law HR & Asset Management

	22-Apr-05	TSG	Rent	NO TRACE	£1,128.66
1					-
	25-Nov-				-
2	99	SF	Repairs	IRRECOVERABLE	£1,141.74
			Contribution to		-
3	03-Jun-08	BLR	Repairs	LIQUIDATION	£2,934.15
			Clearing		-
4	15-Jun-98	VW	Rubbish	NO TRACE	£4,197.22
					-
5	02-Jul-08	WN	Rent	IRRECOVERABLE	£1,013.01
	09-Feb-			INSUFFICIENT	-
6	89	O	Land Charge	PROOF	£1,013.92
					-
7	02-Jan-08	WN	Rent	IRRECOVERABLE	£1,062.50
					-
8	02-Apr-08	WN	Rent	IRRECOVERABLE	£1,062.50
	31-Mar-		Contribution to	INSUFFICIENT	-
9	06	OM	Repairs	PROOF	£1,353.55
1	28-Aug-		Contribution to	INSUFFICIENT	-
0	03	PW	Repairs	PROOF	£1,832.00

£16,739.25

£255,725.1

Total

1