

## WIRRAL COUNCIL

### TRANSFORMATION AND RESOURCES POLICY & PERFORMANCE COMMITTEE

4 FEBRUARY 2015

<b>SUBJECT</b>	<b>COUNCIL TAX AND ACCOUNTS RECEIVABLE 2014/15</b>
<b>WARD/S AFFECTED</b>	<b>ALL</b>
<b>REPORT OF</b>	<b>MALCOLM FLANAGAN, HEAD OF BUSINESS PROCESSES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER</b>	
<b>KEY DECISION</b>	<b>NO</b>

#### 1.0 EXECUTIVE SUMMARY

1.1 This report shows the current status of Council Tax and Accounts Receivable as at 31 December 2014 and compares them with 31 December 2013 and explains the actions taken by the service to recover the debts.

#### 2.0. BACKGROUND AND KEY ISSUES

##### 2.1 Council Tax

2.1.1. Council Tax collection after nine months of the year is comparable with the equivalent 2013/14 collection rate. No significant changes to Council Tax apart from the amendment to the Pensioner Discount scheme were implemented for 2014/15. This is now the second year of Local Council Tax Support scheme and the removal of empty discounts and the empty premium, all which increased the sums to be directly collected.

2.1.2. Recovery from non-Council Tax Support recipient debtors is continuing as normal. Action taken to recover from those of Working Age that previously received full Council Tax Support (Benefit) up until 1 April 2013 is on-going. Repayment plans offering weekly/fortnightly instalments are offered to those contacting the Council. Where possible attempts to collect by Attachment of Earnings and Benefits will be prioritised however inevitably in some cases this will not be possible and alternative methods including Bailiffs will need to be utilised.

2.1.3. An exercise is currently underway, utilising an external supplier chosen by tender, to check the Single Person Discounts awarded (25%). In excess of 31,000 out of 55,640 discount awards are being checked. Council Tax Support recipients are excluded from this exercise. The incumbent firm, Capacity Grid, estimates that between 4-6% of the discount should be cancelled and the full charge re-instated. This has the potential to raise additional council tax income of £420,000, as well as limiting future year increases and ensuring Wirral council tax payers are not subsidising falsely

claimed discounts. A £300,000 tax base increase has already been budgeted for in additional income projections for 2015/16.

2.1.4 Capacity Grid has access to records such as credit checks and other financial details not available to the council. They have contacted the relevant council taxpayers on the council's behalf whereby discrepancies are apparent and are amending the records on the basis of supplied information or failure to reply. The first batch of 115 accounts have had their discount removed and the full charge re-instated. Work on other accounts is ongoing.

2.1.5 Council Tax activity until the end of December has resulted in 70,480 adjustment bills being issued against the 146,401 bills sent at main billing in March, 69,398 reminders have been issued followed by 18,864 summonses for non-payment and 14,022 Liability Orders issued by the Magistrates court. Numerous arrangements have been made and 8,616 arrangement reminders sent followed on by 7,108 arrangement default notices. Following on from the Liability Orders the major areas of collection are application to Attach Earnings this has taken place in 1,642 cases and Attachment to Benefits has been applied for in 5,283 cases. 6,483 cases have been passed to the Council's bailiff for collection. The council also uses Insolvency and as a last resort Committal to Prison although as is the case nationally this sanction is now rarely imposed by the courts.

2.1.6 Council Taxpayers are offered 10 or 12 instalments April to January or April to March; the default payment date is 6<sup>th</sup> of the month. Direct Debit payment is also by 10 or 12 instalments with a choice of payment days, 5<sup>th</sup>, 12<sup>th</sup>, 20<sup>th</sup> or 28<sup>th</sup> of the month 75% of payers, in excess of 90,000, choose Direct Debit. 12 instalments were introduced for 2013-14.

2.1.7 The following statement compares the amount collected for Council Tax in the period 1 April 2014 to 31<sup>st</sup> December 2014 with the amount collected in the same period in 2013/14:

	<b>Actual 2014/15 £000s</b>	Actual 2013/14 £000s
Cash to Collect	<b>137,344</b>	135,550
Cash Collected	<b>113,164</b>	111,577
% Collected	<b>82.4%</b>	82.3%

2.1.8 Work outstanding on the section is currently 8,451 items compared to 12 months ago which was 6,385 (2,156.) Weekly between 1,800 to 2,000 work items are received. The section currently works overtime and additional hours to reduce this outstanding work.

2.1.9 The Council's Fair Debt programme amalgamates Council debt such as Council Tax, Housing Benefit Overpayments and Accounts Receivable and accepts a weekly/monthly payment off the total arrears whilst maintaining current year payments/instalments. Once one of the debts is cleared repayment moves to the next debt.

2.1.10. Once a Fair Debt repayment is in place it stops further recovery of the debts covered by the scheme and additional costs being incurred as long as payments are maintained. The aim is to break the circle of debt. The scheme has been amended from originally only being used for multiple debts to accept single debts such as Council Tax. There are currently 417 cases of Fair Debt covering £412,000.

## 2.2. Accounts Receivable

2.2.1. Ongoing work has continued to improve collection and resolve outstanding debts. At 31 December £19,336,872 is outstanding compared to £29,016,258 as at 31 December 2013.

2.2.2 There have been 28,383 invoices issued in the financial year totalling £66.28m compared to 31,361 in the previous year period totalling £67.77m

2.2.3. The table below shows the directorates and amount of debt at each recovery stage:

Directorate Description	Less than 10 days	1st reminder	2nd reminder	3rd reminder	Total at 31.12.14
Chief Executive	<b>£75,938</b>	<b>£43,464</b>	<b>£2,813</b>	<b>£680,325</b>	<b>£802,540</b>
Neighbourhood	<b>£6,631</b>	<b>£2,874</b>	<b>£98</b>	<b>£13,544</b>	<b>£23,147</b>
Transformation & Resources	<b>£2,301,900</b>	<b>£234,048</b>	<b>£21,265</b>	<b>£1,062,162</b>	<b>£3,619,375</b>
Families & Wellbeing	<b>£3,899,593</b>	<b>£508,921</b>	<b>£210,047</b>	<b>£9,463,049</b>	<b>£14,081,610</b>
Regeneration & Environment	<b>£268,130</b>	<b>£172,936</b>	<b>£95,565</b>	<b>£682,906</b>	<b>£1,219,537</b>
Policy & Performance	<b>£105</b>	<b>£42,875</b>	<b>£0</b>	<b>£105</b>	<b>£43,085</b>
<b>Totals</b>	<b>£6,552,297</b>	<b>£1,005,118</b>	<b>£329,788</b>	<b>£11,902,091</b>	<b>£19,789,294</b>

2.2.4 The above figures are for invoices in respect of the period up to the end of December 2014. Payments as well as amendments such as write-offs and debt cancellations continue to be made after this date on all these accounts. There is a further deduction of £452,422 to be made for unallocated payments leaving a balance of **£19,336,872**.

## 2.2.6 Business Rates

The following statement compares the amount collected for National Non-Domestic Rates for the period 1 April 2014 to 31st December 2014 with the amount collected for the same period in 2013/14:

	<b>Actual 2014/15 £000</b>	<b>Actual 2013/14 £000</b>
Cash to Collect	<b>71,656</b>	69,887
Cash Collected	<b>68,225</b>	60,021
% Collected	<b>81.3%*</b>	85.9%

\* 12 instalments introduced and adopted by at least 25% of accounts hence collection disparity between years.

2.2.7 Business Ratepayers are offered 10 or 12 instalments April to January or April to March the default payment date is 6<sup>th</sup> of the month. Direct Debit payment is also by 10 or 12 instalments. 12 instalments were introduced for 2014-15.

2.2.8 The Revenues service area is responsible for an overall collection total in excess of £300 million

## **5.0 CONSULTATION**

5.1 No consultation is required for this report.

## **6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

6.1 There are no implications arising directly from this report.

## **7.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS**

7.1. This report is response to a request at the 16 September meeting (minute 10) for an officer report on Council Tax debt/Sundry debtors.

## **8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

8.1 There are no implications arising directly from this report.

## **9.0 LEGAL IMPLICATIONS**

9.1 There are no implications arising directly from this report.

## **10.0 EQUALITIES IMPLICATIONS**

10.1 There are no implications arising directly from this report.

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are no implications arising directly from this report.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are no implications arising directly from this report.

### 13.0 RECOMMENDATIONS

13.1 That the report be noted.

### 14.0 REASON FOR RECOMMENDATION

14.1. For members of the committee to be aware of the position with regard collection of revenues and to give an overview of the procedure in doing that.

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### BACKGROUND PAPERS

Financial Monitoring Reports to Cabinet

### SUBJECT HISTORY:

Council Meeting	Date
Transformation & Resources Policy & Performance Committee	16 September 2014