

WIRRAL COUNCIL

CABINET

25 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

COLLECTION SUMMARY – 2008-09

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 collection of Council Tax.

	£	£
Arrears Brought Forward at 1 April 2008		11,933,455
Total Charge		<u>167,372,706</u>
		179,306,161
Less Credits Brought Forward at 1 April 2008		<u>789,698</u>
		178,516,463
Less Allowances:		
Exemptions	5,217,368	
Disabled Persons Relief	136,027	
Discounts	21,265,009	
Benefits	26,482,164	
Write-offs	<u>445,702</u>	53,546,270
		124,970,193
Add Refunds Made		1,407,807
Add Costs		<u>448,000</u>
		126,826,000
Less Cash Received		<u>113,985,000</u>
Arrears Carried Forward at 31 March 2009		<u>12,841,000</u>
Number of properties at 31 March 2009		145,421
Number of Benefit Recipients at 31 March 2009		39,150

2.1.2. During 2008-2009 a total of 60,971 reminder notices were issued and 19,811 court cases were heard leading to 15,336 Liability Orders and 1,607 Attachment of Earnings Orders. Deductions from Job Seekers Allowance/Income Support in 3,351 cases were commenced and 9,297 cases were referred to Bailiffs.

2.1.3. Despite the economic downturn in 2008/09 Council Tax collection continued to improve slightly with an increase from 96.6% in 2007/08 to 96.7% in 2008/09. It is not expected that there will be a significant increase in collection for 2009/10 and I anticipate collection levels to be maintained or slightly decreased.

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 2008/09 was £3.8m. Trace and recovery work is on going for Council Tax arrears. In 2008/09 £705,592 has been written off and is categorised as follows:

	£
Deceased	3,967
Insolvency	95,060
Miscellaneous	-165,234
1996-1997	259,890
2002-2003	<u>511,909</u>
	<u>705,592</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 2002/03 accounts have been analysed for collection purposes. This resulted in £511,909 of the debt being written off as unable to be traced. The remaining £399,852 will continue to be collected.

2.2.4. A balance at 1 April 2008 of £868,574, covers the period from 1 April 1996 to 31 March 2000. £57,245 was collected against residual debts. The cash receipts were reduced by £70,363. This was refunded to taxpayers due to successful Council Tax banding appeals. These have increased greatly due to continuing 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 1996/97 debt during 2008/09. 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. £259,890 was written off. The final collection performance for 1996-97 Council Tax was 99.22%.

2.3. Council Tax Statistics

2.3.1. Number of Dwellings

1 April 2008	144,638
1 April 2009	145,421

Number of Dwellings as an Equivalent of Band 'D'

1 April 2008	105,593
1 April 2009	105,863

2.3.2. Year on Year Volume Comparisons

	31.03.07	31.03.08	31.03.09
Direct Debit Payers	85,100	86,500	85,995
Discount Recipients	56,383	*64,134	#70,130
Exempt Persons	3,397	3,530	3,835
No. of Amended/Copy Accounts	190,456	129,477	125,092
No. of Returned Direct Debit Payments	11,116	13,478	10,411
Payments: Direct Debits	796,001	838,589	861,591
Cash/Cheque	190,025	69,694	124,395
Salaries/Wages	37,987	35,582	20,492
Debit/Credit Card			
Internet	n/a	11,096	12,209
Phone	n/a	12,546	14,201
Other (incl Counter)	n/a	20,026	19,505
Refunds	6,790	6,126	5,972

* includes 6,528 Pensioner Discounts (1%)

includes 7,193 Pensioner Discounts (2%)

3. BUSINESS RATES (NATIONAL NON DOMESTIC RATES)

3.1. Collection

3.1.1. The following statement summarises 2008/09 collection.

	£	£
Opening Debit		72,572,986
Plus Balance Brought Forward		2,032,689
Plus Costs		<u>41,983</u>
		74,647,658

<u>Allowances</u>	
Assessment changes in year	-3,002,970
Empty relief exemptions	-1,147,552
Empty relief	177,700
Small Business rate relief	-2,013,786
Charitable Organisations	-3,115,590
Transitional Relief	-203,813
Part Occupation Property Relief	-163,502
Write-Offs	-15,999
Hardship	0
	<u>-9,485,512</u>
	65,162,146
Refunds made	<u>4,637,693</u>
	69,799,839
Less Cash Received	-61,364,747
Less net Interest	<u>-192,674</u>
	8,242,418
Balances Carried Forward	8,242,418
Rateable Value 1 April 2008	156,791,226
Number of Properties 1 April 2008	8,098

3.1.2. The Business Rates system is based on a nationally set charge collected locally. In 2008/09 Wirral paid £61.9m into the National Pool. The Government re-distributes the Pool to all Authorities based on population, and in 2008-09 Wirral received £129.4m.

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 £558,522 in 2008/09 as compared to £530,172 in 2007/08.

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 write off levels were not exceeded during 2007/08 so no specific action is required. A change in business rates systems resulted in far fewer write offs being processed during 2008/09. It is expected that there will a resultant increase in those processed during 2009/10.

3.2.3. A breakdown of 2008/09 write-offs is given below:-

	Amount £
Absconded/Irrecoverable	30,721
Insolvency	(14,855)
Miscellaneous. (Inc. Deceased)	<u>133</u>
TOTAL	<u>15,999</u>

3.3. Statistics

Property	2008/09	2007/08
Number of Properties on Valuation List	8,098	8,062
Rateable Value	£156,791,226	£156,102,380
New and Altered Property Notifications	452	516
 Recovery Action		
Summonses	1,081	1,245
Liability Orders	667	997
Chargepayers on Direct Debit	3,066	3,098

4. SUNDRY DEBTOR ACCOUNTS

4.1.1 The collection statement for 2008/09 is shown with the 2007/08 comparison.

	2008/09 £	2007/08 £
Balance Brought Forward at 1 April	21,974,186	16,245,588
Net Amount of Invoices	<u>80,412,203</u>	<u>69,704,852</u>
	102,386,389	85,950,440
Less Write-Offs	<u>148,006</u>	<u>0</u>
	102,238,383	85,950,440
Payments Received	<u>74,587,783</u>	<u>63,976,254</u>
Balance Carried Forward at 31 March	27,650,600	21,974,186

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

	Number of Invoices	£m
2004/05	38,792	41.3
2005/06	32,080	45.9
2006/07	32,720	44.0
2007/08	39,480	69.7
2008/09	38,156	76.3

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 2008/09 (under £1,000) are summarised below:

	Number	£
Absconded and No Trace	41	7,120
Irrecoverable	167	31,445
Miscellaneous	76	17,552
Insolvency	20	5,842
Deceased debtors and small value	<u>152</u>	<u>13,782</u>
	456	75,741

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	£
Absconded and No Trace	2	7,250
Irrecoverable	2	11,966
Miscellaneous	2	26,542
Deceased	<u>2</u>	<u>26,507</u>
	8	72,265

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 Adult Social Services

Invoice dated February 1999 amounting to £7,456.22 in respect of accommodation charges. The debt is now over 10 years old and it has been advised that debt is now statute barred.

Case 2 Department of Law, HR and Asset Management

Invoice dated July 2001 amounting to £9,053.54 in respect of a contribution towards a renovation grant. The debtors' marriage broke up with both parties vacating the property and subsequently the debt proved irrecoverable.

Case 3 Department of Law, HR and Asset Management

Invoice dated January 2003 amounting to £19,086.00 in respect of a grant for the purchase of a property. When recovery action was attempted, there was insufficient documentary evidence to prove the charge and consequently the debt could not be recovered in Court

Case 4 Department of Adult Social Services

Invoice dated July 2000 for the balance of accommodation charges amounting to £25,036.35. The debtor died and all efforts to trace a next of kin have proved unsuccessful.

5. HOUSING ACT ADVANCES

- 5.1. The collection statement for 2008/09 is shown with 2007/08 comparison and a five years arrears trend.

	2007/08	2007/08
	£	£
Arrears Brought Forward	4,025	2,102
Charges	<u>69,723</u>	<u>74,241</u>
	73,748	76,343
Cash Collected	<u>70,795</u>	<u>72,318</u>
Arrears Carried Forward	<u>2,953</u>	<u>4,025</u>

Five Year Collection Details

Year	Amount Collectable £	Arrears £	Number of Accounts
2004-2005	209,037	3,851	136
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

Total of loans outstanding at 31 March 2008	£199,183
Total of loans outstanding at 31 March 2009	£149,432

- 5.2. No new advances were made in 2008/09. 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	705,592
Business Rates	15,999
Sundry Debtors	<u>75,741</u>
TOTAL	613,852

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. RECOMMENDATIONS

14.1. That the collection summary for 2008-09 be agreed.

14.2. That the irrecoverable sums totalling £72,265.31 be approved for write off.

IAN COLEMAN
DIRECTOR OF FINANCE

APPENDIX 1

IRRECOVERABLE SUNDRY DEBTORS PROPOSED FOR WRITE OFF

<u>Date</u>	<u>Name</u>	<u>Account Detail</u>	<u>Reason</u>	<u>Amount</u>
<u>Children & Young People</u>				
26-Apr-99	JPB	Student Award	WRITE OFF NO TRACE	£2,388.88
24-Feb-03	CEN	Student Award	WRITE OFF NO TRACE	£4,861.27
				<u>£7,250.15</u>
<u>Law, HR and Asset Management</u>				
26-Jul-01	MTF	Renovation Grant	WRITE OFF IRRECOVERABLE	£9,053.54
30-Jan-03	MD	Purchase Grant	WRITE OFF INSUFFICIENT PROOF	£19,086.00
				<u>£28,139.54</u>
<u>Adult Social Services</u>				
03-Feb-99	HT	Accommodation Charge	WRITE OFF STATUTE BARRED	£7,456.22
05-Jul-00	MB	Accommodation Charge	WRITE OFF DECEASED	£25,036.35
29-Aug-01	RR	Accommodation Charge	WRITE OFF DECEASED	£1,470.37
30-Jan-03	OL	Overpaid Charges	WRITE OFF IRRECOVERABLE	£2,912.68
				<u>£36,875.62</u>
TOTAL				<u>£72,265.31</u>