

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 5 JUNE 2018

INFORMATION REPORT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018

REPORT BY IAN LORIMER, HEAD OF FINANCE & LEGAL

ABSTRACT

This report provides information to members with regard to services in the Place Directorate, albeit that a decision is not required in terms of the current Scheme of Delegation to Officers and the Order of Reference of Committees.

1. BACKGROUND

Angus Council, at a special meeting on 19 November 2013 took a number of decisions which changed the way the Council conducted its committee business. Fundamental to this was the streamlining of processes with a focus on key strategy and policy matters.

One element of this was the production of "Information Reports". These information reports summarise information that would in the past have gone to a council committee for "noting".

The information schedules are in accordance with that principle.

2. SIGNIFICANT INFORMATION - SCHEDULES

There is 1 schedule which contains key background information related to services delivered in the Place directorate for the period 1 April 2017 to March 31 2018. These are accessed via the Council's internet page. A copy has also been placed in the Information Hub.

Where there are references to other documents (e.g.: consultation documents/audit reports) that are associated with the relevant schedule a link to that document has also been included.

3. REPORT AUTHOR

This report and associated schedules has been compiled by Graham Ritchie, Service Leader Revenues & Benefits who can be contacted by emailing Finance@angus.gov.uk.

List of Appendices:

Schedule1 - Information on Council tax and Business Rates Collection Performance & Irrecoverable Bad Debt

Council Tax and Business Rates Collection Performance1. Council Tax 2017/18

As at 31 March 2018 the Council collected 97.8% of its Council Tax.

The Council Tax in year collection rates for the last 3 years are shown below.

Year	17/18	16/17	15/16
% Collection Rate	97.8	97.9	97.8

Consistently maintaining collection levels is a considerable achievement given the on-going effects of the wider Welfare Reform agenda and the continuing difficult economic situation affecting households on low income. In addition, growth in the number of properties liable to pay Council Tax (the tax base), coupled with the increase in Council Tax and changes in ratio's for the Council Tax bands E to H means that there is more Council Tax income to collect than before. Due to the reasons for the increase in Council Tax although the collection rate is marginally lower, the actual amount of Council Tax collected has increased by £3m.

To put this performance into context, nationally it is expected that this will again be a top 5 performance.

2. Business Rates 2017/18

As at 31 March 2018 the Council has collected 98.0% of its Business Rates levied.

The Business Rates in year collection for the last 3 years is shown below.

Year	17/18	16/17	15/16
% Collection Rate	98.0	98.1	98.7

Despite a slight reduction in performance which is due to collection difficulties with a small number of larger payers and following the late notification of new properties from the Assessors which left insufficient time to bill and collect prior to the end to the financial year, this should again be top quartile performance.

Summary

Subject to audit the information above indicates another positive performance for both Council Tax and Business Rates. The performance will again be one of the best in Scotland. Every effort will be made to maintain this performance in the coming year.

As members are aware, we continue to collect outstanding charges beyond the year end and every effort will be made to continue to ensure that collection levels are maximised.

Information on Irrecoverable Bad Debt

1. The Accounts of the Council for the financial year 2017/18 are being closed and will be audited in due course. At this point in each financial year a review is undertaken of the outstanding debt to identify debts that are deemed uncollectable.

The Head of Finance & Legal has approved under delegated authority that the values shown in the table below are deemed irrecoverable. In coming to this conclusion he is satisfied that all avenues of recovery have been exhausted.

<u>Category of Debt</u>	<u>Value</u>
Council Tax	£412,005.41
Water & Sewerage Charges	£273,861.49
Business Rates	£178,638.59
Housing Benefit Overpayments	£151,713.35
Sales Ledger	£492,687.00

Reasons Irrecoverable

Key Reasons	Unable to Trace	Insolvency/ Sequestration	Prescribed Debt
Council Tax	£202,362.50	£139,640.37	
Water & Sewerage Charges	£113,185.14	£90,077.47	
Business Rates	£70,152.96	£108,485.63	
Housing Benefit Overpayment	£35,894.12	£38,056.14	
Sales Ledger	£126,065.64	£25,693.67	£141,659.62

2. Whilst these values are significant they require to be taken in the context of the gross charges levied and the Councils positive collection performance.

It has to be stressed that although these accounts are at this time deemed irrecoverable, should circumstances change every effort will be made to pursue any viable sums due. 88% of the Council Tax and Business Rates debt deemed irrecoverable can be categorised as sequestration/insolvency or unable to trace.

There was 1 Council Tax account with a write off value greater than £10,000. This related to 1 Council Tax payer who owned 4 properties. The total amount which was irrecoverable amounted to £25,484.04 and was due to Sequestration.

There were 5 Business Rates accounts with a significant write off value greater than £10,000. These were amounts of £22,986.75, £19,251.67, £12,891.96, £32,181.49 and £45,566.31 and were due to Insolvency/Ceased Trading and Unable to Trace.

There are no Housing Benefit Overpayments with a significant write off value greater than £10,000.

There were 3 Sales Ledger accounts with a significant write off value greater than £10,000. These were amounts of £15,450.31, £14,769.79 and £28,479.33 and were due to Insolvency and Deceased.

Prescribed debt is debt that cannot be legally enforced as the debt is greater than five years old (20 years for Council Tax once a summary warrant is obtained).

3. Financial Implications

- 3.1 Of the total irrecoverable Council Tax of £412,005.41 this relates to the Councils general fund and is within the non-collection provision identified in the Councils accounts and therefore is adequately provided for.
- 3.2 With regard to the Business Rates total of £178,638.59 it should be made clear that under the 2009 Statement of Recommended Practice that Business Rates debt is not the debt of the Authority and it merely acts as an agent for the Scottish Government, so no provision has to be provided for in the Councils accounts.
- 3.3 With regard to the Housing Benefit Overpayments deemed irrecoverable these are within the non collection provision set for this category of debt.
- 3.4 With regard to the Sales Ledger deemed irrecoverable these sums are within the provided non collection provision.