

ANGUS COUNCIL

INFORMATION REPORT FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020

REPORT BY IAN LORIMER, DIRECTOR OF FINANCE

ABSTRACT

This report provides information to members with regard to services in the Finance 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 by Finance for the period 1 April 2019 to 31 March 2020.

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 & Welfare Rights who can be contacted by emailing Finance@angus.gov.uk.

List of Appendices:

Schedule1 - Information on Council Tax & Business Rates Collection Performance, Irrecoverable Bad Debt and General Performance.

Council Tax and Business Rates Collection Performance

1. Council Tax 2019/20

As at 31 March 2020 the Council had collected 97.4% of Council Tax due for the year. The

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

Year	19/20	18/19	17/18
% Collection Rate	97.4	97.6	97.8

Consistently maintaining high collection levels is a challenge given the annual increase in Council Tax and the on-going effects of the wider Welfare Reform agenda affecting households on low income in particular those who have migrated to Universal Credit. The delay in the first payment of Universal Credit and monthly payments thereafter has introduced additional elements of Council Tax arrears and non-payment which will be a contributory factor in the reduction in collection levels. Another element is that although the level of Council Tax to be collected has increased, the Table of Deductions which specifies the amount which is to be collected through wage deductions has not increased by the same proportion therefore the income received from this source is not keeping pace with the level of rising debt. The number of people receiving Council Tax Reduction has also continued to fall annually. The growth in the number of properties liable to pay Council Tax (the tax base), coupled with the further annual increase in Council Tax 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 £1.9m.

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

2. Business Rates 2019/20

As at 31 March 2020 the Council had collected 99.4% of Business Rates levied for the year. The

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

Year	19/20	18/19	17/18
% Collection Rate	99.4	98.2	98.0

This year's performance has improved and this will again be top quartile performance nationally.

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 ensure that collection levels are maximised.

Information on Irrecoverable Bad Debt

1. The Accounts of the Council for the financial year 2019/20 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 Director of Finance 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. The figures shown below cover debts which span multiple financial years e.g. the Council Tax write off will cover a period of 27 years.

Category of Debt	Value
Council Tax	£367,699.62
Water & Sewerage Charges	£227,042.98
Business Rates	£131,980.06
Housing Benefit Overpayments	£43,921.14
Sales Ledger	£822,234.62

Reasons Irrecoverable

Key Reasons	Unable to Trace	Insolvency/ Sequestration	Prescribed Debt
Council Tax	£179,979.05	£155,271.77	
Water & Sewerage Charges	£102,962.38	£81,372.65	
Business Rates	£6,884.09	£125,095.77	
Housing Benefit Overpayment	£370.95	£11,992.59	
Sales Ledger#	£29,707.59	£4,801.00	£312,361.70

- write off higher than previous years following detailed review of debt collectability in housing (former tenants arrears) and social care. Together these two areas account for 94% of the amount to be written off of £822,234. Some £465,000 of this write off has been deemed uncollectable.

2. Whilst these values are significant they require to be taken in the context of the gross charges levied and the Council's 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. 93% of the Council Tax and Business Rates debt deemed irrecoverable can be categorised as sequestration/insolvency or unable to trace.

There are no Council Tax accounts with a write off value greater than £10,000.

There were 4 Business Rates accounts with a significant write off value greater than £10,000. The amounts and reasons for write off are shown below.

- £21,323.88 Sequestration
- £10,031.55 Sequestration
- £32,594.22 Sequestration
- £33,371.01 Sequestration

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. The amounts and reasons for write off are shown below.

- £13,984.66 - debt prescribed.
- £167,533.87 - uncollectable
- £21,991.48 - uncollectable

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 £367,699.62 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 £131,980.06 it should be noted that under the 2009 Statement of Recommended Practice that Business Rates debt is not the debt of the Council 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 Sales Ledger deemed irrecoverable these sums are within the provided non-collection provisions.

General Performance

The Revenues & Benefits service following a service review in 2017/18 implemented a new staffing structure from 1 April 2018. The new structure reduced the tiers of management, the number of managers and staff which was one of the main contributory factors to a lower level of performance in some areas of the service during 2018/19 but performance in 2019/20 has improved and returned to previous levels as shown below:

Speed of processing

	2019/20	2018/19	2017/18
New Housing Benefit/Council Tax Reduction (HB/CTR) Claims	15 days	20 days	15 days
HB/CTR change in circumstances	3 days	4 days	3 days

The above indicators are important as they allow HB/CTR to be paid quickly and accurately to recipients. The processing speeds will be quicker than the national averages.

Crisis Grants

Universal Credit full service was rolled out in the Angus area in November 2017 but the impact on the level of demand for Crisis Grants was not significant until August 2018 and this has continued in 2019/20. Demand in 2019/20 has increased by 41% on 2017/18 levels. Prior to the emergence of the COVID-19 situation in March demand would seem to have peaked and had begun to be on a more consistent monthly level. To process these applications additional resource is allocated from the HB/CTR processing team to the detriment of the performance of that area of the service.

The Council received ring-fenced funding from Scottish Government for Scottish Welfare Fund (Crisis Grants and Community Care Grants) of £574,237 in 2019/20. Full year spend was £570,948, resulting in a small underspend of £3,289 which has been carried forward to 2020/21 and combined with increased Scottish Government funding of £1,000,448 provides a total for 2020/21 of £1,003,737. This funding will help manage demand which is likely to continue to grow as more people migrate to Universal Credit and to assist with the impact of COVID-19 although the fund is currently being contained within budget. The increase in Crisis Grant applications are shown below.

	2019/20	2018/19	2017/18
Crisis Grants	4131	3646	2929
Increase on 2017/18	41%	25%	-