

**ANGUS COUNCIL**

**POLICY & RESOURCES COMMITTEE – 20 June 2017**

**INFORMATION REPORT FOR THE PERIOD 1 APRIL 2016 TO 31 MARCH 2017**

**REPORT BY IAN LORIMER, HEAD OF CORPORATE FINANCE**

**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<sup>st</sup> April 2016 to March 31<sup>st</sup> 2017. 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 (eg: 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, Revenues & Benefits Service Manager who can be contacted by emailing Finance@angus.gov.uk.

List of Appendices:

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

## **Council Tax and Business Rates Collection Performance**

### 1 Council Tax 2016/17

As at 31 March 2017 the Council collected 97.9% of its Council Tax.

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

|                   |       |       |       |
|-------------------|-------|-------|-------|
| Year              | 16/17 | 15/16 | 14/15 |
| % Collection Rate | 97.9  | 97.8  | 97.6  |

Improving collection levels is a considerable achievement given the continuing 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 Council Tax (the tax base) and the first full year of implementing the Council's policy changes in relation to long term empty properties mean there is more Council Tax income to collect than has been collected ever before.

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

### 2 Business Rates 2016/17

As at 31 March 2017 the Council has collected 98.1% of its Business Rates levied.

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

|                   |       |       |       |
|-------------------|-------|-------|-------|
| Year              | 16/17 | 15/16 | 14/15 |
| % Collection Rate | 98.1  | 98.7  | 99.1  |

Despite a slight reduction in performance which is due to collection difficulties with a small number of larger payers 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 2016/2017 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 uncollectible.

The Head of Corporate Improvement and 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.

| <u>Category of Debt</u>                  | <u>Value</u> |
|--|--------------|
| Council Tax and Water & Sewerage Charges | £646,505.24  |
| Business Rates                           | £176,246.30  |
| Housing Benefit Overpayments             | £ 105,129.52 |
| Sales Ledger Invoices                    | £376,258.00  |

### Reasons Irrecoverable

| Key Reasons                 | Unable To Trace | Insolvency/ Sequestration | Prescribed Debt |
|-----------------------------|-----------------|---------------------------|-----------------|
| Council Tax                 | £286,153.96     | £219,628.92               | -               |
| Business Rates              | £56,062.34      | £120,178.66               | -               |
| Housing Benefit Overpayment | £11,307.01      | £65,722.16                | -               |
| Sales Ledger                | £55,782.00      | £37,232.00                | £283,244        |

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. Over 82% of the Council Tax and Business Rates debt deemed irrecoverable can be categorised as sequestration/insolvency or unable to trace.

There were 3 Business Rates accounts with a significant write off value greater than £10,000. These were amounts of £38,608.20, £20,527.96 and £14,629.32 due to Insolvency.

There were no Council Tax write offs greater than £10,000.

There are 4 Housing Benefit Overpayments with a significant write off value greater than £10,000. These were amounts of £14,199.74, £13,648.02, £11,685.82 and £10,500.00 due to Sequestration and Executors.

There is 1 Sales Ledger account greater than £10,000, this sum is £12,923.54

Prescribed Debt is debt that cannot be legally enforced as the debt is greater than five years old.

### 3. Financial Implications

3.1 Of the total Council Tax and Water & Sewerage charges of £646,505, £439,953 relates to the Councils general fund (excluding water & sewerage charges).

These sums are within the non collection provision identified in the Councils accounts and therefore are adequately provided for in accounting terms.

3.2 With regard to the Business Rates total of £176,246 it should be made clear that under the 2009 Statement of Recommended Practice 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 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.