

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE – 31 AUGUST 2021

INFORMATION REPORT FOR THE PERIOD 1 APRIL 2020 TO 31 MARCH 2021

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

- 1.1 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

- 2.1 There is 1 schedule which contains key background information related to services delivered in the Finance Directorate for the period 1 April 2020 to 31 March 2021.

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

- 3.1 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 2021/21**

As at 31 March 2021 the Council had collected 96.9% of Council Tax due for the year. The

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

Year	20/21	19/20	18/19
% Collection Rate	96.9	97.4	97.6

Consistently maintaining high collection levels is always a challenge and in 2020/21 the impact of the COVID 19 pandemic added to this. In accordance with approved Council policy no recovery action was undertaken during April to June 2020 to try and negate the financial impact of the pandemic on Council Taxpayers. This approach was common amongst most Scottish local authorities. There was also a relaxation of the policy for the current year to be paid within the financial year so that people who needed it had more time to pay. One noticeable impact was the number of people claiming and receiving Council Tax Reduction which increased by 500 (6%) additional recipients at the peak of demand.

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. Despite the collection rate being marginally lower, the actual amount of Council Tax collected has increased by £1.3m.

To put this performance into context the eventual in year collection rate although showing a marginal decrease of 0.5% has exceeded officer expectations given the predictable impact of the pandemic. The Council can be pleased with the performance of the service and its partners. Nationally this represents the 3rd best performance in Scotland in 2020/21.

2. Business Rates 2020/21

As at 31 March 2021 the Council had collected 98.2% of Business Rates levied for the year. The

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

Year	20/21	19/20	18/19
% Collection Rate	98.2	99.4	98.2

The same suspension of recovery action and a relaxation of policy was undertaken for Business Rates and bills were issued later in June due to software changes required to implement additional relief for ratepayers. Additional rates relief was provided to the retail, hospitality and leisure sectors as well as £21m in Business Support grants being awarded by the service to just under 2000 applicants. The business community has faced significant challenges as a result of the pandemic and all these factors will have impacted to some degree on the collection rate.

This year's performance is still expected again to be top quartile performance nationally.

Summary

Subject to audit the information above indicates another positive performance for both Council Tax and Business Rates in very unique and unpredictable circumstances. The performance is again expected to be one of the best in Scotland. The aim in forthcoming years is to return collection levels to pre-COVID levels.

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 2020/21 are now closed and are being audited. Prior to submission of the draft accounts for audit 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 up to 28 years.

Category of Debt	Value
Council Tax	£ 349,514.45
Water & Sewerage Charges	£ 199,542.52
Business Rates	£ 21,195.36
Housing Benefit Overpayments	£ 23,844.99
Sales Ledger	£ 169,338.25

Reasons Irrecoverable

	£ Low Value	£ Insolvent/ Sequestration	£ No Trace	£ Deceased	£ Irrecoverable	£ Prescribed
Council Tax	49.88	74,838.94	120,951.61	21,857.06	131,816.96	
Water & Sewerage	30.72	41,653.90	55,232.21	15,716.75	86,908.94	
Business Rates	-18.86	12,691.04	8,523.18			
Housing Benefit Overpayments	37.95	13,866.37		722.58	9,218.09	
Sales Ledger	30.00		1,070.35	841.75	158,097.32	9,298.83

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.

Irrecoverable debt is where all means of recovery have failed and the debt has been through all of the Councils recovery cycle including reminders and summary warrants as well as all the actions available to the sheriff officer. This can include failed bank arrestment where there are no or insufficient funds, no knowledge of bank a/c's to place arrestment, no knowledge of employer so can't place wage arrestment or wage arrestment failed as insufficient earnings, exceptional attachment orders not feasible as owner with mortgage and no equity so sequestration not worthwhile. The sheriff officers will not return a debt until all means of collection are exhausted as that means no income for them.

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.

There are no Council Tax, Business Rates, Housing Benefit Overpayments or Sales Ledger accounts with a write off value greater than £10,000.

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 £349,514.45 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 £21,195.36 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 improved and returned to previous levels as shown below. Not surprisingly due to the Covid 19 pandemic in 2020/21 it was not possible to maintain performance at those levels. The service like most others was faced in March 2020 at short notice to having to re-locate to deliver the service from home. There was initial success in setting the service up with limited equipment, but it was not until January 2021 until the level of equipment provided in an office setting was replicated for all staff at home i.e. dual monitors for efficient processing and replacement of chrome books with laptops. The service also required to cope and manage with the afore-mentioned increase in demand as evidenced by the number of people receiving Council Tax Reduction rising by 500 (6%) additional recipients at the peak of demand. Staff are to be commended for their perseverance, diligence and professionalism for the level of service they provided during that period. The aim in forthcoming years is to return overall performance to pre-COVID levels.

Speed of processing

	2020/21	2019/20	2018/19
New Housing Benefit/Council Tax Reduction (HB/CTR) Claims	19 days	15 days	20 days
HB/CTR change in circumstances	4 days	3 days	4 days

The above indicators are important as they allow HB/CTR to be paid quickly and accurately to recipients. The processing speeds are expected to 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 continued in 2019/20. Demand in 2019/20 increased by 41% on 2017/18 levels. Prior to the emergence of the COVID-19 situation in March 2020 demand would seem to have peaked and had begun to be on a more consistent monthly level. There was however a surge of demand again in April 2020 which settled below 2019/20 application levels over the summer period but doesn't as yet allow a picture to be created of what demand will be like in a normal year. To process these applications additional resource was allocated from the HB/CTR processing team to the detriment of the performance of that area of the service.

The Council's normal ring-fenced funding from Scottish Government for Scottish Welfare Fund (Crisis Grants and Community Care Grants) and a small carry forward from the previous year amounted to of £620,737 in 2020/21. Full year spend was £598,876, resulting in an underspend of £21,861 which has been carried forward to 2021/22. Additional COVID 19 funding provided by the Scottish Government of £383,000 was not required which is a situation not unique to the Council. The increase in Crisis Grant applications are shown below.

	2020/21	2019/20	2018/19	2017/18
Crisis Grants	4,018	4131	3646	2929
Increase on 2017/18	37%	41%	25%	-

The service was also required to administer through the Scottish Welfare Fund the introduction of Self-Isolation Support Grants to mitigate the impact of COVID-19 on individuals who were required to self-isolate and to provide a payment of £500. This provision was absorbed within existing resources.

A total of 164 applications were received with 51 being paid totaling £25,500.