



Cabinet 15 September 2010

Revenues Collection Performance and Write Offs

1. Summary and Reasons for Recommendations
1.1 The Revenues Section collects outstanding debts in accordance with either statutory guidelines or procedures agreed by the Council. When all these procedures have been exhausted the outstanding debt is written off using the delegated authority of the Chief Finance Officer (for debts up to £1500), or by the Cabinet (for debts over £1500).
1.2 Collection data in respect of National Non Domestic Rates (NNDR) and Council Tax for the period April – July 2010 is shown in Section 4.
1.3 The reasons for recommending the write offs are included in Exempt Appendix A, attached to this report.
2. Recommendations
2.1 It is RECOMMENDED that:- (i) the levels of collection performance achieved, as set out in Section 4 of Report B206, be noted, in particular St Edmundsbury's performance in Council Tax Collection for 2009/2010, which was joint 10 th in the country; and (ii) the write off of three accounts for overpayments of housing/council tax benefits detailed in the Exempt Appendix 1 to Report B206 be approved.
3. Corporate Objectives
3.1 The recommendations meet the following, as contained within the Corporate Plan:- (a) Corporate Priority: <i>'To raise Corporate standards and efficiency'</i> .

Contact Details

Name
Telephone
E-mail

Portfolio Holder

Paul Farmer
(01284) 768777
paul.farmer@stedsbc.gov.uk

Lead Officer

Liz Watts
(01284) 757252
liz.watts@stedsbc.gov.uk

4. Key Issues

- 4.1 The Revenues Section collects outstanding debts in accordance with either statutory guidelines or procedures agreed by the Council. When all these procedures have been exhausted the outstanding debt is written off using the delegated authority of the Chief Finance Officer (for debts up to £1,500), or by the Cabinet (for debts over £1,500).
- 4.2 It is best practice to monitor the recovery procedures for outstanding debts regularly and, when appropriate, write off irrecoverable debts.
- 4.3 2009/2010 was a challenging year in which to recover debt, although the final collection rate for Council Tax was the joint 10th highest in the country, which was a significant achievement given the financial climate. National Non Domestic Rates (NDR) proved particularly difficult last year, although this has improved somewhat during the first 4 months of 2010/2011, as set out below. *It should be noted that the statistics below only include collection rates as at July 2010, ie. the first four months of the year.* The comparative collection rate as at July 2009 is shown in the final column.

	Total sum to be collected in 2010/2011	% Target to 31 July 2010	% Actual to 31 July 2010	% Actual to 31 July 2009
Council Tax	£50.851m	39.57%	39.76%	40.12%
NDR	£42.802m	39.86%	40.09%	38.97%

- 4.4 Provision for irrecoverable debts is included both in the Collection Fund and the General Fund and writing off debts that are known to be irrecoverable ensures that staff are focussed on achieving good collection levels in respect of the recoverable debt.
- 4.5 Where an overpayment of Housing Benefit has occurred as a result of an error made by the Local Authority it may only be recovered if the Authority can show that the recipient of the overpayment could reasonably have been expected to know that they had been overpaid at the time the overpayment was made.
- 4.6 Three accounts are recommended for write-off, as set out in Exempt Appendix A.

5. Other Options considered

- 5.1 The Council has appointed a firm of bailiffs to assist in the collection of business rates and Council Tax and also has on line tracing facilities. It is not considered appropriate to pass the debts on to another agency.

6. Community impact *(including Section 17 of the Crime and Disorder Act 1998 and diversity issues)*

6.1 General

- 6.1.1 The application of predetermined recovery procedures ensures that everybody is treated consistently.
- 6.1.2 Failure to collect any debt impacts on either the levels of service provision or the levels of charges. All available remedies are used to recover the debt before write off is considered.

6.2	<u>Diversity</u>								
6.2.1	The provision of services by the Council applies to everyone in the area.								
7.	Consultation								
7.1	Corporate Management Team (CMT), Management Team (MT) and the Portfolio Holder for Resources and Efficiency.								
8.	Resource implications <i>(including asset management implications)</i>								
8.1	Provision is made in the accounts for non recovery but the total amounts to be written off with full details are set out in the exempt appendix.								
9.	Risk Assessment <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>								
9.1	Although the level of write-off has only presented a low risk in the past, the economic climate has increased the risk of non-recovery significantly.								
<table border="1"> <thead> <tr> <th>Risk area</th> <th>Inherent level of Risk (before controls)</th> <th>Controls</th> <th>Residual Risk (after controls)</th> </tr> </thead> <tbody> <tr> <td>Debts are written off which could have been collected.</td> <td>Medium</td> <td>Extensive recovery procedures are in place to ensure that all possible mechanisms are exhausted before a debt is written off.</td> <td>Low</td> </tr> </tbody> </table>		Risk area	Inherent level of Risk (before controls)	Controls	Residual Risk (after controls)	Debts are written off which could have been collected.	Medium	Extensive recovery procedures are in place to ensure that all possible mechanisms are exhausted before a debt is written off.	Low
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Debts are written off which could have been collected.	Medium	Extensive recovery procedures are in place to ensure that all possible mechanisms are exhausted before a debt is written off.	Low						
10.	Legal or policy implications								
10.1	The recovery procedures followed have been previously agreed; writing off uncollectable debt allows staff to focus recovery action on debt which is recoverable.								
Ward(s) affected	All	Portfolio Holders	Resources and Efficiency						
Background Papers		Subject Area	Finance						