



Policy, Finance and Development Committee	Tuesday, 17 July 2018	Matter for Information
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Report Title: **Collection and Write-Off of Miscellaneous Debtors (Q4 2017/18)**

Report Author(s): **Chris Raymakers (Head of Finance, Revenues and Benefits)**

Purpose of Report:	The purpose of this report is to inform Members of the levels of outstanding debt owed to the Council from the fourth quarter of 2017/18 and for them to approve the write-off of uncollectable debts as per the Council's Financial Regulations.
Report Summary:	The debt collection services of the Council have made positive inroads into outstanding debt during the whole of 2017/18. Debt has been reduced across all the service areas which include Finance, Revenues, Benefits and Housing.
Recommendation(s):	That the contents of the report be noted by Members.
Responsible Strategic Director, Head of Service and Officer Contact(s):	Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk
Corporate Priorities:	Effective Service Provision (CP2) Wellbeing for All (CP5)
Vision and Values:	Accountability (V1) Teamwork (V3) Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from the report.
Financial:	There implications are as set out in the report.
Corporate Risk Management:	Decreasing Financial Resources (CR1) Reputation Damage (CR4) Increased Fraud (CR10)
Equalities and Equalities Assessment (EA):	There are no implications arising from the report. EA not applicable.
Human Rights:	There are no implications arising from the report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.

Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	None.
Appendices:	None.

1. Introduction

- 1.1 As part of the income collection function, the Council operates a comprehensive debt collection process which covers all service areas of the Authority.
- 1.2 The Council uses three principal methods for collecting these debts.
- (i) Direct contact with the debtor by letter or telephone;
 - (ii) Referring the debt to a collection agent; and
 - (iii) Legal action through the courts.

2. Council Tax and Non-Domestic (Business Rates)

- 2.1 Council Tax and Non-Domestic (Business) Rates make up the largest debits within the income collection area. These income streams have a combined annual debit to collect of around £40 million.
- 2.2 The arrears situation at the end of 2017/18 for these services was:

Service	Council Tax £	Non Domestic Rates £	
Previous years arrears			
Balance outstanding 31 December 2017	1,051,064	946,672	
Balance outstanding 31 March 2018	917,148	667,127	

- 2.3 Both income streams showed a steady reduction in arrears since the beginning of the year.
- 2.4 The current year's debit has seen good collection rates in 2017/18. The Council Tax collection rate for the year was 98.27% (target 98.5%) while the Non Domestic Rates collection rate was 99.23% (target 98.5%).

3. Overpayments of Housing Benefit

- 3.1 Recouping the overpayment of housing benefit has become an increasing problem for Councils across the country over the last few years. Oadby and Wigston have, since 2015, brought this under control. The majority of cases have been collected from ongoing benefit, however, where the claimant is no longer receiving or is entitled to housing benefit, the debt is passed over to a debt collection team.
- 3.2 Historically, the Council has raised almost 11,000 overpayment invoices totalling over £3.5million of debt, successfully collecting £2.9million.
- 3.3 The total still outstanding is listed below by age:

	Days Overdue				Total
	0-90	90-182	182-365	Over 365	
30 December 2017	76,375	53,255	41,727	492,993	664,350
31 March 2018	56,493	57,130	53,655	497,440	664,718

3.4 The Universal Credit system will have an impact on the recovery of these debts. As debtors migrate from Housing Benefit to Universal Credit the council will no longer be able to collect overpayments from on-going benefit so alternative methods of collection will have to be used.

4. Housing Rents

4.1 The Council runs a housing stock of around 1,200 dwellings with a total collectable debit of £4,850,000 of which £2,750,000 is paid for by Housing Benefit.

4.2 Rent arrears are split between current and former tenant, with the year-end position being:

	Current Tenants	Former Tenants	Total
	£	£	£
31 March 2017	103,362	124,590	227,952
31 March 2018	98,733	104,402	203,135

4.3 From 13 June 2018 the Council moved to Universal Credit 'full service' which will see the gradual migration of working age tenants from Housing Benefit to the new system. It is anticipated that that this will put pressure on this particular collection area as tenants may no longer get their rent paid automatically.

5. Miscellaneous Sundry Debts

5.1 During the financial year the Finance Section raised 1,357 debtors with a total value of £1,376,802.

5.2 The current position relating to collection of outstanding invoices is summarised.

	Days Overdue					Total
	0-90	90-182	182-365	365-730	Over 730	
31 December 2017	173,107	12,399	28,929	26,673	120,566	361,674
31 March 2018	174,007	20,056	12,677	9,504	102,261	318,505

5.3 During the final quarter of 2017/18, miscellaneous debt fell by £43,000. Of the total debt of £318,000, approximately £93,000 (107 accounts) is actively managed through instalments.

5.4 In the fourth quarter:

- The Council has referred ten cases to the collection agent;
- Write-offs totalling £1,853 have been made in line with the Financial Regulations;
- Seven accounts have completed their arrangements to pay; and
- A Key Performance Indicator of the Council is the proportion of debt over 90 days old as a percentage of the total estimated annual debit. At 31 March 2018, this percentage is 10.5% (the target for 2017/18 being under 20%).

6. Write-off of Bad Debt

6.1 There are no write-offs to be considered by Members at this Committee.