



Policy, Finance and Development Committee	Tuesday, 18 September 2018	Matter for Information
--------------------------------------------------	-----------------------------------	-------------------------------

Report Title: **Collection and Write-Off of Miscellaneous Debtors (Q1 2018/19)**

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 first quarter of 2018/19 and for Members to approve any write-off of uncollectable debts as per the Council's Financial Regulations.
Report Summary:	Council Tax, Benefit overpayments and sundry debts have all fallen again this quarter. Business Rates and Housing Rents have seen arrears rise, however remedial action is being taken to bring this back under control.
Recommendation(s):	That the contents of the report be noted.
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:	The 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.
Health and Safety:	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.
Deputy 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 (NDR) 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 At 30 June 2018, the arrears in this area were:

Service	Council Tax	NDR
Previous Years Arrears	£	£
Arrears at 1 April 2018	1,509,967	747,800
Arrears at 30 June 2018	1,365,461	758,521

- 2.3 Council Tax has seen a reduction in arrears of around 10% in the first quarter of the year. However NDR arrears have risen from year end by £11,000. However this is solely due to new liabilities being raised on the previous year's accounts which totalled £32,000.
- 2.4 As in previous years, the collection rates for 2018/19 are good. In the first quarter, 29.84% of the Council Tax debit and 30.37% of the Business Rates debit had been collected.

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 12,500 overpayment invoices totalling over £3.8million of debt, successfully collecting £3.1million.

3.3 The total still outstanding is listed below by age:

	Days Overdue				
	0-90	90-182	182-365	Over 365	Total
1 April 2018	56,493	57,130	53,655	497,440	664,718
30 June 2018	46,174	42,524	81,647	478,455	648,800

3.4 The Universal Credit (UC) system will have an impact on the recovery of these debts. As debtors migrate from Housing Benefit to UC the Council will no longer be able to collect overpayments from on-going benefit so alternative methods of collection will have to be used. This will put pressure on collection resources as more cases are dealt with directly with the debtor.

4. Housing Rents

4.1 The Council runs a housing stock of approximately 1,200 dwellings with a total collectable debit of £4,780,000 of which £2,600,000 is paid for by Housing Benefit.

4.2 Rent arrears are split between current and former tenant. Arrears have risen since year end, however this would be expected because of the collection profile with the four non-collected (free weeks) toward the end of the year.

	Current Tenants	Former Tenants	Total
31 March 2018	98,733	104,402	203,135
30 June 2018	153,008	113,987	266,995

4.3 From 13 June 2018, the Council moved to UC 'full service' which will see the gradual migration of working age tenants from Housing Benefit to the new UC 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. In order to combat the expected increase in debt pressure, further resources are being engaged.

5. Miscellaneous Sundry Debts

5.1 In the first quarter of 2018/19, 274 debtors were raised totalling £317,000.

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

	Days Overdue					
	0-90	90-182	182-365	365-730	Over 730	Total
1 April 2018	174,007	20,056	12,677	9,504	102,261	318,505
30 June 2018	91,809	10,884	28,514	35,734	124,482	291,423

5.3 During the first quarter of 2018/19, miscellaneous debt fell by £27,000. Of the total debt of £291,000, approximately £97,000 (110 accounts) is actively managed through instalments.

5.4 In this quarter:

- The Council has referred six cases to the collection agent;
- No write-offs have been made;
- One account has completed their arrangements to pay; and
- A Key Performance Indicator (KPI) of the Council is the proportion of debt over 90 days old as a percentage of the total estimated annual debit. At 30 June 2018, this

percentage is 14.5% (the target for 2018/19 being under 15%).

6. Write-off of Bad Debt

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