

SUBJECT:	<i>South Bucks District Council Arrears Collection Project</i>
REPORT OF:	<i>Cllr Duncan Smith</i>
RESPONSIBLE OFFICER	<i>Mrs Nicola Ellis Head of Customer Services</i>
REPORT AUTHOR	<i>Nicola Ellis 01895 837508 Nicola.ellis@southbucks.gov.uk</i>
WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

The purpose of this report is to update Members on the progress of the project to recover arrears of Council Tax, Business Rates and Housing Benefit overpayments

2. Recommendations to Cabinet

- **Members are requested to note the progress of the South Bucks District Council Recovery project**
- **To authorise the write off of specified non domestic rates debts with values over £10,000 where all previous recovery attempts have failed and there are no further routes of recovery as set out in the confidential appendix.**

3. Reasons for Recommendations

At the commencement of the project it was agreed that progress would be reported to members. Throughout the project there will be debts that are to be written off as we are unable to recover, under the financial procedure rules write offs over £10,000 are to be authorised by cabinet.

4. Content of Report

Recovery Project Update

4.1. The shared service review identified that the level of arrears of Council Tax, Business Rates and Housing Benefits Overpayments were an area where the new service could improve recovery. This action would bring increased income to South Bucks District Council, Buckinghamshire County Council, Thames Valley Police Authority and Buckinghamshire & Milton Keynes Fire Service.

4.2. When the business case for the Joint Service was submitted to Members on 16 November 2015 the following income was estimated to be achieved via the project:

South Bucks portion of income	£ Total over two years
South Bucks net income for Council Tax and Business Rates (minus costs)	26,806

South Bucks portion of income	£ Total over two years
South Bucks income from Housing Benefit overpayments	71,290
Total income for South Bucks from Council Tax, Business Rates and Housing Benefit overpayments	98,096

4.3. At the beginning of the project the outstanding debts identified as being in scope of the project were as follows:

Debt	Total Debt Outstanding	Total Number of payers with Debt Outstanding
Council Tax	£2,554,126.85	1611
Business Rates	£876,507.00	90
Housing Benefit Overpayments	£1,378,046.52	1481

4.4. The project commenced in August 2016 and was planned to last for two years. Progress on the project was last reported to the PAG in March 2017 and at that point the figures reported were:

	Outstanding Debt Reduction	Payments Received	SBDC Income Share
Housing Benefit Overpayments	-£117,000	£36,000	£36,000
Business Rates	-£85,784	£34,000	£13,600
Council Tax	-£93,637	£6,500	£585
Total Income		£76,500	£50,185
Minus Costs			- £10,909
Net Income for SBDC			£39,276

4.5. At that point we were less than a third of the way through the project timescales and had already collected over 40% of the targeted income so were on target to deliver.

Project Update May 2018

4.6. At this point we are just over 80% of the way through the original project timescales and the current position is as follows:

	Housing Benefit Overpayments	Business Rates	Council Tax	
Opening Balance	£1,378,046.52	£876,507.00	£2,554,125.62	
Payments	£103,929.21	£83,358.77	£368,734.16	
Write Offs	£148,196.78	£4,220.10	£928,935.51	
Liability Adjustments	£21,402.70	£68,057.28	£67,628.68	
Balance O/S	£1,104,517.83	£720,870.85	£1,188,827.27	
South Bucks Income	£103,929.21	£33,343.51	£33,186.07	£170,458.79
Minus Costs				£30,909
Total Net Income for SBDC				£139,549.79

4.7. At this point in the project the expected income figure has **been exceeded by over 42%**.

Continuation of Project

4.8. The project was originally scheduled to conclude in August but the aim is to continue with this at least until the introduction of the shared service in November. After that the recovery of arrears will become part of the business as usual for the shared service along with an increased focus on in year recovery.

4.9. Whilst we do anticipate that additional income will be generated from the recovery of arrears the remit of the project was to reduce the arrears outstanding and in some circumstances the only option available to us is to write the debt off. This is likely to be a focus of the project team towards the end of the project to ensure that we embark on the fully shared service with manageable levels of arrears.

South Bucks District Council Write off requests

4.10. In accordance with the financial procedures rules Members are requested to consider the write off of nineteen non domestic rates debts that have a balance outstanding of over £10,000 each as set out in the schedule in the confidential appendix. These cases have been picked up by the Joint Revenues Service during the review of outstanding business rates accounts.

5. Consultation

Not applicable

6. Options

To continue with the recovery project in order to maximise the amount of income to South Bucks District Council and other precepting authorities in accordance with the recommendations above.

Write off of debts- There are no further options available other than to write off the debts listed due to the fact that the companies in question no longer exist and the debtors cannot be traced.

7. Corporate Implications

7.1 The continuation of the Shared Service recovery project will maximise the highest possible income for South Bucks District Council and the other precepting authorities and will also highlight any debts that are irrecoverable in order that they be written off at a future stage in order to reduce the high level of arrears outstanding in respect of Council Tax, non domestic rates and housing benefit overpayments.

7.2 In respect of the write off requests the debts described are irrecoverable. However 50% of these amounts will be offset against payments to the non domestic rate pool. There will be a 40% loss of revenue to South Bucks District Council and 10% to Buckinghamshire County Council and Buckinghamshire and Milton Keynes Fire Authority. The cost to the Council will be £119,470.42. However there is a provision for this in the accounts. .

8. Links to Council Policy Objectives

This report relates to the Council's aim to deliver cost effective customer focused services and to optimise the best use of all resources.

By continuing with the Shared Service recovery project income will be maximised and arrears reduced.

By writing these debts off time will not be wasted pursuing debtors and companies for which there is no possibility of payment.

9. Next Steps

To continue with the pursuit of all outstanding council tax, non domestic rates and housing benefit overpayments.

As a result of the proposed decision the non domestic rate debts outstanding of £298,676.06 would be written off and the outstanding balance on the account reduced to £zero. The amount written off would be included in future Government returns in order that the Central non domestic Rate pool shared its 50% share of the financial loss.