

District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE 30 October 2023

Debt Recovery Update and Annual Debt Write Off Report 2022-23

1. Contacts

Report Author

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2. Recommendation

- 2.1 That the committee notes and comments on this report together with the Write Off Report as shown in Appendix 1 to this report.

3. Background

- 3.1 In October 2020 Internal Audit completed the audit of the Corporate Debt Recovery Process for 2019/20. This audit determined as limited assurance with a total of 8 recommendations identified.
- 3.2 Following the audit report an update was provided at the Corporate Governance Audit Committee meeting in October 2020. At this meeting the Chairman commented that the general direction of travel appeared to be improving. It was agreed that a further position statement would be provided to the Committee to demonstrate that progress was being made. This position statement was provided to the Committee in March 2021.
- 3.3 The position statement set out that despite restrictions placed on recovery action due to Covid Pandemic a number of successes had been achieved. Notably that there had been reduction in Council Tax, Business Rates and Housing Benefit arrears.
- 3.4 A further update was provided to the Committee on the 10 January 2022 and 31 October 2022.
- 3.5 Following an improving picture concerning Debt Recovery it was decided that future updates would be reported to the Committee on a yearly basis.

4. Outcomes to be Achieved

- 4.1 To ensure that the Council continues to collect arrears and write off debt which is deemed uncollectable in accordance with the Corporate Debt Recovery and Write-off Policy.

5. Current Position

- 5.1 It has been another challenging year for the Debt Recovery team as in addition to performing their normal duties they have also helped deliver the Alternative Fuel

scheme payments to customers in the district. Despite this additional workload there continues to be several successes achieved by the team detailed below: -

Council Tax

Outstanding Arrears up to	Arrears at relevant year end. (£)	Arrears on 31 March 2023. (£)	Current Arrears Sep 23 (£)	Arrears Collected since April 2023. (£)	Total Collected since relevant year end. (£)
2020/21	6,177,828	2,351,573	2,267,937	83,636	3,909,891
2021/22	6,025,022	3,516,580	3,256,632	259,948	2,768,390
2022/23	6,265,118	6,265,118	5,376,708	888,410	888,410

Business Rates

Outstanding Arrears up to	Arrears at relevant year end. (£)	Arrears on 31 March 2023. (£)	Current Arrears Sep 23 (£)	Arrears Collected since April 2023 (£)	Total Collected since relevant year end. (£)
2020/21	1,850,261	397,234	354,403	42,831	1,495,858
2021/22	1,919,062	754,534	603,724	150,810	1,315,338
2022/23	1,973,473	1,973,473	1,774,204	199,269	199,269

Housing Benefit

Financial Year	Mar-21	Mar-22	Mar-23
HB overpayment outstanding (£)	2,654,149	2,329,443	1,947,740

Sundry Debts

Financial Year	Mar-21	Mar-22	Mar-23
Sundry Debtor Balance (£)	1,183,053	1,501,047	1,031,964

Housing Debts

Financial Year	Mar-21	Mar-22	Mar-23
Housing Debt Balance (£)	588,163	747,929	581,107

- 5.2 Arrears for Council Tax and Business Rates are always cumulative so when the year 2022/23 is shown this includes all arrears up to 31 March 2023.
- 5.3 The recovery of debt owed to the Council in connection with Council Tax arrears, Housing Benefit overpayments and Sundry debts have reduced significantly during the financial year 2022/2023.
- 5.4 Legislation put in place during the pandemic to protect tenants has made the collection of some arrears from Council owned properties more challenging. However the Estate Department continue to engage with these tenants on how best to repay their arrears.

- 5.5 Business rate arrears continue to reduce more slowly due to the significant time it takes for the Valuation Office Agency to place a new or altered property into the Valuation List. Currently this process can take between 3 and 9 months. Some businesses are therefore receiving large backdated bills. To assist these customers the Council are entering into longer payment arrangements.
- 5.6 Significant work has been undertaken by both the Debt Recovery team and the Housing team during the last financial year on dealing with the Housing arrears. The focus continues on making sure current tenant arrears are collected on time by the Housing team and maximising benefit entitlement to reduce arrears. The Council's Ideagen risk management system continues to be used by the Divisional Management team to track the progress and status of these arrears.
- 5.7 The Council is prudent in managing bad debts and, in accordance with recommended accounting practice, maintains a provision for bad debts to be written off. This ensures that writing off bad debts, has no detrimental effect on service provision or the council taxpayer. The total provisions held for bad debts as of 31 March 2023 are shown as follows.

Bad Debt Provisions as of 31 March 2023	£m
Non-Domestic Rates	0.8
Council Tax	3.0
Housing	0.5
Sundry Debts	0.6
Housing Benefits Overpayments	1.0
Total	5.9

- 5.8 The debt outstanding to the Council on 31 March 2023 is shown below.

Outstanding Debts	£m
Non-Domestic Rates	2.0
Council Tax	6.3
Housing	0.6
Sundry Debts	1.0
Housing Benefit Overpayments	1.9
Total	11.8

6. Alternatives Considered

- 6.1 Not applicable

7. Resource and Legal Implications

- 7.1 Not applicable

8. Consultation

- 8.1 Not applicable

9. Community Impact and Corporate Risks

9.1 Not applicable

10. Other Implications

	Yes	No
Crime and Disorder		X
Climate Change and Biodiversity		X
Human Rights and Equality Impact		X
Safeguarding and Early Help		X
General Data Protection Regulations (GDPR)		X
Health and Wellbeing		X
Other (please specify)		X

11. Appendices

11.1. Annual Write off Report 2022-23

12. Background Papers

12.1 Corporate Debt Recovery Policy.