

Chichester District Council

CORPORATE GOVERNANCE & AUDIT COMMITTEE 31 October 2022

Debt Recovery Update and Annual Debt Write Off Report 2021-22

1. Contacts

Report Author

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2. Recommendation

- 2.1 That the committee notes the contents of 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 as part of the Annual Debt Write off report. At this meeting the Chairman requested that a progress report be brought back to the Committee later in the year.

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 a challenging year for the Debt Recovery team as in addition to performing their normal duties they have also helped deliver vital business grants to those businesses affected by the Covid pandemic. Also, more recently they have assisted in delivering the £150 energy rebate to over 34,000 households across the district. Despite

this additional workload there continues to be a number of successes achieved by the team detailed below: -

Council Tax

Outstanding Arrears up to	Arrears at relevant year end. (£)	Arrears on 31 March 2022. (£)	Current Arrears 2022 (£)	Arrears Collected since April 2022. (£)	Total Collected since relevant year end. (£)
2019/20	4,966,426	2,302,376	2,117,045	185,331	2,849,381
2020/21	6,177,828	3,542,312	3,139,295	403,017	3,038,533
2021/22	6,025,002	6,025,002	4,860,142	1,164,860	1,164,860

Business Rates

Outstanding Arrears up to	Arrears at relevant year end. (£)	Arrears on 31 March 2022. (£)	Current Arrears 2022 (£)	Arrears Collected since April 2022 (£)	Total Collected since relevant year end. (£)
2019/20	1,819,552	561,761	510,533	51,228	1,309,019
2020/21	1,850,261	887,365	793,790	93,575	1,756,686
2021/22	1,919,062	1,919,062	1,888,313	30,750	30,750

Housing Benefit

Financial Year	Mar-20	Mar-21	Mar-22
HB overpayment outstanding (£)	3,112,000	2,654,149	2,329,443

Sundry Debts

Financial Year	Mar-20	Mar-21	Mar-22
Sundry Debtor Balance (£)	1,204,103	1,183,053	1,501,047

Housing Debts

Financial Year	Mar-20	Mar-21	Mar-22
Housing Debt Balance (£)	514,969	588,163	747,929

- 5.2 Arrears for Council Tax and Business Rates are always cumulative so when the year 2021/22 is shown this includes all arrears up to 31 March 2022.
- 5.3 Positively both arrears for Council Tax and Housing Benefit overpayments have reduced significantly. Because of legislation being in place during the pandemic to protect tenants, the arrears for Sundry debts have increased. The Council have a number of properties managed by the Estates Department which this legislation covers. Work is now being undertaken by the Estates Department to engage with our tenants on how best to repay their arrears.

- 5.4 Business rate arrears have been reducing more slowly because businesses can receive a large backdated bill following a change in their rateable value. In some instances, this backdated bill can be for a number of years. As the rateable value is controlled by the Valuation Office Agency and not Chichester District Council this can mean that longer payment arrangements have to be made and arrears are repaid over a longer period. However positively over £3 million in business rates arrears has been collected since 31 March 2020.
- 5.5 Work on dealing with the Housing arrears continues. The focus is now on making sure current tenant arrears are collected on time by the Housing team and maximising benefit entitlement to reduce arrears. The Council's Pentana performance management system is now used by the Divisional Management team to track the progress and status of these arrears.
- 5.6 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 2022 are shown as follows.

Bad Debt Provisions as of 31 March 2022	£m
Non-Domestic Rates	0.77
Council Tax	3.25
Housing	0.58
Sundry Debts	0.45
Housing Benefits Overpayments	1.26
Total	6.31

- 5.7 The debt outstanding to the Council on 31 March 2022 is shown below.

Outstanding Debts	£m
Non-Domestic Rates	1.9
Council Tax	6.0
Housing	0.7
Sundry Debts	1.5
Housing Benefit Overpayments	2.3
Total	12.4

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 2021-22

12. Background Papers

12.1 Corporate Debt Recovery Policy.