

Report to: Audit/Governance and Improvement Review Committee
Date: 29 January 2009
Subject: Departmental Performance
Report of: Executive Director – Business Support Services
Contact officer: David Smith 01942 827232

Purpose / summary: To update Committee on the Department's performance in collecting council tax and national non-domestic rates, benefit payments and collection of income in 2008/09.

Alternative options considered and reason for selecting the one recommended:

Recommendation / decision: To note the report.

Key Decision: This report does not involve a key decision.

Risks / Implications:

| | |
|---|--|
| Financial: | Resources contained within 2008/09 budget – additional resources obtained from DWP regarding introduction of Employment and Support Allowance. |
| Staffing: | N/A |
| Policy: | N/A |
| Equal Opportunities - Has a Diversity Impact Assessment been conducted? | N/A |
| Wards affected: | N/A |

Property Implications– Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

Does this proposal have significant implications for the Council and the local population?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

A diversity impact assessment is not necessary at this stage, however, equality and diversity implications have been considered when producing this report.

Has the Service Director – Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes / No ***

Has the Service Director – Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes / No ***

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **Yes / No ***

* delete which applicable

For Cabinet reports only :

| | |
|-------------------------------------|----------|
| Categorisation of the report: | X |
| | |
| Discussion leading to a decision | |
| Monitoring | |
| Sharing for corporate understanding | |

| | |
|-------------|----------|
| | X |
| | |
| Discussion | |
| Decision | |
| Information | |

Tracking/Process:

| | Consultation | Ward Members | Partners |
|-----------------|---------------------|--------------|----------|
| | | | |
| Panel | Overview & Scrutiny | Cabinet | Council |
| 29 January 2009 | | | |

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer David Smith

Date 15 January 2009

BACKGROUND:

This is the third report in a series of four during the year to this Committee which advises on progress during the financial year in collecting Council Tax and Business Rates.

This report also provides information regarding the collection of Sundry Debtor income along with performance in processing Benefits claims. This supplements the information on Benefits performance we have included in the Members information bulletin and helps ensure compliance with the Department for Work and Pensions Standards.

The separate sections are attached as appendices:

Appendix A Collection of Council Tax and Business Rates.

Appendix B Collection of Sundry Debtor income.

Appendix C Benefits Administration.

Appendix A

1. Non-Domestic Rates - Earlier Years

| Arrears re Years (Net of Overpayments) | Position at | | | | |
|---|------------------|-------|------------------|-------|------------------------------|
| | 31/03/08 | | 31/12/08 | | |
| | £ | % | £ | % | |
| 1990/91 | -3,374 | -0.01 | -3,468 | -0.01 | |
| 1991/92 | 2,588 | 0.01 | 2,588 | 0.01 | |
| 1992/93 | 5,267 | 0.02 | 5,157 | 0.02 | Reduction of £110 |
| 1993/94 | 2,132 | 0.01 | 1,986 | 0.01 | Reduction of £146 |
| 1994/95 | 5,903 | 0.02 | 5,308 | 0.02 | Reduction of £595 |
| 1995/96 | 6,228 | 0.02 | 5,924 | 0.02 | Reduction of £304 |
| 1996/97 | 24,809 | 0.07 | 23,571 | 0.07 | Reduction of £1,238 |
| 1997/98 | 30,562 | 0.08 | 27,226 | 0.07 | Reduction of £3,336 |
| 1998/99 | 25,753 | 0.06 | 22,647 | 0.05 | Reduction of £3,106 |
| 1999/2000 | 42,094 | 0.09 | 36,388 | 0.08 | Reduction of £5,706 |
| 2000/01 | 54,455 | 0.11 | 44,175 | 0.09 | Reduction of £10,280 |
| 2001/02 | 87,116 | 0.16 | 74,828 | 0.14 | Reduction of £12,288 |
| 2002/03 | 103,398 | 0.18 | 90,886 | 0.16 | Reduction of £12,512 |
| 2003/04 | 108,702 | 0.19 | 99,961 | 0.17 | Reduction of £8,741 |
| 2004/05 | 143,345 | 0.24 | 138,693 | 0.23 | Reduction of £4,652 |
| 2005/06 | 305,971 | 0.50 | 258,405 | 0.43 | Reduction of £47,566 |
| 2006/07 | 366,755 | 0.57 | 334,963 | 0.53 | Reduction of £31,792 |
| TOTAL | 1,311,704 | | 1,169,238 | | Reduction of £142,466 |

2. Non-Domestic Rates 2007/08

| | Position at | | | | |
|----------------------------|-------------|-------|-------------|-------|-----------------------|
| | 31/03/08 | | 31/12/08 | | |
| | £ | % | £ | % | |
| Amount Collectable | 68,082,888 | | 67,268,008 | | Reduction of £814,880 |
| Plus Costs | 62,009 | | 77,244 | | Increase of £15,235 |
| | 68,144,897 | | 67,345,252 | | |
| Less Write-Offs | -61,388 | 0.09 | -56,804 | 0.08 | Reduction of £4,584 |
| Less Cash (Net of Refunds) | -66,995,038 | 98.31 | -66,511,559 | 98.76 | Reduction of £483,479 |
| Arrears | 1,088,471 | 1.60 | 776,889 | 1.16 | Reduction of £311,582 |

3. Non-Domestic Rates 2008/2009

| | Position at 31/12/08 | |
|----------------------------|-------------------------|-------|
| | £ | % |
| Amount Collectable | 74,837,438 | |
| Plus Costs | 61,380 | |
| | 74,898,818 | |
| Less Write-Offs | 0 | |
| Less Cash (Net of Refunds) | -64,692,329 | 86.37 |
| Balance due for Year | 10,206,489 | 13.63 |

| | |
|-----------------------------------|-------|
| Cases where nothing paid | 817 |
| Recovery action taken to 31/12/08 | |
| Formal Reminders | 4,982 |
| Summonses | 786 |
| Liability Orders | 609 |
| Direct Debit Payers | 3,562 |

4. Council Tax - Earlier Years

| Arrears re Years (Net of Overpayments) | Position at | | | | |
|---|------------------|------|------------------|------|-----------------------|
| | 31/03/08 | | 31/12/08 | | |
| | £ | % | £ | % | |
| 1993/94 | 10,788 | 0.02 | 9,144 | 0.02 | Reduction of £1,644 |
| 1994/95 | 10,987 | 0.03 | 7,719 | 0.02 | Reduction of £3,268 |
| 1995/96 | 19,583 | 0.04 | 14,845 | 0.03 | Reduction of £4,738 |
| 1996/97 | 39,343 | 0.08 | 29,990 | 0.06 | Reduction of £9,353 |
| 1997/98 | 57,659 | 0.11 | 46,199 | 0.08 | Reduction of £11,460 |
| 1998/99 | 83,257 | 0.14 | 68,781 | 0.12 | Reduction of £14,476 |
| 1999/2000 | 141,002 | 0.22 | 114,376 | 0.18 | Reduction of £26,626 |
| 2000/01 | 161,230 | 0.24 | 127,814 | 0.19 | Reduction of £33,416 |
| 2001/02 | 213,852 | 0.29 | 169,676 | 0.23 | Reduction of £44,176 |
| 2002/03 | 311,090 | 0.39 | 246,890 | 0.31 | Reduction of £64,200 |
| 2003/04 | 474,812 | 0.55 | 398,117 | 0.46 | Reduction of £76,695 |
| 2004/05 | 678,863 | 0.76 | 558,630 | 0.63 | Reduction of £120,233 |
| 2005/06 | 949,333 | 1.01 | 766,896 | 0.82 | Reduction of £182,437 |
| 2006/07 | 1,612,452 | 1.65 | 1,210,151 | 1.24 | Reduction of £402,301 |
| TOTAL | 4,764,251 | | 3,769,228 | | Reduction of £995,023 |

5. Council Tax 2007/08

| | Position at | | | | |
|----------------------------|-------------|-------|--------------|-------|----------------------------|
| | 31/03/08 | | 31/12/08 | | |
| | £ | % | £ | % | |
| Amount Collectable | 102,028,330 | | 101,721,712 | | |
| Plus Costs | 782,005 | | 933,180 | | |
| | 102,810,335 | | 102,654,892 | | |
| Less Write-Offs | -20,039 | 0.02 | -102,866 | 0.10 | |
| Less Cash (Net of Refunds) | -99,149,870 | 96.44 | -100,393,696 | 97.80 | |
| Arrears | 3,640,426 | 3.54 | 2,158,330 | 2.10 | Reduction of £1,482,096 |

6. Council Tax 2008/2009

| | Position at 31/12/08 | |
|----------------------------|-------------------------|-------|
| | £ | % |
| Amount Collectable | 105,604,335 | |
| Plus Costs | 662,777 | |
| | 106,267,112 | |
| Less Write-Offs | -6,055 | 0.01 |
| Less Cash (Net of Refunds) | -89,816,558 | 84.52 |
| Balance due for Year | 16,444,499 | 15.47 |

| | |
|-----------------------------------|--------|
| Cases where nothing paid | 5,598 |
| Recovery action taken to 31/12/08 | |
| Formal Reminders | 48,349 |
| Summonses | 11,995 |
| Liability Orders | 9,785 |
| Direct Debit Payers | 67,336 |

7. Court Costs

The following Court Costs (Net of payments made to the Courts) have been paid during the financial years:

| | |
|---------|---------------------|
| 1990/91 | £ 90,236 |
| 1991/92 | £ 530,273 |
| 1992/93 | £ 881,157 |
| 1993/94 | £ 1,043,149 |
| 1994/95 | £ 940,299 |
| 1995/96 | £ 732,183 |
| 1996/97 | £ 733,623 |
| 1997/98 | £ 514,424 |
| 1998/99 | £ 592,906 |
| 1999/00 | £ 486,035 |
| 2000/01 | £ 564,823 |
| 2001/02 | £ 719,592 |
| 2002/03 | £ 714,058 |
| 2003/04 | £ 750,231 |
| 2004/05 | £ 812,115 |
| 2005/06 | £ 798,018 |
| 2006/07 | £ 720,272 |
| 2007/08 | £ 928,569 |
| 2008/09 | £ 676,730 |
| | <u>£ 13,228,693</u> |

8. **Progress with Recovery after Liability Orders have been obtained.**

The situation regarding those payers against whom Liability Orders had been obtained was as follows at 31/12/08:-

| (a) <u>Council Tax</u> (in respect of financial years 1993/94 to 2007/08) | <u>Numbers</u> | <u>Amount</u> <u>Owing £</u> |
|--|-----------------------|---|
| Paying by voluntary arrangement | 244 | 67,806 |
| Employers details requested prior to Attachment of Earnings | 2,455 | 758,086 |
| Attachment of Earnings Pending | 1,110 | 426,582 |
| Attachment of Earnings in Operation | 1,102 | 304,828 |
| Deductions from Income Support Pending | 2,647 | 758,847 |
| Deductions from Income Support in Operation | 1,508 | 292,473 |
| Visited - arrangements made on distraint | 4,379 | 1,281,408 |
| Visited - awaiting Means Enquiry Court Hearing | 174 | 55,520 |
| Referred to private bailiffs | 1,132 | 328,569 |
| Various stages of Means Enquiry Court Hearings | 1,644 | 573,855 |
| Suspended Sentences imposed, payments ordered | 528 | 222,288 |
| Bankrupt / Deceased / Liability in dispute | | |
| Other query | 801 | 325,485 |
| Absconded - trying to trace | 1,709 | 643,382 |
| Unable to Trace - for write-off | 148 | 43,686 |
| Bankruptcy Proceedings instigated | <u>72</u> | <u>48,375</u> |
| | 19,653 | 6,131,190 |

Since the introduction of Council Tax:

209,706 liability orders have been obtained, of which 190,053 have since been cleared.

87,157 Attachment of Earnings Orders and

46,120 Deductions from Income Support have been implemented.

Deductions from Income Support now total £2,139,290

| (b) <u>NDR</u> (in respect of financial years 1990/91 to 2007/2008) | <u>Numbers</u> | <u>Amount</u> <u>Owing £</u> |
|--|-----------------------|---|
| Liability Order granted – Arrangement prior to action | 17 | 66,985 |
| Letter issued - Bailiff visit pending | 74 | 58,729 |
| In House & Private Bailiff action | 240 | 316,340 |
| Returned from bailiff – awaiting Means Enquiry Court Hearing | 157 | 217,693 |
| Various stages of Means Enquiry Court Hearings | 305 | 405,899 |
| Bankrupt / Deceased / Liability in dispute / Other query | 30 | 50,399 |
| Absconded - trying to trace | 86 | 108,680 |
| Unable to Trace - for write-off | 415 | 804,372 |
| Bankruptcy Proceedings instigated | <u>9</u> | <u>17,030</u> |
| | 1,333 | 2,046,127 |

In the previous 2 tables, the “Numbers” shown at each stage of recovery relate to the number of accounts and not the number of debtors.

The number of debtors per financial year is:

Council Tax

| | <u>Numbers</u> | <u>Amount Owing £</u> |
|-------------------|-----------------------|----------------------------------|
| 1 Financial Year | 5,495 | 1,512,721 |
| 2 Financial Years | 2,433 | 1,623,137 |
| 3 “ “ | 918 | 1,036,916 |
| 4 “ “ | 420 | 702,337 |
| 5 “ “ | 243 | 481,215 |
| 6 “ “ | 131 | 332,785 |
| 7 “ “ | 61 | 182,700 |
| 8 “ “ | 34 | 121,876 |
| 9 “ “ | 9 | 32,522 |
| 10 “ “ | 12 | 66,778 |
| 11 “ “ | 2 | 10,176 |
| 12 “ “ | 3 | 18,217 |
| 15 “ “ | 1 | <u>9,810</u> |
| | | 6,131,190 |

NNDR

| | <u>Numbers</u> | <u>Amount Owing £</u> |
|-------------------|-----------------------|----------------------------------|
| 1 Financial Year | 545 | 737,360 |
| 2 Financial Years | 243 | 831,767 |
| 3 “ “ | 61 | 280,931 |
| 4 “ “ | 18 | 132,690 |
| 5 “ “ | 1 | 6,230 |
| 6 “ “ | 4 | 32,223 |
| 7 “ “ | 0 | 0 |
| 8 “ “ | 1 | 14,934 |
| 9 “ “ | 0 | 0 |
| 10 “ “ | 1 | <u>9,992</u> |
| | | 2,046,127 |

9. Performance Indicators.

Annual targets in respect of the former Corporate Health Best Value Performance Indicators, now Local PI's, relating to the in-year Collection of Council Tax and Non-Domestic Rates have been set for the 2008/09 financial year as:

| | |
|--------------------|------------------------------------|
| Council Tax | 96.8% (96.7% achieved for 2007/08) |
| Non-Domestic Rates | 96.5% (97.7% achieved for 2007/08) |

When these two indicators were BVPI's, targets were determined by the Audit Commission against the Government's expectations that Councils would aspire to achieve collection rates by the 31 March 2008 which would see performance to be in the top quartile for "All England" authorities – 98.29% for Council Tax and 99.1% for NNDR.

In practice, for Wigan, these Audit Commission targets were unattainable. For 2008/09 more realistic targets have been set reflecting, for Council Tax, the current financial situation (the "Credit Crunch") and, for NNDR, the change to legislation from 1 April 2008 affecting empty property rate charges and the expected dip in performance for all authorities nationally.

The interim collection rates achieved at the end of December 2008 as compared to the position this time last year show:

| | Council Tax | NNDR |
|----------------------------|-------------|-------|
| 31 December 2008 | 84.7% | 86.0% |
| 31 December 2007 | 84.8% | 87.1% |
| Change (percentage points) | -0.1% | -1.1% |

Council Tax performance after 9 months is almost on par with that of last year which, given the credit crunch, is well received. The numbers of reminder notices issued in this period is slightly up on last year, however the number of summonses issued is considerably up. The final few months to end of March will be critical as the effects of the credit crunch potentially may begin to have a more severe impact. Constant monitoring of the position is ongoing.

An increasing number of requests to agree payment arrangements are being received and sympathetically supported whenever possible.

A reduction in collecting Business Rates when compared to last year is completely expected and is a consequence of, largely, the change in legislation ending the relief/exemption to the rates charged on empty properties, but no doubt the impacts of the credit crunch are also having a substantial effect.

Direct year-on-year comparison with last year is made more difficult due to the Grand Arcade development during last year which skewed in-year collection performance. Comparison with 2006/07 shows a reduction of 0.5% which is considered far more meaningful for this purpose.

Recovery action in 2008/09 is largely consistent with that last year, and which is already identifying the problem areas typically are pubs, clubs and the late opening establishments who are not paying. Constant monitoring is ongoing.

It is worth reminding that for 2008/09, we are billing an additional debit of over £6.1m (of which about £3.2m relates to empty properties previously exempt), equivalent to an overall increase of almost 8.9%.

The current position in respect of Council Tax and NNDR amounts collected in respect of all previous financial years is given below to demonstrate the continuing progress made after the end of each financial year.

| Council Tax | Amount Due | Amount Paid | % Collected |
|--------------------|----------------------|----------------------|--------------------|
| 1993/94 | 44,702,151 | 44,502,020 | 99.55% |
| 1994/95 | 41,278,027 | 41,128,490 | 99.64% |
| 1995/96 | 43,792,337 | 43,631,515 | 99.63% |
| 1996/97 | 49,979,999 | 49,768,800 | 99.58% |
| 1997/98 | 54,453,160 | 54,187,184 | 99.51% |
| 1998/99 | 57,677,754 | 57,362,661 | 99.45% |
| 1999/2000 | 63,053,981 | 62,653,873 | 99.37% |
| 2000/01 | 68,103,224 | 67,618,575 | 99.29% |
| 2001/02 | 74,482,467 | 73,994,626 | 99.35% |
| 2002/03 | 78,817,954 | 78,275,014 | 99.31% |
| 2003/04 | 86,028,274 | 85,369,157 | 99.23% |
| 2004/05 | 89,086,377 | 88,327,200 | 99.15% |
| 2005/06 | 94,054,543 | 93,080,337 | 98.96% |
| 2006/07 | 97,862,902 | 96,473,855 | 98.58% |
| 2007/08 | 102,654,892 | 100,393,696 | 97.80% |
| Total | 1,046,028,042 | 1,036,767,003 | 99.11% |

| NNDR | Amount Due | Amount Paid | % Collected |
|--------------|--------------------|--------------------|--------------------|
| 1990/91 | 37,683,008 | 37,018,432 | 98.24% |
| 1991/92 | 37,770,004 | 37,246,670 | 98.61% |
| 1992/93 | 32,625,346 | 32,233,963 | 98.80% |
| 1993/94 | 28,418,464 | 28,050,605 | 98.71% |
| 1994/95 | 29,384,892 | 29,093,141 | 99.01% |
| 1995/96 | 32,486,326 | 32,146,697 | 98.95% |
| 1996/97 | 34,947,289 | 34,545,404 | 98.85% |
| 1997/98 | 38,532,069 | 38,057,065 | 98.77% |
| 1998/99 | 43,593,520 | 43,039,075 | 98.73% |
| 1999/2000 | 46,985,378 | 46,238,527 | 98.41% |
| 2000/01 | 51,053,349 | 50,365,267 | 98.65% |
| 2001/02 | 55,088,913 | 54,393,382 | 98.74% |
| 2002/03 | 57,267,522 | 56,607,454 | 98.85% |
| 2003/04 | 58,039,260 | 57,409,565 | 98.92% |
| 2004/05 | 59,825,742 | 59,142,651 | 98.86% |
| 2005/06 | 60,590,455 | 59,770,304 | 98.65% |
| 2006/07 | 63,415,478 | 62,762,375 | 98.97% |
| 2007/08 | 67,345,409 | 66,511,559 | 98.76% |
| Total | 835,052,424 | 824,632,136 | 98.75% |

10. Update on Bankruptcy.

Since commencement of bankruptcy action in August 2005 we have instigated action against 110 people whose total debt amounted to over £620,000. Of these, 63 have paid their accounts in full, resulting in a total of over £375,000 having been recovered.

47 people have been made bankrupt, with 8 cases amounting to over £32,000 having paid in full post bankruptcy. The remaining 39 cases are with the Official Receiver, or appointed trustee, who should be looking to recover the debt via the sale of assets.

Bankruptcy action to recover debt, although effective is a time consuming and costly recovery method. Once a person is made bankrupt the Official Receiver or Insolvency Practitioner is given the responsibility for administering the bankruptcy. The level of costs involved will reflect the complexity of the matters and extent to which a person co-operates with the Trustee. In most cases this amount can be many times greater than the Council Tax debt.

Initially, cases with a total debt of about £5,000 were targeted but now, some 3 years into use of bankruptcy, and with the success of this action, this amount has reduced to about £2,000 and the ongoing number of cases has slowly diminished.

With support from the Department's Legal Division, we are currently reviewing our procedures, including the documentation issued to taxpayers.

In this interim period, and in the current financial climate recognising the difficulties being faced by taxpayers, we have temporarily placed a hold on instigating fresh action. However, until this review is finalised, we will continue to warn individuals that bankruptcy action may be taken as part of our recovery procedures, issuing leaflets produced by the Insolvency Service with any correspondence, together with the leaflet we are enclosing with reminder notices providing details of where customers can find a range of relevant impartial welfare advice on benefits and debt.

11. NNDR Changes for 2009/10.

The Chancellor, in his Pre Budget Report in November, announced several changes to be made to NNDR legislation for 2009/10 financial year.

- ◆ Empty Properties – an increase in the rateable value threshold from £2,200 to £15,000 at which empty rate charges become payable. Across the country, this change is expected to relieve about 70% of business from paying rates on empty properties and affects mainly small businesses.
- ◆ A minor change to the legislation to enable occupiers of new premises that would qualify for relief under the Small Business Scheme to apply for relief in the first financial year when the premises are first occupied part way through the year. Existing legislation permits the application to be considered from 1 April of following year only, thus losing some potential part year award.
- ◆ Changes specific to back-dating of assessments relating to ports (does not affect any properties in this authority).

12. Collection of Sundry Debtor Income.

1. Background:

Wigan Council's Income Group undertakes the debt recovery for sundry and periodic income due from the invoices raised by all the Council Departments.

Debt recovery facilities are also provided for GM Fire and Rescue Service by Wigan Council Income Group and invoices to the value of £2.8m were raised in 2007/08 and £1.3m in the first three quarters of 2008/09. Details are reported to them separately and the rest of this report will deal with Wigan Council invoices only.

2. Performance Summary:

The table shown here shows the current statistics for Wigan Council in the first three quarters of the current financial year:

| Details | £m 2007/08 | £m 2008/09 |
|-----------------------------------|-------------|-------------|
| B/fwd at 1 st April 08 | 6.7 | 10.1 |
| Raised in QTRS 1, 2 & 3 | 55.9 | 48.2 |
| Total to collect | 62.6 | 58.3 |
| 90 days+ at end Dec 08 | 3.0 | 2.6 |
| With Legal at end Dec 08 | 0.06 | 0.5 |

The sale of Trencherfield Mill meant that unusually large value invoices were raised in 2007/08, otherwise, debt over 90 days old at the end of December decreased.

Most legal action is undertaken by Wigan Council Income Group, only very few invoices are referred to Legal Services, mainly for changes in leases and currently one very large bill for £472k.

3. Aged Debt Review

| YEAR | £ Debt at 31.03.08 | £ Debt at 31.12.08 | £ Change |
|--------------|----------------------|---------------------|----------------------|
| 1995/96 | 232.72 | - | -232.72 |
| 1996/97 | 931.07 | 730.98 | -200.09 |
| 1997/98 | 4,164.77 | 2,962.55 | -1,202.22 |
| 1998/99 | 34,001.64 | 32,955.32 | -1,046.32 |
| 1999/00 | 11,478.63 | 7,499.06 | -3,979.57 |
| 2000/01 | 12,481.81 | 10,694.14 | -1,787.67 |
| 2001/02 | 19,397.89 | 17,154.62 | -2,243.27 |
| 2002/03 | 34,436.76 | 28,437.76 | -5,999.00 |
| 2003/04 | 101,835.47 | 57,148.73 | -44,686.74 |
| 2004/05 | 148,045.76 | 94,339.96 | -53,705.80 |
| 2005/06 | 288,281.41 | 220,159.26 | -68,122.15 |
| 2006/07 | 416,037.19 | 240,726.23 | -175,310.96 |
| 2007/08 | 8,930,279.43 | 1,091,959.24 | -7,838,320.19 |
| TOTAL | 10,001,604.55 | 1,804,767.85 | -8,196,836.70 |

Action continues across all these years to recover the outstanding amounts, the time taken to collect these debts is usually due to being one of the following:

- Instalments
- Disputes
- At various stages of court recovery
- With Legal Services

Please note that a debt is never written off if there is a possibility that it may be recovered.

4. Debt by Recovery Status

The following report shows the recovery status of debt over 1 year old at 31.12.08

| CODE | DETAIL | £ VALUE |
|--------------|-----------------------------|---------------------|
| AB | Housing Benefits Appeal | - |
| AR | Being Processed | 2,096.98 |
| BF | Review on a Particular date | 1,595.99 |
| C8 | Clearing Other Bills First | 12,859.93 |
| K1 | Bailiff Re-Referral | 3,910.07 |
| L1 | In For Summons | 29,876.33 |
| L2 | Summonsed | 47,845.28 |
| L3 | Judgement Given | 655,022.97 |
| L4 | Bailiff Referral | 26,492.23 |
| L6 | Attachment of Earnings | 2,336.54 |
| L9 | Referred to Legal | 513,913.44 |
| PP | Instalments | 181,906.09 |
| WO | In for Write-off | 57,763.00 |
| XX | Partners (eg Leisure) etc | 29,190.00 |
| TOTAL | | 1,563,212.86 |

In most of these cases action continues or is being monitored or are being paid by instalments. Others, e.g. in for write-off, are awaiting authorisation and/or certification before being cleared.

5. Write-Offs:

Certain debts become irrecoverable and are ultimately written-off. A summary of debt written off in the last two full years is shown here:

| YEAR | NUMBER | £ VALUE |
|---------|--------|------------|
| 2006/07 | 2,588 | 229,558.73 |
| 2007/08 | 2,515 | 156,543.24 |
| 2008/09 | 942 | 136,512.65 |

Before any invoice is written-off every avenue is explored to ensure debt recovery is maximised. If deemed irrecoverable, they checked by the Income and Payments Manager who can write-off up to £5.00 without further certification, the rest are validated by Internal Audit then certification through delegated powers by:

- Head of Finance Division in Business Support Services - up to £1,500.00
- Executive Director Business Support Services - up to £15,000.00
- Items above £15,000.00 are referred to Committee.

Most invoices are written-off because either debtors have absconded leaving no traceable address or those invoices where continued recovery is not economic and would only cost the Council more money to recover without little possibility of successful recovery.

Whilst write-offs are a part of debt recovery in 2007/08 only 0.3 % was written off at Wigan Council compared to the national average of 0.4%.

6. Further Statistical Returns:

As a member of benchmarking groups with Chartered Institute of Public Finance and Accounting (CIPFA) and Greater Manchester Association of Metropolitan Treasurers (GMAMT) Benchmarking and has provided information for both on an annual basis for some years. Recent years have shown the Income Group to be one of the best debt recovery sections in the North West, if not the country. The latest report has now been received and the results show the following:

| DETAILS | WIGAN | NATIONAL |
|--------------------------|-------|----------|
| Write-offs as % of debt | 0.3% | 0.4% |
| Instalments as % of debt | 2.5% | 6.0% |
| Referred to Legal* | Trace | 0.6% |
| Credit Notes | 2.0% | 7.0% |
| Cost per invoice | £6.00 | £10.00 |
| Cost per £000 of debt | £3.00 | £9.00 |
| Invoices per FT Employee | 9,773 | 6,149 |
| Good Practice Score | 86% | 71% |

As the figures show, the Income Group once again have scored highly and in many aspects significantly better than the national average in all the above categories.

7. Future Arrangements:

Discussions are still taking place with regard to referring written-off debt to an outside agency who will attempt to recover some of the debts that have been deemed uneconomic to recover – anything received will be a bonus to the Council. This will be reported on at a future date.

Discussions are taking place concerning the unification of the Debtors function, findings and details of this will also be provided at a future date.

8. Conclusions:

The debt recovery function is being managed well, and statistics show that Wigan Council is one of the very best in this particular function. The credit crunch obviously has a major effect on people's lives and this may be reflected in future reports, but the same high standard of service will be applied to maximise the debt recovered with understanding of individuals' circumstances in the present financial climate.

13. Benefits Administration

We continue to process new claims and changes in circumstances within an average of 23 days, our 2008/09 target being 22 days for the full year.

Benefit claims and expressions of interest in claiming continue to rise in view of the effects of the current financial climate and the Department for Work and Pensions is urgently looking towards assisting all Local Authorities to cope with the situation.

We continue to monitor the situation and have already moved resources within the Division to cope with the increase in claims.

Benefit Reviews

The Department for Work and Pensions set a target for us to identify 18,781 changes in circumstances during 2008/09. However, we set a more challenging local target of 20,000 cases for the full financial year.

Current performance is 20,418 cases and the projected figure for the full year is now in excess of 27,000. This means that, as at 1 January 2009, the achievement against the annual DWP target is 108% of the Department for Work and Pensions target and 102% of our local target.

Our projections also show that, at the rate that changes in circumstances have been identified for the first nine months of the year, we would exceed the Department for Work and Pensions target by around 45%.

This is one of the areas from which resources have been diverted to address the increase in claims mentioned earlier.

Benefit Fraud

The Department for Work and Pensions has set a target of 145 sanctions for 2008/09. Performance to date is given below:

| Sanction Applied | No. of Cases |
|-------------------------|---------------------|
| LA Caution | 48 |
| Administrative Penalty | 34 |
| Successful Prosecutions | 29 |
| Total | 111 |

From the above, it can be seen that we are well placed to exceed the target set for the year.

Diversity Impact Assessment form

Section: Revenues, Benefits and Miscellaneous Income

Policy/Service Area: Business Support Services

Person Completing Form: Alan Cartwright

Date: 15/01/09

Do any of the below groups suffer specific disadvantage (please indicate)

| | Yes | No | | Yes | No |
|-----------|-----|----|--------------------|-----|----|
| Race | | No | Disability | | No |
| Ethnicity | | No | Gender | | No |
| Age | | No | Religion | | No |
| Class | | No | Sexual Orientation | | No |

Is there evidence of disadvantage or associated problems?

No

How was the information collected and/or who have you consulted with?

N/A

Action Plan – *What specific actions are planned to tackle any disadvantage identified?*

N/A

Is the policy in line with current equality legislation and relevant codes of practice?

Yes

| | |
|----------------|-----|
| Timescale | n/a |
| Responsibility | n/a |
| Comments | n/a |

Are the actions specified included in any other documents/plans?

| | |
|---------------------------|---------------------------|
| Departmental Service Plan | Yes |
| Section/Team Plan | Departmental Service Plan |
| Other (Specify) | n/a |

| | |
|-------------------------|------------|
| Date for further review | March 2009 |
|-------------------------|------------|