

Report to: Executive Board – 10th October 2005

REVENUE & BENEFITS – IMPROVED COLLECTION RATES

Report of: Strategic Director for Finance & Corporate Services.	WARDS AFFECTED ALL
Report Author: Mike Baish Finance & Asset Management Business Manager Tel No. 01865 252708 Email: mbaish@oxford.gov.uk	
Lead Member Responsible: Alex Hollingsworth	
Scrutiny Committee Responsibility: Finance	
Key Decision: No	
SUMMARY AND RECOMMENDATIONS	
<p>Income from commercial debt, services charges and sundry debtors appears within the relevant service accounts.</p> <p>Income from housing benefit overpayments appears within ‘Local Cost of Benefits’</p> <p>Council Tax is accounted for within the Collection Fund and does not appear in any of the Council’s service accounts.</p> <p>There is no direct relationship between the amount of cash collected and the favourable impact in the accounts. The latter will arise through the assessment at year-end of the level of arrears and the age of the debts and the provision required to meet bad and doubtful debts. Whilst additional collections will affect this, the impact will only be a proportion of the debt collected.</p>	

1. Introduction

At the meeting on 12th September, when considering the first quarters budget monitoring report, Members noted the budget pressures on the Revenues and

Benefits Business Unit and asked for a further report to the October meeting of the Board explaining where the additional income collected shows in the accounts, and favourable impacts of this outside of the Revenues and Benefits Business Unit.

2. Incomes and NNDR team

The reductions in debt achieved in 2004/2005 are:

	Outstanding 31/3/2004 £000's	Collected 2004/2005 £000's	Reduction %
Commercial debt	683	402	59
Housing Benefit Overpayments	3,350	261	8
Service charges	45	27	60
Sundry debtors	589	312	53

Commercial debt

Income from commercial debt appears within the relevant service accounts (e.g. property rents within 'Commercial Properties' in the Financial & Asset Management Business Unit).

A favourable impact in the service accounts appears only when the level of debts written off, or bad debts provided for, reduces.

Housing Benefit overpayments

Income from housing benefit overpayments appears within 'Local Cost of Benefits' in the Revenues and Benefits Business Unit.

A favourable impact in the service accounts appears only when the level of debts written off, or bad debts provided for, reduces.

Service charges

Income from service charges appears within the relevant service accounts (e.g. 'Tower Blocks and Shops Services' in the Housing Services Business Unit).

A favourable impact in the service accounts appears only when the level of debts written off, or bad debts provided for, reduces.

Sundry debtors

Income from sundry debtors appears within the relevant service accounts (e.g. 'Building Control' in the Built Environment Business Unit).

A favourable impact in the service accounts appears only when the level of debts written off, or bad debts provided for, reduces.

In each of these areas there is no direct relationship between the amount of cash collected and the favourable impact in the service accounts. The latter will arise through the assessment at year-end of the level of arrears and the age of the debts and the provision required to meet bad and doubtful debts. Whilst additional collection will affect this, the impact will only be a proportion of the debt collected.

3. Council Tax

Council Tax is accounted for within the Collection Fund and does not appear in any of the Council's service accounts.

Additional income collected reduces the net debt outstanding that is shown within the Balance Sheet.

A favourable impact on the Collection Fund appears only when the level of debts written off, or bad debts provided for, reduces.

There is no direct relationship between the amount of Council Tax cash collected and the favourable impact in the Collection Fund accounts. The latter will arise through the assessment at year-end of the level of arrears and the age of the debts and the provision required to meet bad and doubtful debts. Whilst additional collection will affect this, the impact will only be a proportion of the debt collected.

The proceeds of the Collection Fund are used to meet the precepts issued by Oxfordshire County Council and Thames Valley Police Authority, and the demand from this Council. In 2004/2005 this Council's share was 17% of the total.

3. Impact in financial accounts

The changes in provisions related to debts collected by Revenues and Benefits Business Unit in 2004/2005 are as follows:

	£000's
Service Accounts (savings to the Council)	
Housing Benefit Overpayments	162
Sundry debtors	17
Collection Fund (no direct benefit to the Council)	
Council Tax	(778)
Business Rates	615

The additional staff cost pressures within the Revenues and Benefits Business Unit in 2005/2006 reported at your last meeting amount to £133,000 in total relating to collection of debts:

Incomes and NNDR team	£54,000
Council Tax team	£79,000

If the saving to the Council of £179,000 achieved in 2004//2005 is repeated in the current year this would cover the additional costs.

<p>This report has been seen and approved by: Councillor Alex Hollingsworth- Portfolio Holder Mark Luntley, Strategic Director, Jeremy Thomas, Head of Legal and Democratic Services</p>
--

There are no background papers