

Appendix A – Background, Trends and Insights

Overall

1. This Appendix provides current, trend and provision information for the main categories of debt over the last four years. Table 1, below sets out the position as at 31st March for overall debt. The main areas of debt are – Sundry debt, Housing Benefits Overpayments (HBOP), Housing Revenue Account (HRA) and Collection Fund (i.e. Council Tax and Business Rates).

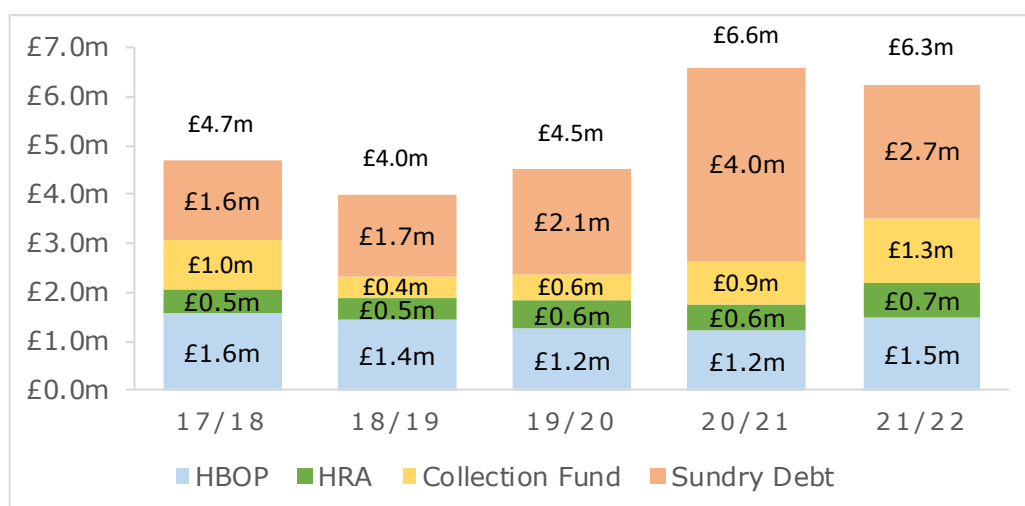
Table 1: Age profile of the overall debt as at 31st March 2022

| Type | New Debt (0% Provision) £k | to 12 Months (10% - 50%) £k | +1 Year (+90% Provision) £k | Total £k | 2020/21 Balance Sheet Position £k | Movement £k |
|--|----------------------------------|-----------------------------------|-----------------------------------|--------------|---|----------------|
| Sundry debt | 1,800 | 354 | 568 | 2,722 | 3,969 | (1,247) |
| Housing Benefits Overpayment | 161 | 200 | 1,144 | 1,505 | 1,214 | 291 |
| HRA | 38 | 267 | 374 | 679 | 552 | 127 |
| Collection fund | | 774 | 571 | 1,345 | 930 | 415 |
| Debt | 1,998 | 1,595 | 2,658 | 6,251 | 6,665 | (413) |
| SCC, SPCC & DLUHC Collection Fund | | 3,156 | 2,883 | 6,040 | 3,944 | 2,096 |
| Provision | 0 | (851) | (4,764) | (5,615) | (4,791) | (824) |
| Debt before Final Year end Transactions | 1,998 | 3,900 | 777 | 6,676 | 5,818 | 858 |
| Other ¹ | | | | 0 | 8,848 | |
| Balance sheet | 1,998 | 3,900 | 777 | 6,676 | 14,666 | 858 |

Collection Fund debt is the TDC share of the outstanding debt.

Note 1: Other for 20/21 mainly covers - £6.8m technical adjustments for Council Tax and Business rates Collection Funds, £0.6m Accruals £0.5m Payments in Advance, £0.4m BIDs, £0.3m VAT, and £0.2m Quadrant House & rent deposits. Whilst 21/22 accounts are still being prepared there is no equivalent figure.

Graph 1: Collection Fund, HRA, HBOP and Sundry Debt position over the last 3 years:



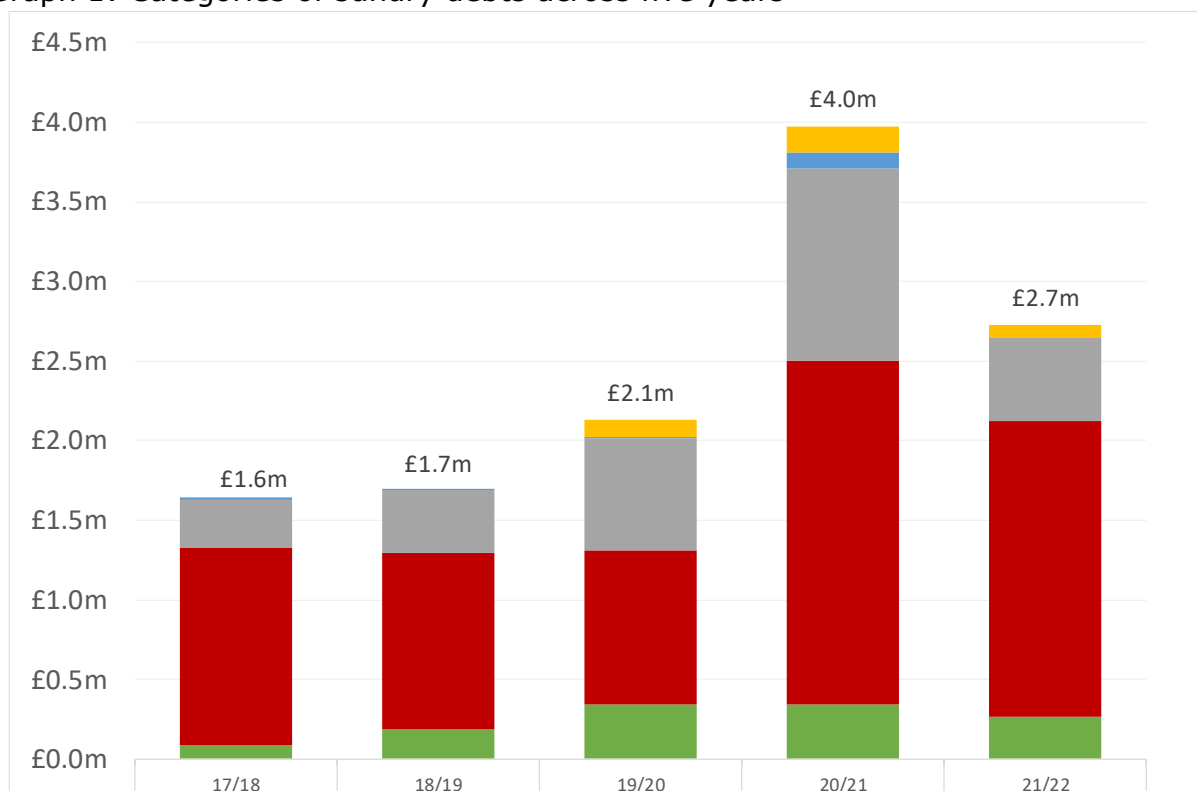
Sundry Debt

- Background:** 'Sundry Debt' groups together Community Infrastructure Levy charges (CIL), Southern Building Control Partnership, Tandridge Community Services (TCS / Depot) and other sundry debts (eg: Pre-Application Planning Service, Leaseholder Management Charges, Licenses, and other Fees & Charges not related to the HRA, Housing Benefits overpayment, and Collection Fund).
- Sundry Debts are held on the Agresso system. It is administered by Finance but old debts are transferred to Revenues & Benefits – Central Debt Unit.

Table 2: Age profile of the Sundry debt as at 31st March 2022

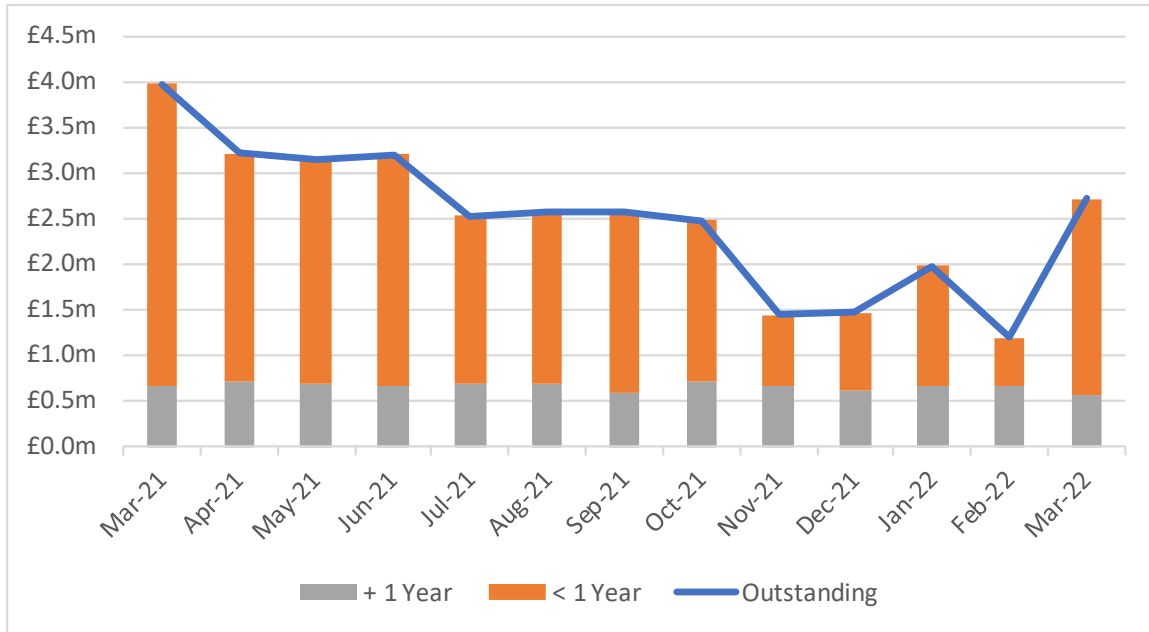
| Type | < 1 Month | 1 - 6 Months | 7 - 12 Months | +1 Year | Total | 2020/21 Position | Change |
|----------------------------------|--------------|--------------|---------------|------------|----------------|------------------|----------------|
| | £k | £k | £k | £k | £k | £k | £k |
| Sundry Debt | 1,737 | 93 | 19 | 263 | 2,112 | 2,495 | (383) |
| TCS / Depot | 0 | 0 | 0 | 0 | 0 | 97 | (97) |
| Community Infrastructure Levy | 27 | 89 | 124 | 293 | 534 | 1,214 | (680) |
| Southern Building Control Partne | 36 | 23 | 5 | 12 | 76 | 163 | (87) |
| Sundry Debt | 1,800 | 206 | 148 | 568 | 2,722 | 3,969 | (1,248) |
| 20/21 Position | 2,252 | 877 | 171 | 669 | 3,969 | | |
| Change (improve) / Deteriorate | (452) | (671) | (23) | (101) | (1,248) | | |

Graph 1: Categories of sundry debts across five years



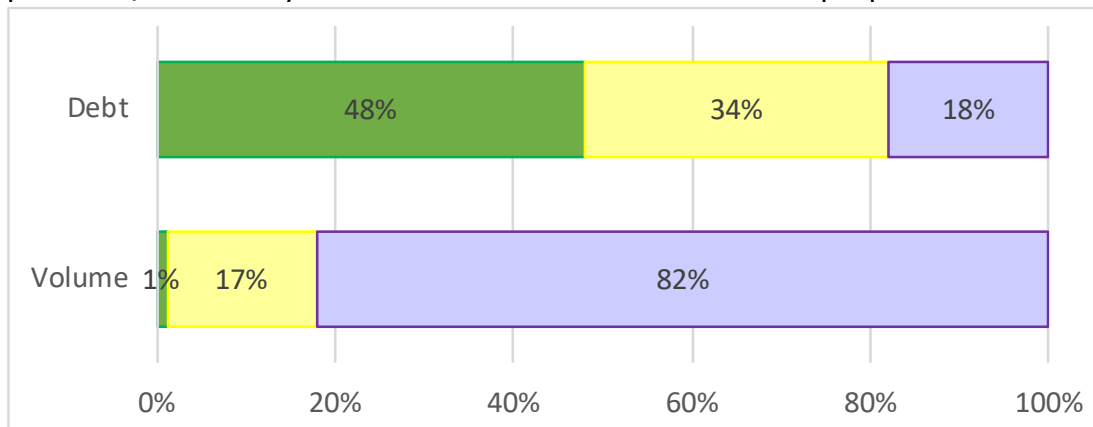
Key: **Green:** Bad Debt provision relating to Sundry debts (red), **Red:** Sundry Debt not covered by bad debt provision, **Grey:** CIL, **Blue:** TCS/ Depot, **Yellow:** Southern Building Control Partnership

Graph 2: Sundry debt profiled over 21/22



Key: old debt remains consistently static over the 12 months whereas less than 12 months has been reducing.

Graph 3: 21/22 Sundry Debts Volume and Financial value proportion



Key: low value (under £500), mid value (£500 to £5k debts), to high value (over £5k)

Observations

- Over the last twelve months debts have significantly reduced especially related to CIL. This was due to a small number of large debts being recovered.
- Over 12 Months current debt has reduced as noted in the middle graph. Headway has been masked through a large volume of invoices being raised in March.
- The typical ratio between volume and size is evidenced in graph three. Financial value is accounted for through over 80% of debts over £500 but only relates to less than 20% of the volume of debts.

Housing Benefits Overpayments (HBOP)

4. Background: Housing Benefits can help pay the claimant's rent either in private or council housing. Housing Benefits Overpayments are when a resident has been paid Housing Benefits they aren't entitled too. Possibly due to when circumstances have change without notifying the Council. Therefore, Tandridge needs to recoup these overpayments.
5. HBOP is currently held on the NEC system for current clients and Academy for former clients. The former clients will be migrated later in 2022. It is administered through apportions of staff across within Housing and Revenues & Benefits.

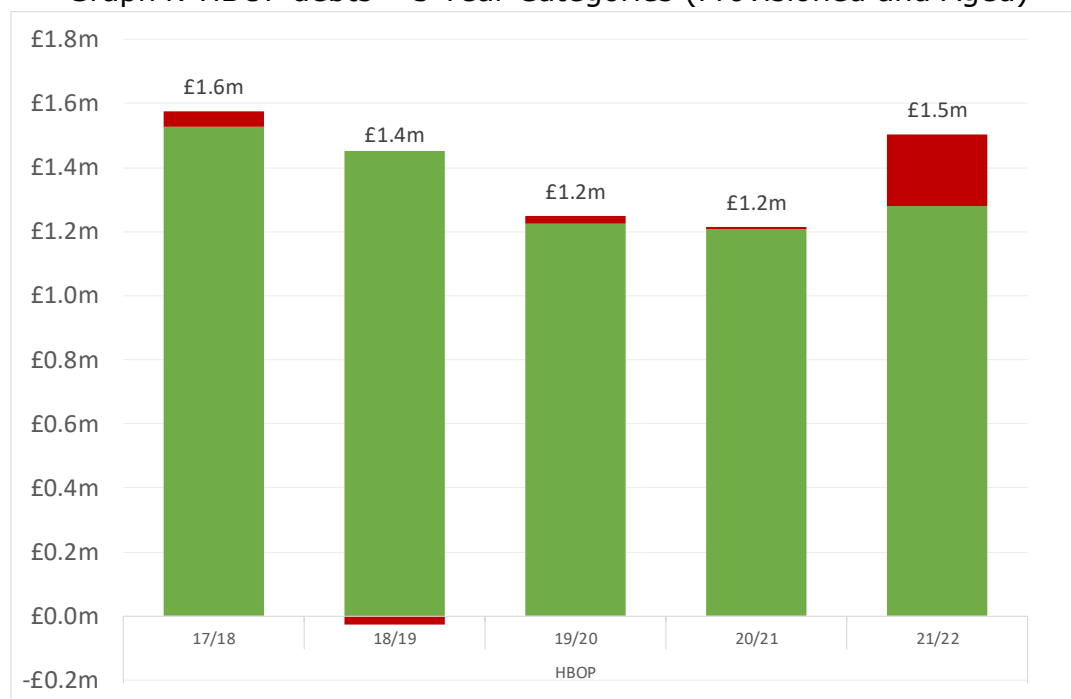
Table 3: Age profile of the HBOP debt as at 31st March 2022

| Type | < 3 Month £k | 3 - 12 Months £k | 1 Year £k | +2 Year £k | Total £k | 2020/21 Position £k | Change £k |
|-------------------------------|-----------------|---------------------|--------------|---------------|--------------|------------------------|--------------|
| Private Tenants | 98 | 117 | 59 | 825 | 1,098 | 979 | 119 |
| Council Tenants | 63 | 84 | 7 | 223 | 376 | 205 | 171 |
| Other | 0 | 0 | 4 | 26 | 31 | 29 | 1 |
| HBOP | 161 | 200 | 70 | 1,074 | 1,505 | 1,214 | 291 |
| 20/21 Position | 39 | 92 | 91 | 992 | 1,214 | | |
| Change(Improve) / Deteriorate | 122 | 108 | (21) | 82 | 291 | | |

Note: All numbers have been rounded - which might cause a casting difference.

Other – Discretionary Housing payments, administrative penalties and Council Tax transfers

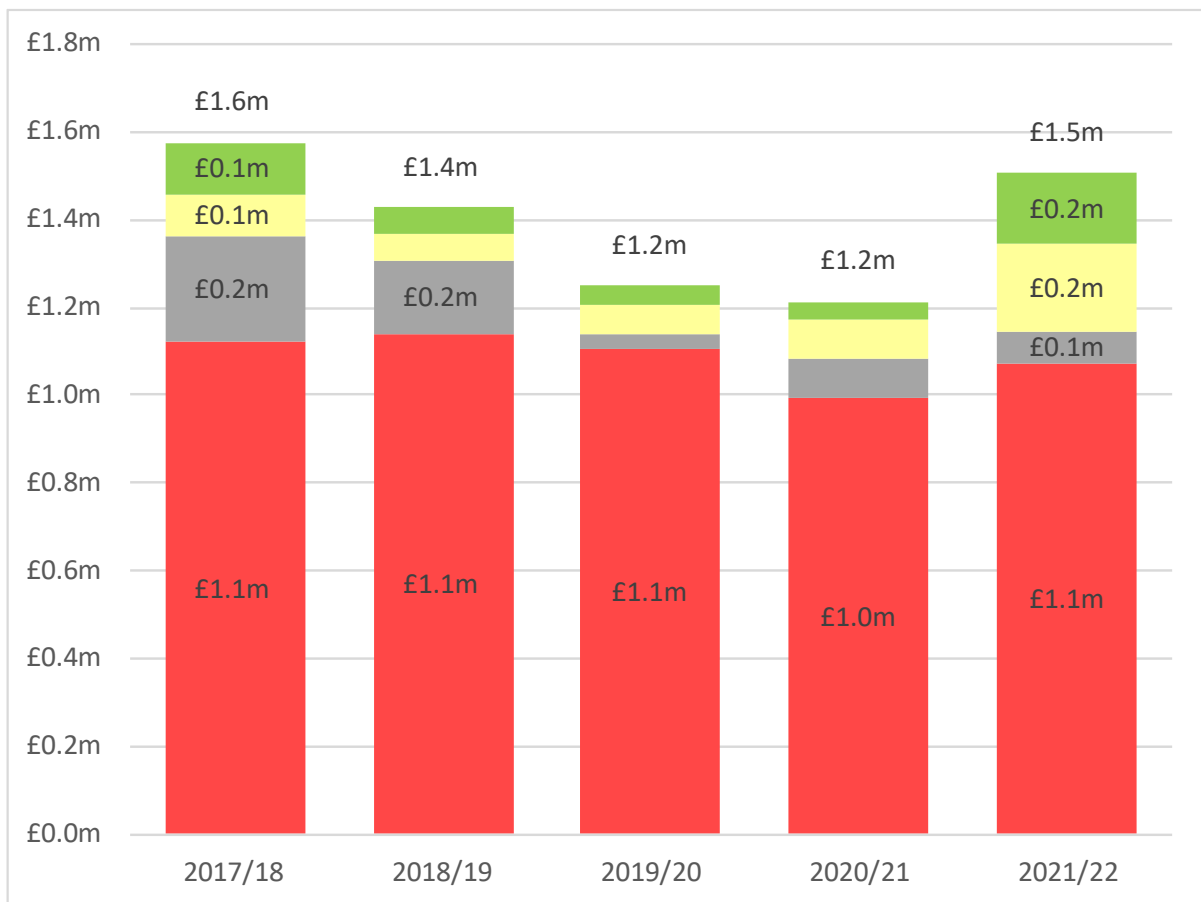
Graph4: HBOP debts – 5 Year Categories (Provisioned and Aged)



Key: **Green:** Bad Debt provision relating to Sundry debts (red), **Red:** Debt not covered by bad debt provision

Note: in 18/19 the debt provision exceeded the amount of debt due to the consistent methodology

Graph 5: HBOP debt aged profiled



Key: Over 1 year, 7 to 12 Months, 3 to 6 months, and less than 3 Months

Observations

- Old debt (over 12 months) remains consistently static (over 70% of debts)
- Up to 2020/21 over 96% of the debt has been covered by the bad debt provision
- Large increase in debt due to covid, and system implementation has resulted in higher debtor balances in 21/22

Housing Revenue Account (HRA)

6. Background: Housing Revenue Account is the income and expenditure relating to the management and maintenance of the housing stock. Debts would mainly relating to rent of the housing stock or garages and have been split into current and former tenants.
7. The HRA is held on the Orchard system. It is administered through apportions of staff across within Housing and Revenues & Benefits.

Table 4: Age profile of the HRA debt as at 31st March 2022

| Type | < 1 Month | 1 - 6 Months | 7 - 12 Months | +1 Year | Total | 2020/21 Position | Change |
|-------------------------------|-----------|--------------|---------------|------------|------------|------------------|------------|
| | £k | £k | £k | £k | £k | £k | £k |
| Rents, Garages & Hostel | 30 | 70 | 53 | 221 | 374 | 376 | (2) |
| Former Tenants | 8 | 127 | 17 | 153 | 305 | 176 | 129 |
| HRA | 38 | 197 | 70 | 374 | 679 | 552 | 127 |
| 20/21 Position | 34 | 50 | 38 | 431 | 552 | | |
| Change(Improve) / Deteriorate | 4 | 148 | 32 | (56) | 127 | | |

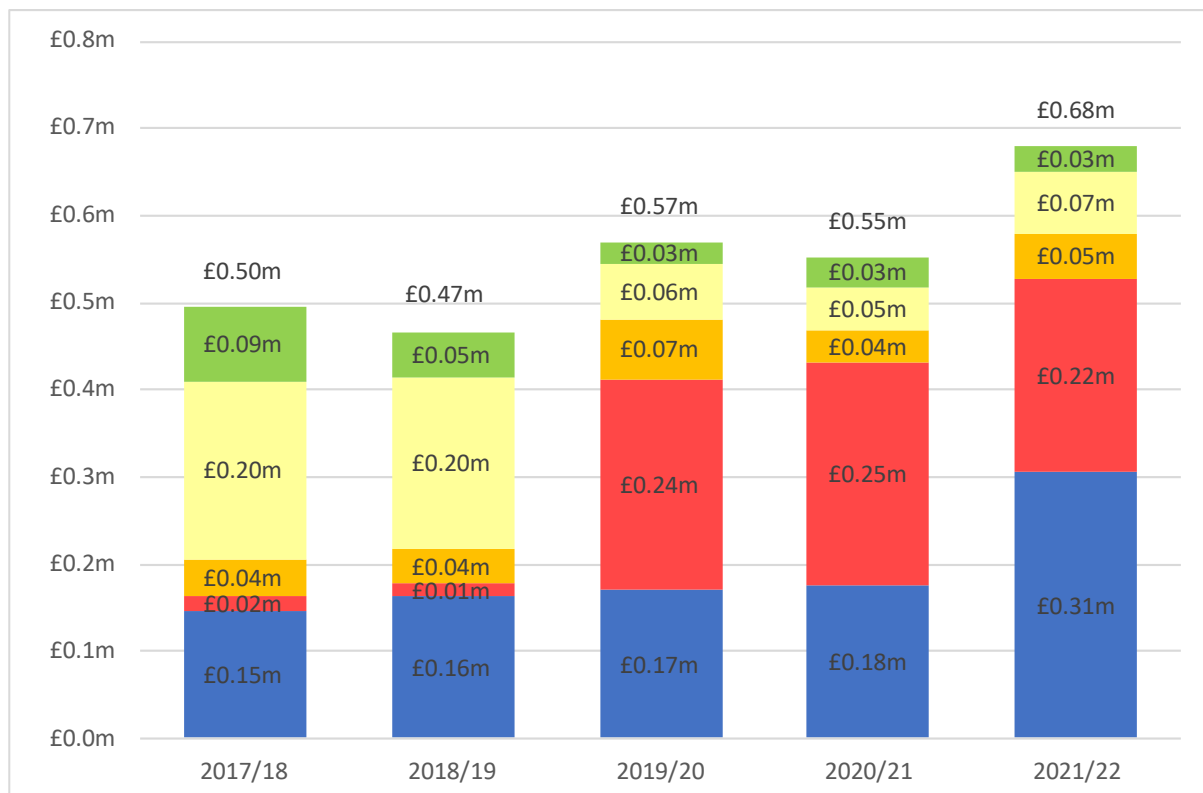
Note: All numbers have been rounded - which might cause a casting difference

Graphs 6: HRA Debt proportioned cover by provision over the last five years.



Key: **Green**: Bad Debt provision relating to Sundry debts, **Red**: Debt not covered by bad debt provision

Graph 7: HRA debt aged profiled



Key: Former, +1 year, 7 to 12 Months, 1 to 6 months, and less than 1 Month

Observations

- Old debt (exceeding 1 year) & Former tenants has increased by 2.5 times
- Old debt (exceeding 1 year) & Former tenants is now over 75% of the debt
- 23% increase in debt due to covid, and capacity diverted to system implementation in 21/22

Collection Fund – Council Tax (CT)

8. Background: The Collection Fund (Council Tax) is a significant part of any local authority debt position. Tandridge (like other lower tier authorities) collect Council Tax for Surrey County Council, and Surrey Police & Crime Commissioner.
9. If there is uncollected debt outstanding for the Parishes, Tandridge bears the shortfall. CT is now held on the NEC system. It is administered through Revenues & Benefits.

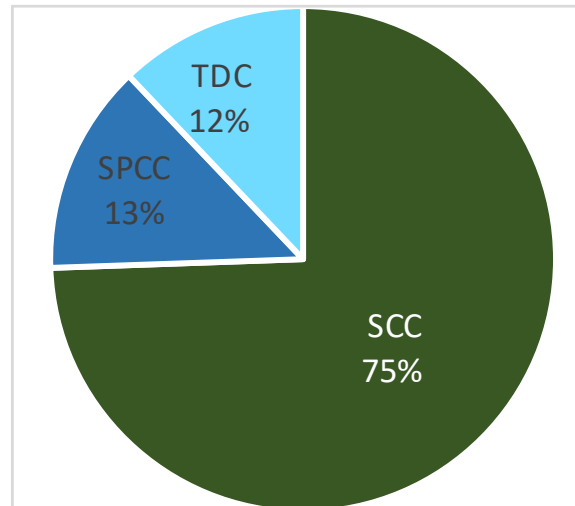
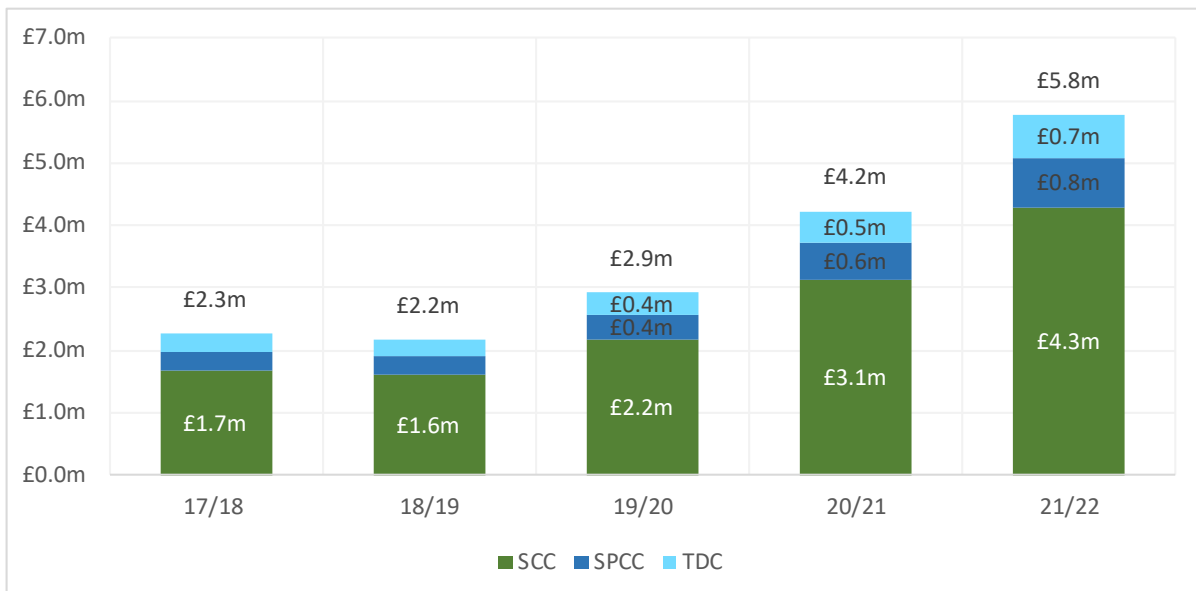


Table 5: Age profile of the Council Tax debt as at 31st March 2022

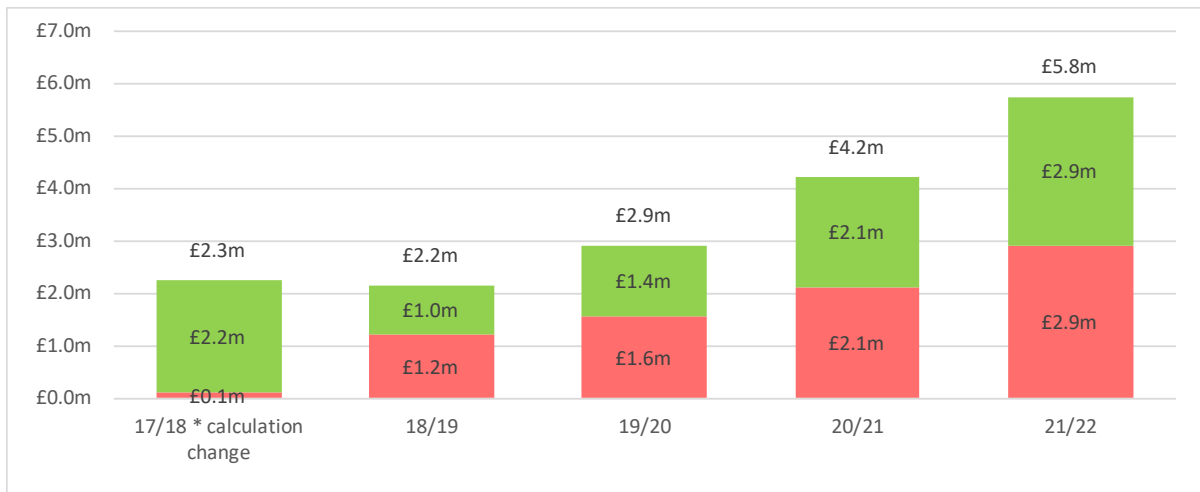
| Type | Current Year £k | Prior Year £k | Total £k | 2020/21 Position £k | Change £k |
|---------------------------------------|--------------------|------------------|--------------|------------------------|--------------|
| Surrey County Council | 2,130 | 2,163 | 4,293 | 3,144 | 1,150 |
| Surrey Police & Crime Commissioner | 385 | 391 | 776 | 568 | 208 |
| Tandridge District Council & Parishes | 346 | 352 | 698 | 511 | 187 |
| Council Tax | 2,862 | 2,905 | 5,767 | 4,223 | 1,544 |

This is the position of debtors before technical adjustments for CT support, Benefits and debt spreading

Graph 8: Council Tax debts – Profile over last 5 years by stakeholder

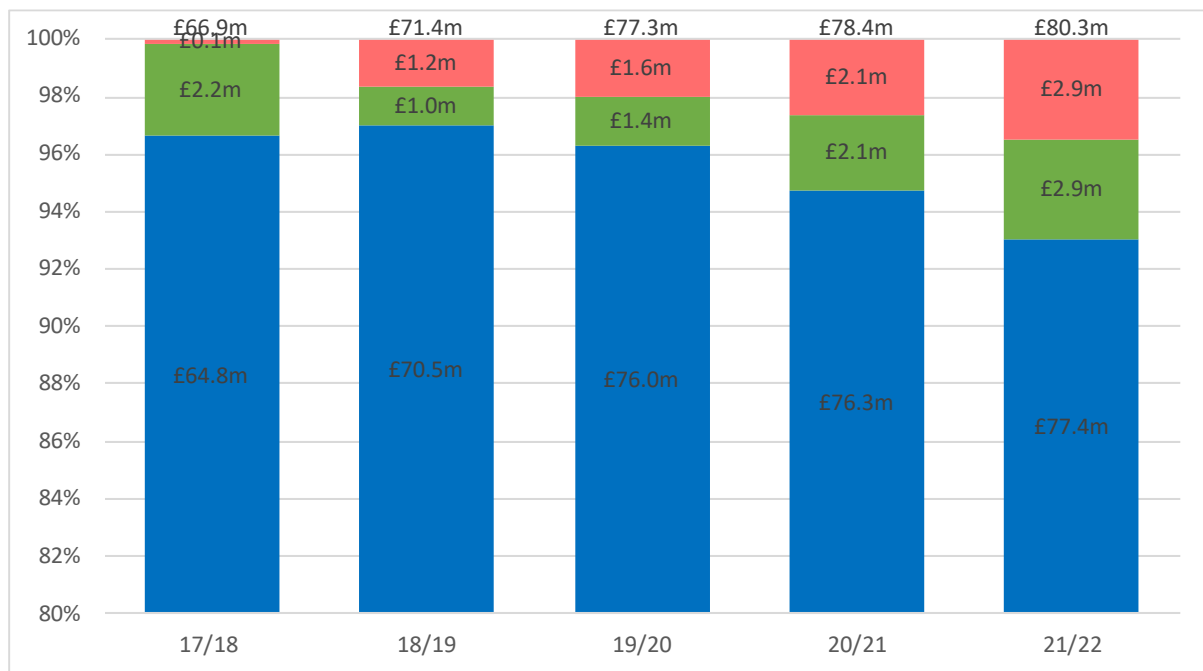


Graph 9: 5 Year profiled by age



Key: Current year debt and Prior year debt

Graph 10 : Estimated v Collection



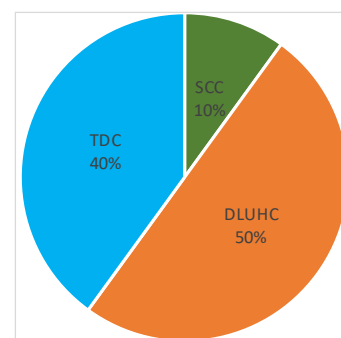
Key: Settled, Current year debt and Prior year debt

Observations

- 37% increase in debt due to covid, and capacity diverted to system implementation in 21/22 (£5.8m v £4.2m)
- Estimated settlements has increased by 2.4% (£80m v £78m)
- Collectability rates have declined (96% v 97%) irrespective that more is being remitted (1.4% more than last year – £77m v £76m)

Collection Fund – Business Rates

10. Background: The Collection Fund (Business Rates¹) is a significant part of any local authority debt position. Tandridge (like other lower tier authorities) collect Council Tax for Surrey County Council, and Central Government. Business Rates Retention scheme does mean that TDC has to return the majority and instead through technical adjustments retains approximately 12%.

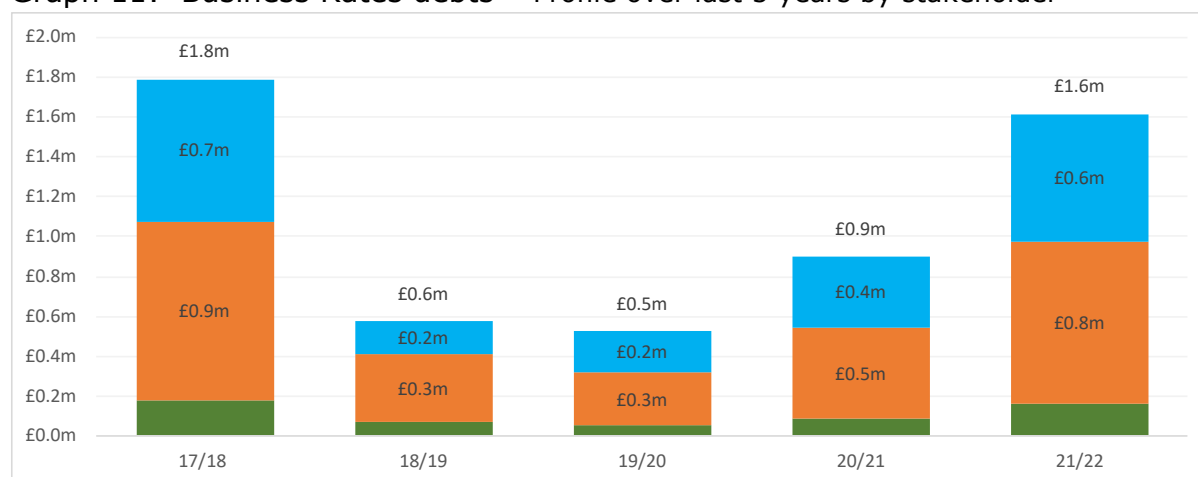


11. Note: Business Improvement District debts outstanding are held on the balance sheet as part of Other debts. Tandridge does not bear any shortfall. Business Rates is now held on the NEC system. It is administered through apportions of staff across Revenues & Benefits.

Table 5: Age profile of the Business Rates debt as at 31st March 2022.

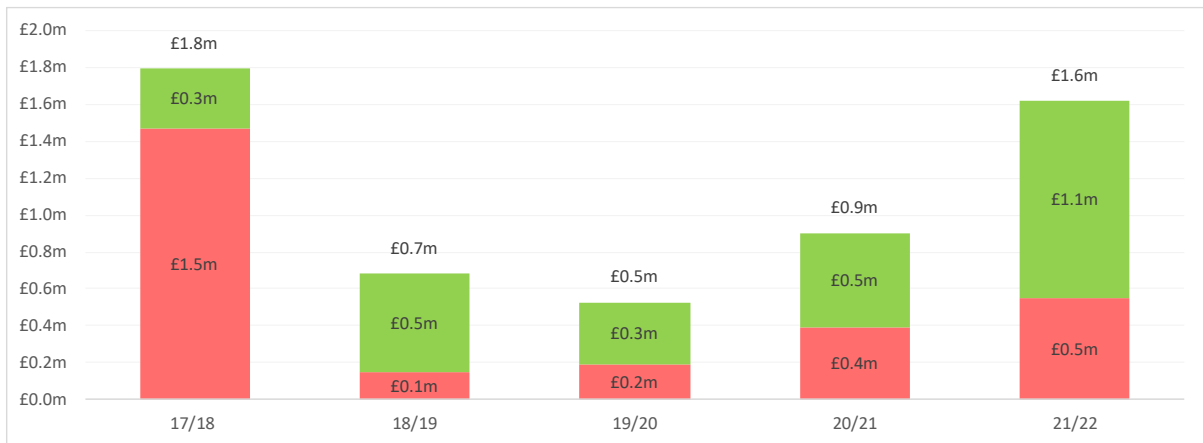
| Type | Current Year £k | Prior Year £k | Adjustments £k | Total £k | 2020/21 Position £k | Change £k |
|--|--------------------|------------------|-------------------|--------------|------------------------|--------------|
| Tandridge District Council | 427 | 220 | | 647 | 361 | 286 |
| Business Rates | 427 | 220 | 0 | 647 | 361 | 286 |
| Surrey County Council | 107 | 55 | | 162 | 90 | 72 |
| Central Government | 534 | 275 | | 809 | 451 | 358 |
| Technical adjustments (Spreading, Appeals, S31 grants) | | | | 0 | 6,876 | |
| Business Rates | 1,068 | 550 | 0 | 1,618 | 7,779 | 715 |

Graph 11: Business Rates debts – Profile over last 5 years by stakeholder



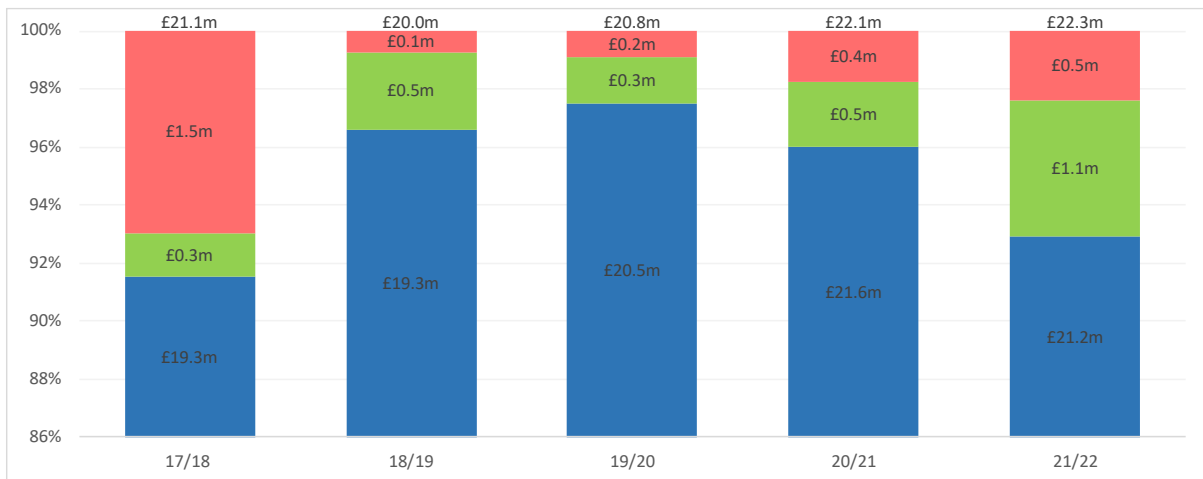
¹ National Non-Domestic Rates (NNDR) is another term for Business Rates

Graph 12: 5 Year profiled by age



Key: Current year debt and Prior year debt

Graph 13 : Estimated v Collection



Key: Settled, Current year debt and Prior year debt

Observations

- Debt has nearly doubled due to Covid-19, and capacity diverted to system implementation in 21/22 (£1.6m v £0.9m)
- Estimated settlements has increased by 0.9% (£22.3m v £22.1m)
- Collectability rates have declined (93% v 96%)
- Collection has also deteriorated (-1.7% less than last year – £21.2m v £21.6m)