

Committee: Finance and Administration
Date: 25 June 2009
Title: Lead Officer's report
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Agenda Item

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Item for
information

Summary

This report updates Members on matters arising from the minutes that are not otherwise on this Agenda and other items of interest.

Recommendations

That the report is noted.

Background Papers

None

Situation/Update

Gt Dunmow CIC move to the library

At the time of writing, final points of operational detail were being concluded with Essex County Council. The new library, and therefore the Council's new CIC, was due to open week commencing 22 June 2009.

Council Offices, 46 High Street, Gt Dunmow

Arrangements to test the market for selling the Council Offices continue to progress well. The Council's Agent has advised the Head of Customer Support & Revenue Services that there were numerous requests for details during May. There have also been several viewings and definite expressions of interest from various parties. Invitations to put forward an offer (not only price, but buying position and conditions attached, subject to planning) have now been issued for return this month. The voluntary sector and CAB, who are currently tenants within the offices, have been advised of progress to date.

Lodge House at Council Offices, Saffron Walden

The Lodge House has now been mothballed. The Head of Customer Support & Revenue Services has been tasked with generating options for future use.

Methods of payment

The Council accepts various methods of payment, including cash and cheque which still make up approximately one third of all remittances received. There are however significant advantages to converting customers to alternative electronic and card payment methods. The Head of Customer Support & Revenue Services has been tasked with managing a project to increase the uptake of alternative payment methods. This will ultimately lead to the Council realising its strategy of going cashless.

Revenue collection rates and claims for housing benefits

The Council had the highest percentage of Business Rates collected in Essex during 2008/09. The percentage of Council Tax collected was down on previous years and sat in the mid range amongst Essex councils.

Business Rates	% Collected
Uttlesford	99.2
Harlow	99.0
Castle Point	98.8
Basildon	98.7
Colchester	98.4
Southend	98.2
Braintree	98.1
Chelmsford	98.1
Brentwood	97.9
Thurrock	97.8
Epping Forest	97.6
Rochford	97.5
Maldon	97.5
Tendring	97.3

Council Tax	% Collected
Rochford	98.9
Maldon	98.6
Castle Point	98.5
Braintree	98.5
Chelmsford	98.4
Colchester	98.4
Uttlesford	98.3
Brentwood	98.2
Tendring	97.7
Southend	97.7
Epping Forest	97.6
Basildon	97.5
Thurrock	96.0
Harlow	95.2

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The number of Housing and Council Tax benefit claims in payment continues to increase with the current number of claims in payment standing at just over 4,000 (3,500 in April 2008). The Department for Works and Pensions have very recently announced additional funding for benefit administration as a result of the economic downturn. Funding that this Council receives will be used for additional claim processing capacity.

VAT Overpayment

At the request of this Committee, on 6 April 2009 the Chief Finance Officer wrote again to Sir Alan Haselhurst asking for his support in the council's attempt to recover the £130,000 of VAT overpayment.

The background to this error is as follows:

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|-----------------|---|
| 31 January 2003 | UDC overdeclared output tax as a result of a coding error on the accountancy system whereby UDC declared VAT on Council Tax receipts |
| 21 May 2003 | <p>UDC submitted a VAT 652 Voluntary Disclosure form with narrative of "A coding error on our accounting system led to the overstatement of output tax for the amount stated below"</p> <p>However UDC entered the figure of £64,869 into the "Payable to Customs and Excise" column instead of the "Repayable to you" column</p> |
| 23 July 2003 | HMRC acting on the figures only, issued an assessment for a further £64,869 which UDC paid effectively thereby doubling the error to £130,766.12 which includes £1028.12 of late payment interest charge for the £64,869 UDC should have been repaid. |
| 22 January 2009 | HMRC refuse UDCs claim for repayment on the grounds of the error being more than 3 years old |

Sir Alan Haselhurst wrote on 9 April 2009 to the Chancellor of the Exchequer requesting a review of the decision of HMRC to refuse to refund the overpayment due to the claim being out of time.

A reply was sent to Sir Alan Haselhurst on 1 June 2009 from the Chancellor of the Exchequer outlining the review and the decisions made. The primary outcome is that the decision to time bar has been upheld, however HMRC have admitted they made a mistake in May 2003 in not spotting the obvious discrepancy between the wording claim for a refund and the figure being put

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in the wrong column. Against this HMRC have argued that UDC made a number of errors compared to their one:

1. UDC made the original error
2. UDC submitted a voluntary disclosure that contained a fundamental error
3. UDC failed to detect that the HMRC request for payment of £64,869 plus interest, issued on 23 July 2003 was wrong and should have been a refund. Instead UDC paid the money requested.
4. UDC failed to detect they had not received the refund
5. UDCs auditors (and UDC itself) failed to detect the error until 2008

Having gone through the entire appeal process with HMRC the council is now left with two options in that it can refer the matter to either the:

1. Adjudicator; or
2. Parliamentary Ombudsman

The latter would need to be by referral from an MP. The Parliamentary Ombudsman would normally expect a complaint to have already been heard by HMRC and the Adjudicator.

Subject to Member approval it is proposed to continue with the process and submit a complaint to the Adjudicator.