

Council earned interest on overpaid council tax

The city council has earned interest on £1.1 million of residents' overpaid council tax during the last financial year.

As well as the council tax 'credits' that remain unclaimed from the 2017-18 financial year, the authority has also earned interest on the unclaimed money amounting to up to £3,000.

Conservatives have criticised the amount of residents' money that has been held in the city council's accounts and believe the process of earning interest on the unclaimed cash "doesn't seem right".



Max Mitchell Conservative councillor for Inverleith

Tory Cllr Max Mitchell said: "For me it was quite concerning to learn the council is holding nearly £1.1m in council tax overpayments from residents. Concerning still is the process for refunds which is not automated.

"Officials within the finance department say it is not as simple as automatically refunding someone as it becomes more complicated with HMOs and differing lease lengths. Finance

officers assured me that they are working on developing an automated refund process.

“For now, the onus remains with the resident – if he or she misses the letter, does not understand, has since moved away or indeed passed away, then their money will remain in an account gathering interest.”

He added: “Whilst it is right for the council to take in all it is due, it doesn’t seem right to be holding overpayments like this. The interest of £3,000 may not be an enormous amount of money in the grand scheme of council budgeting, but it is being ‘earnt’ and then spent.

“A cynic may imply it’s in the council’s interest for the money to remain unclaimed, whilst I would simply urge residents to double-check what they’re paying and question if in doubt.”

Once overpayments have been identified, the council contacts residents with a credit note with advice on how to take forward a refund. Further contact is made with residents who are owed more than £2,000. Any money that is not claimed is “ring fenced on the council’s balance sheet” and is kept there until members of the public ask for it to be returned.

Credits are applied to new accounts when an existing account holder moves within the Edinburgh council area. The council says that the process “remains under review” and that “the scope for further automation” of refunds will be considered.

Green finance spokesperson, Cllr Gavin Corbett, said: “Although it is the most recognised form of council funding, council tax only pays for a small part of all council services and the council actually has very little say over the bands and the rate at which it is paid.

“So that means all the more focus has to be on making sure the administration is ship-shape and people are paying the right amount. The scale of overpayments is less than 0.5 per cent

of total council tax income but it still suggests there is work to be done in making the process as efficient as possible.”

The £1.1m includes 7,350 accounts with the council and in more than half of these accounts, the balance is less than £100.

Finance and Resources convener, Cllr Alasdair Rankin, said: “The council contacts residents by way of a credit note where overpayments have been identified and undertakes follow up reviews and communication where credits of £2,000 or more exist.

“Although interest is not directly attributed to any specific cash balances, based on the proportion of overall available balances during 2017/18, the interest earned on the sum of £1.1m would equate to less than £3,000.”