



Committee and Date

Audit Committee

19 September 2013

10 am

Item

6.

Public

COUNCIL TAX AND NON DOMESTIC RATES PERFORMANCE MONITORING REPORT

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1. Summary

The Council's revenues team collects over £225 million of income each year in respect of Council Tax and National Non Domestic Rates (NNDR). This report provides Members with performance monitoring information on the collection of this income for the year to 31st August 2013.

2. Recommendations

Members are asked to note the report.

REPORT

1. The Council raises over 145,000 invoices per year with a value of over £225 million to collect Council Tax and NNDR. It is important that this income is collected promptly so as to maximise the amount of interest earned on the Council's revenue balances.
2. The Council require the payment of invoices by 10 instalments from April – January in accordance with the statutory instalment scheme for council tax and business rates payments. If individuals demonstrate hardship 12 monthly instalments are arranged. In previous years direct debit payers only were offered twelve instalments as an incentive for them to pay via this method. From 1 April 2013 the government have changed the rules to allow other council tax payers to request instalments over twelve months. This does not apply to business rates payers.
3. During the year 2012/13, 48.6% of Council Tax and 46.0% of NNDR had been collected by 27th August 2012. The Council's aim had been to collect 98% of in year debt by 31st March 2013, the final collection rates were 98.3% and 98.4% respectively.

4. In the year to 26th August 2013 the Revenues Team had collected 48.1% of its Council Tax debt and 51.0% of its NNDR debt against the Council's target.
5. These collection rates compare well to those of the previous council's whose collection rates we aspire to. Council Tax is slightly down on last year for three reasons. Firstly Council Tax Benefit has been replaced with a local Council Tax Support Scheme, meaning more people are having to pay council tax this year that were formally in receipt of Council Tax Benefit. Secondly, due to the increased discretion available to local authorities there is an increase in the amount of empty property tax to be collected. And thirdly, as mentioned above, due to legislative changes more people are paying their council tax over twelve months rather than the statutory ten months which leaves more debt to be collected in February and March. Our core system supplier, Northgate, is currently developing enhancements to its reporting functionality to enable us to provide more detailed analysis of these changes in the future.
6. Business Rates collection is ahead of previous years due to improved internal processing of our own Shropshire Council rates liabilities.
7. The Council is now the joint 8th highest unitary collecting authority for council tax and joint 13th highest collecting unitary authority for business rates. For further information on collection rates please see appendix E.
8. As at 31 March 2013 the total arrears for council tax stood at £7.4 million. Work is continuing to recover this debt. As at 2 September 2013 council tax arrears stood at £5.9 million (a reduction of £1.5 million, see **Appendix A**).
9. A report categorising the debt stages of all council tax arrears is attached at **Appendix B**.
10. As at 31 March 2013 the total arrears for business rates stood at £3.2 million. Work is continuing to recover this debt. As at 2 September 2013 business rates arrears stood at £2.9 million (a reduction of £300,000, see **Appendix C**).
11. A report categorising the debt stages of all business rates arrears is attached at **Appendix D**.

3. Risk Assessment and Opportunities Appraisal

Effective monitoring of outstanding debt will enable early action to be taken to minimise the risk of financial loss to the Council.

The targets seek to increase the number of income collections transacted electronically.

4. Financial Implications

Failure to collect these debts have a major impact on the council's ability to deliver services.

5. Background

Council Tax is collected and administered in accordance with The Council Tax (Administration and Enforcement) Regulations 1992. The Local Government Finance Act 1988 introduced business rates in 1990.

6. Additional Information

None

7. Conclusions

Members are asked to note the content of the report.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Cabinet Member (Portfolio Holder)
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Mike Owen

Local Member

N/A

Appendices

Appendix A – Council Tax Arrears Analysis

Appendix B – Council Tax Aged Debt Analysis

Appendix C – NNDR Arrears Analysis

Appendix D – NNDR Aged Debt Analysis

Appendix E – Collection Rates

Appendix A

COUNCIL TAX ARREARS ANALYSIS AS AT 5th Sept 2013					
As at rollover 1 April 2013	TOTALS	DR	GR	NET TOTAL	Net Receipts since 1 April 2013
		7,403,096.07	-1,550,520.29	5,852,575.78	
As at 5 Sept 2013		DR	GR		
1993-94		1,015.67	-5,432.99	-4,417.32	4,456.57
1994-95		670.57	-8,942.64	-8,272.07	5,996.73
1995-96		159.54	-12,184.32	-12,024.78	6,525.05
1996-97		2,159.09	-11,974.20	-9,815.11	6,678.43
1997-98		3,064.25	-10,840.30	-7,776.05	6,861.15
1998-99		5,313.57	-9,466.75	-4,153.18	7,923.20
1999-00		8,738.41	-14,679.86	-5,941.45	8,775.59
2000-01		9,481.44	-11,118.97	-1,637.53	9,719.63
2001-02		15,193.57	-21,530.86	-6,337.29	8,995.63
2002-03		25,095.39	-26,041.80	-946.41	9,808.11
2003-04		48,854.03	-30,500.15	18,353.88	12,382.06
2004-05		75,942.68	-41,267.06	34,675.62	11,868.40
2005-06		125,797.28	-63,234.65	62,562.63	11,944.79
2006-07		192,138.85	-66,707.00	125,431.85	6,039.90
2007-08		244,440.55	-66,846.62	177,593.93	-393.19
2008-09		419,479.84	-123,652.48	295,827.36	-14,348.06
2009-10		624,290.27	-246,327.41	377,962.86	-39,935.61
2010-11		873,808.06	-164,203.44	709,604.62	-78,810.32
2011-12		1,162,424.15	-190,556.39	971,867.76	-152,371.04
2012-13		2,078,916.63	-178,248.72	1,900,667.91	-669,305.43
		5,916,983.84	-1,303,756.61	4,613,227.23	-837,188.41
Reduction in Arrears		1,486,112.23	-246,763.68	1,239,348.55	

Appendix B

Council Tax Aged Debt Analysis 2nd Sept 2013		
	accounts	£ value
14 Day letter	1,087	£806,634.25
Adjourned Committal	1	£57.27
Potential Special Arrangement	3	£901.46
Arrest Warrant - Bail	78	£45,702.95
Charging Order	88	£99,067.52
Attachment of Benefits	817	£287,991.98
Attachment of Earnings	841	£457,688.80
Bailiff Return	438	£237,257.31
Adjourned Liability Order	1	£144.00
Bankruptcy		
Committal - Suspended Sentence	7	£3,067.91
Committal		
Committal Summons	2	£442.50
Datload 14 Day		
Datload Bailiff		
Datload AOB		
Enforcement Hold	179	£108,723.20
Liability Order Granted		
Mutiple Liability Order	19	£9,130.63
No Enforcement Stage		
Pending Attachment of Benefits	731	£278,416.19
Pending Attachment of Earnings	310	£222,435.30
Pre Committal Letter	1,559	£979,679.45
Small Balance Letter	170	£6,419.73
Special Arrangement	1,783	£1,006,331.42
Special Arrangement Reminder	45	£22,175.50
Tracing Agent	58	£40,933.05
With Bailiff	4,148	£2,204,318.11
Write Off	8	£2,602.68
Write Off Pending	1,855	£549,499.89
Totals		£7,369,621.10

Appendix C

NNDR ARREARS ANALYSIS AS AT 5th September 2013					
As at rollover 31 Mar 2013	TOTALS	DR	CR	NET TOTAL	Net Receipts Since 1 April 2013
		3,232,774.22	-1,156,580.07	2,076,194.15	
As at 5 Sept 2013		DR	CR		
1990-91		0.00	0.00	0.00	0.00
1991-92		0.00	0.00	0.00	0.00
1992-93		0.00	0.00	0.00	0.00
1993-94		0.00	0.00	0.00	0.00
1994-95		0.00	0.00	0.00	0.00
1995-96		0.00	-352.16	-352.16	0.00
1996-97		277.15	-543.55	-266.40	0.00
1997-98		1,230.83	-4,400.71	-3,169.88	0.00
1998-99		150.82	-3,565.68	-3,414.86	0.00
1999-00		0.00	-423.08	-423.08	0.00
2000-01		0.00	-5,759.07	-5,759.07	-76.52
2001-02		0.00	-11,398.07	-11,398.07	0.00
2002-03		5.00	-12,779.53	-12,774.53	-5.28
2003-04		797.58	-10,312.22	-9,514.64	-144.72
2004-05		1,594.11	-11,862.22	-10,268.11	0.00
2005-06		39,649.49	-18,261.87	21,387.62	3,945.02
2006-07		100,838.33	-17,754.42	83,083.91	3,968.90
2007-08		97,757.81	-18,135.18	79,622.63	5,956.78
2008-09		196,775.37	-72,721.82	124,053.55	2,942.38
2009-10		231,720.61	-261,128.85	-29,408.24	78,300.77
2010-11		307,631.26	-97,527.82	210,103.44	65,645.81
2011-12		489,120.21	-98,670.66	390,449.55	267,227.59
2012-13		1,425,927.34	-151,401.74	1,274,525.60	-239,700.01
		2,893,475.91	-796,998.65	2,096,477.26	188,060.72
Reduction in Arrears		339,298.31	-359,581.42	-20,283.11	

Appendix D

NNDR Aged Debt Analysis 2nd Sept 2013		
	accounts	£ value
Small Balance	19	6,063.12
7 Day Letter	156	566,446.83
warrant no bail	1	1,053.50
Bailiff Return	197	363,463.05
Insolvency proceeding		
Bankruptcy		
Committal Summons	3	2,326.75
Enforcement Hold	19	95,793.36
Liquidation		
Multiple Liability Order	2	5,090.50
No Enforcement Stage	2	0.00
Pre Committal Letter	129	289,148.82
Spa Reminder	10	55,578.45
Special Arrangement	103	407,047.34
Tracing Agent	3	10,043.14
Warrant with bail	1	988.00
With Bailiff	254	753,947.14
Write Off	152	235,074.71
Totals	1,051	2,792,064.71

Appendix E – Collection Rates – Further Information on Shropshire Council’s performance

Collection Rates	Target %	2009-10	2010-11	2011-12	2012-13
Council Tax	98	97.1	97.9	98.2	98.3
NNDR	98	96.4	97.1	97.8	98.4

Shropshire Council’s final collection rate for council tax for 2012-13 was **98.3%**, an increase on 2011-12 of 0.1%

Shropshire Council’s final collection rate for NNDR for 2012-13 was **98.4%**, an increase on 2011-12 of 0.6%.

Comparisons

The average council tax collected in England for 2012-13 was 97.4%.

The average NNDR collected in England for 2012-13 was 97.7%.

There are 56 unitary authorities in England.

The average council tax collected in all the unitary authorities for 2012-13 was 97.3%. We were the joint 8th highest collecting unitary authority for council tax, an increase in **3** places from last year.

The average NNDR collected in all the unitary authorities for 2012-13 was 97.4%. We were joint 13th highest collecting unitary authority for NNDR, an increase in **14** places from last year.

For further information please follow the link below.

<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/council-tax-statistics>