



Committee and Date
Audit Committee
10.00 am
27 March 2014

Item
8
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 28 February 2014.

2. Recommendations

Members are asked to note the report.

REPORT

1. The Council raises over 145,000 demands 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 liability by 10 instalments from April to January in accordance with the statutory instalment scheme for council tax and business rates payments. However, for the 2013-14 financial year the regulations have changed and now any council tax payer can request payment over 12 months rather than ten months. With effect from 1 April 2014 any business rate payer will be able to request payment over 12 months rather than 10 months.
3. The change in regulations has two main effects in relation to council tax collection. Firstly, it affects the Council's cash flow, as more money is due to be collected in February and March. Secondly, it impacts on overall collection rates because if council tax payers fail to pay their February and March instalment it gives the Revenues Team less time to take appropriate action before the end of the financial year.
4. As requested by this committee at its meeting on 19 September 2013 an analysis was undertaken to see how many taxpayers had taken the opportunity to extend their instalments and the findings are detailed at appendix A.

5. During the year 2012/13, 97.2% of Council Tax and 98.2% of NNDR had been collected by 25 February 2013. The Council's aim was to collect 98% of in year debt by 31st March 2013.
6. In the year to 25 February 2014 the Revenues Team had collected 96.8% of its Council Tax debt and 97.3% of its NNDR debt against the Council's target.
7. 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.
8. We are now able to run a report to analyse the collection rate by benefit claimant and different types of council tax discount. The results for the end of January are at Appendix B. (Please note we weren't able to run these reports for the end of February due to annual billing.)
9. Business Rates collection is difficult to compare accurately to last year's figure because last year we were holding a large credit in respect of a rateable value adjustment for the power station, which inflated the collection figure prior to rollover on 1 April.
10. 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 4 March 2014 council tax arrears stood at 4.9 million (a reduction of 2.5 million, see Appendix C).
11. A report categorising the debt stages of all council tax arrears is attached at Appendix D.
12. 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 4 March 2014 business rates arrears stood at 2.6 million (a reduction of 600,000 see Appendix E)
13. A report categorising the debt stages of all business rates arrears is attached at Appendix F.

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 will 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)

Mike Owen

Local Member

N/A

Appendices

Appendix A – Predicted Instalments comparison

Appendix B – Collection Rate Breakdown

Appendix C - Council Tax Arrears Analysis

Appendix D - Council Tax Aged Debt Analysis

Appendix E - NNDR Arrears Analysis

Appendix F - NNDR Aged Debt Analysis

Appendix B

01-Feb-14	Debit £000	Payments £000	Collection rate
Total Collection Rate	151,142	143,824	95.2%
Total Benefit Claimants	2,768	2,407	87.0%
former class C exempt	1,656	1,227	74.1%
former class A exempt	160	143	89.4%
second home full tax	1,739	1,644	94.5%
second home job protected	36	35	97.2%
LTE 25% discount (first 6 mths)	737	616	83.6%
LT zero discount	1,521	1,406	92.4%

Glossary of Terms

Total Collection Rate – overall collection rate for Shropshire

Total Benefit Claimants – collection rates for benefit claimants with a council tax liability

Former class C exempt – This is unoccupied and unfurnished property. Prior to 1 April 2013 this property was exempt from council tax for up to 6 months. For the 2013-14 financial year Shropshire Council awards 25% discount

Former class A exempt – unoccupied and unfurnished property that is undergoing or requiring major repair work to make it habitable or undergoing structural alteration. Prior to 1 April 2013 this property was exempt from council tax for up to 12 months. For the 2013-14 financial year Shropshire Council awards 50% discount.

Second Homes – This is furnished property that is no one's main residence. No discount is currently awarded.

Second Homes job protected – Under certain circumstances some second homes retain a 50% discount.

Long Term Empty 25% discount – unoccupied and unfurnished property that has been unoccupied for more than 6 months but less than 12 months

Long Term Empty zero discount – Unoccupied and unfurnished property that has been unoccupied for more than 12 months

Appendix C

COUNCIL TAX ARREARS ANALYSIS AS AT 4th March 2014				
As at rollover 1 April 2013	TOTALS	DR	CR	NET TOTAL
		7,403,096.07	-1,550,520.29	5,852,575.78
As at 4 March 2014		DR	CR	
	1993-94	930.31	-5,432.99	-4,502.68
	1994-95	581.16	-8,942.64	-8,361.48
	1995-96	66.67	-12,184.32	-12,117.65
	1996-97	1,782.97	-11,974.20	-10,191.23
	1997-98	2,884.64	-10,840.30	-7,955.66
	1998-99	4,988.46	-9,466.75	-4,478.29
	1999-00	8,548.08	-14,679.86	-6,131.78
	2000-01	8,768.02	-11,118.97	-2,350.95
	2001-02	14,440.55	-21,456.49	-7,015.94
	2002-03	23,181.22	-25,918.80	-2,737.58
	2003-04	46,948.16	-30,031.08	16,917.08
	2004-05	73,437.96	-41,231.64	32,206.32
	2005-06	119,384.05	-62,786.67	56,597.38
	2006-07	178,923.05	-66,607.99	112,315.06
	2007-08	227,137.32	-66,222.64	160,914.68
	2008-09	385,665.13	-121,730.53	263,934.60
	2009-10	570,975.52	-243,998.44	326,977.08
	2010-11	780,774.50	-159,681.71	621,092.79
	2011-12	993,072.37	-117,424.36	875,648.01
	2012-13	1,444,180.79	-134,025.98	1,310,154.81
		4,886,670.93	-1,175,756.36	3,710,914.57
Reduction in Arrears		2,516,425.14	-374,763.93	2,141,661.21

Appendix D

Council Tax Aged Debt Analysis 4th March 2014		
	accounts	£ value
14 Day letter	1,137	£536,425.15
Adjourned Committal		
Potential Special Arrangement		
Arrest Warrant - Bail	78	£45,529.76
Charging Order	74	£77,627.96
Attachment of Benefits	790	£278,044.45
Attachment of Earnings	784	£423,093.14
Bailiff Return	300	£174,334.72
Bailiff Return Spa		
Bankruptcy		
Committal - Suspended Sentence	6	£2,761.91
Committal - Sentence Served	1	£0.00
Committal Summons	2	£442.50
Dataload 14 Day	1	£146.00
Dataload Bailiff		
Dataload AOB		
Enforcement Hold	144	£68,797.88
Liability Order Granted		
Mutiple Liability Order	10	£5,190.55
No Enforcement Stage		
Pending Attachment of Benefits	659	£267,974.06
Pending Attachment of Earnings	296	£214,086.28
Pre Committal Letter	1,675	£1,025,249.35
Small Balance Letter	241	£9,631.01
Special Arrangement	1,364	£412,189.84
Special Arrangment Reminder	269	£87,514.06
Tracing Agent	271	£155,345.72
With Bailiff	4,784	£2,678,766.81
Write Off	10	£3,616.00
Write Off Pending	2,035	£647,932.09
Totals		£7,642,056.60

Appendix E

NNDR ARREARS ANALYSIS AS AT 4th March 2014				
As at rollover 31 Mar 2013		DR	CR	
TOTALS		3,232,774.22	-1,156,580.07	2,076,194.15
As at 1 April 2013		DR	CR	
1990-91		0.00	0.00	0.00
1991-92		0.00	0.00	0.00
1992-93		0.00	0.00	0.00
1993-94		0.00	0.00	0.00
1994-95		0.00	0.00	0.00
1995-96		0.00	-352.16	-352.16
1996-97		277.15	-543.55	-266.40
1997-98		1,230.83	-4,400.71	-3,169.88
1998-99		150.82	-3,565.68	-3,414.86
1999-00		0.00	-423.08	-423.08
2000-01		0.00	-5,551.07	-5,551.07
2001-02		0.00	-11,398.07	-11,398.07
2002-03		5.00	-12,779.53	-12,774.53
2003-04		587.58	-10,312.22	-9,724.64
2004-05		1,594.11	-11,862.22	-10,268.11
2005-06		39,465.99	-18,261.87	21,204.12
2006-07		100,417.83	-17,754.42	82,663.41
2007-08		97,411.81	-18,135.18	79,276.63
2008-09		193,686.92	-72,270.44	121,416.48
2009-10		218,796.14	-251,689.79	-32,893.65
2010-11		377,743.25	-93,948.96	283,794.29
2011-12		520,887.98	-89,911.43	430,976.55
2012-13		1,084,019.23	-88,373.15	995,646.08
		2,636,274.64	-711,533.53	1,924,741.11
Reduction in Arrears		596,499.58	-445,046.54	151,453.04

Appendix F

NNDR Aged Debt Analysis 4th March 2014		
	accounts	£ value
Small Balance	20	936.34
7 Day Letter	37	145,011.00
warrant no bail	1	1,053.50
Bailiff Return	226	461,385.16
Insolvency proceeding		
Bankruptcy		
Committal Summons	3	2,326.75
Enforcement Hold	14	67,912.34
Liquidation		
Multiple Liability Order	2	5,090.50
No Enforcement Stage	2	0.00
Pre Committal Letter	131	263,385.82
Spa Reminder	21	52,473.29
Special Arrangement	79	166,795.18
Tracing Agent	21	105,477.24
Warrant with bail	1	988.00
With Bailiff	284	976,722.19
Write Off	227	555,526.00
Totals	1,069	2,805,083.31