



Committee and Date

Audit Committee

26 June 2014

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 31 March 2014, and progress on the year to 31 March 2015.

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 ten instalments from April to January in accordance with the statutory instalment scheme for council tax and business rates. However, for the 2013-14 financial year onwards the regulations have changed and now any council tax payer can request payment over twelve months rather than ten months. With effect from 1 April 2014 any business rate payer can also request payment over twelve months rather than ten months.
3. The change in regulations affects collection of council tax and business rates in two ways. 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.

Council Tax

4. The final collection rate for council tax for the year 2013-14 was 98.1%. This compared favourably with the previous year's collection rate of 98.3%.

5. To put the collection rate into perspective in purely financial terms during the period 1 April 2013 – 31 March 2014 the Revenues Team collected £146,827,533 Council Tax whereas during the same period the previous year we collected £142,382,861, which is an increase of £4,444,672.
6. The final collection rate for Council Tax for 2013-14 was slightly down on the previous 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 billing 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.
7. 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 2013-14 financial year are at **Appendix A**.
8. National statistics to monitor collection rate trends for the 2013-14 financial year are not yet available.
9. Regarding the 2014-15 financial year, in the year to 10 June 2014 the Revenues Team had collected 26.7% of its Council Tax debt. In the equivalent period last year we had collected 26.8% Council Tax.
10. As at 31 March 2014 the total arrears for Council Tax stood at 8.2 million. Work is continuing to recover this debt. As at 5 June 2014 Council Tax arrears stood at 7.4 million (a reduction of £800,000, see **Appendix B**).
11. A report categorising the debt stages of all Council Tax arrears is attached at **Appendix C**.

Business Rates

12. The final collection rate for Business Rates for the year 2013-14 was 98.3%. This compare favourably with the previous year's collection rate of 98.4%.
13. To put this collection rate into perspective in purely financial terms during the period 1 April 2013 to 31 March 2014 the Revenues Team collected £74,783,313 Business Rates whereas during the same period the previous year we collected £71,833,079, an increase of £2,950,234.
14. National statistics to monitor collection rate trends for the 2013-14 financial year are not yet available.
15. Regarding the 2014-15 financial year, in the year to 10 June 2014 the Revenues Team had collected 24.7% of its Business Rates debt. In the equivalent period last year we had collected 27.1% Business Rates. The comparative position is slightly down due to extending instalments through to February and March and a delay in payments that had been made directly to the Council's bank account being allocated to the Business Rates accounts.

16. As at 31 March 2014 the total arrears for Business Rates stood at four million. Work is continuing to recover this debt. As at 5 June 2014 Business Rates arrears stood at 3.7 million (a reduction of £300,000 see **Appendix D**)
17. A report categorising the debt stages of all Business Rates arrears is attached at **Appendix E**.

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
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Local Member N/A

Appendices

Appendix A – Collection Rate Breakdown

Appendix B - Council Tax Arrears Analysis
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Appendix C - Council Tax Aged Debt Analysis
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Appendix D – Business Rates Arrears Analysis

Appendix E – Business Rates Debt Analysis
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Appendix A

2013-14	Debit £000	Payments £000	Collection rate
Total Collection Rate	150,976	148,094	98.1%
Total Benefit Claimants	2,862	2,712	94.8%
former class C exempt	1,730	1,580	91.3%
former class A exempt	169	169	100.0%
second home full tax	1,771	1,734	97.9%
second home job protected	35	35	100.0%
LTE 25% discount (first 6 mths)	730	693	94.9%
LT zero discount	1,493	1,446	96.9%

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 B

COUNCIL TAX ARREARS ANALYSIS AS AT 5 June 2014				
As at rollover 1 April 2014	TOTALS	DR	CR	NET TOTAL
		8,274,948.60	-1,723,293.09	6,551,655.51
As at 5 June 2014		DR	CR	
	1993-94	239.54	-5,444.12	-5,204.58
	1994-95	172.76	-8,942.64	-8,769.88
	1995-96	50.52	-12,112.86	-12,062.34
	1996-97	1,716.48	-11,974.20	-10,257.72
	1997-98	2,662.43	-10,840.30	-8,177.87
	1998-99	4,668.97	-9,466.75	-4,797.78
	1999-00	8,495.16	-14,679.86	-6,184.70
	2000-01	8,740.46	-11,118.97	-2,378.51
	2001-02	12,655.84	-21,456.49	-8,800.65
	2002-03	21,108.02	-25,918.80	-4,810.78
	2003-04	44,096.90	-29,831.22	14,265.68
	2004-05	68,914.40	-41,231.64	27,682.76
	2005-06	107,542.28	-62,676.53	44,865.75
	2006-07	165,024.20	-66,213.22	98,810.98
	2007-08	210,821.52	-65,711.68	145,109.84
	2008-09	363,419.10	-121,569.74	241,849.36
	2009-10	526,729.18	-242,176.38	284,552.80
	2010-11	717,638.90	-157,143.74	560,495.16
	2011-12	901,716.18	-116,119.09	785,597.09
	2012-13	1,254,018.15	-127,957.34	1,126,060.81
	2014-15	2,987,956.85	-347,697.42	2,640,259.43
		7,408,387.84	-1,510,282.99	5,898,104.85
Reduction in Arrears		866,560.76	-213,010.10	653,550.66

Appendix C

Council Tax Aged Debt analysis 5th June 2014		
	accounts	£ value
14 Day letter	1,523	£598,581.93
Adjourned Committal		
Potential Special Arrangement		
Arrest Warrant - Bail	78	£45,536.45
Charging Order	72	£79,809.37
Attachment of Benefits	834	£291,306.64
Attachment of Earnings	786	£397,499.92
Bailiff Return	395	£226,782.70
Bailiff Return Spa		
Bankruptcy		
Committal - Suspended Sentence	6	£2,761.91
Committal		
Committal Summons	2	£442.50
Dataload 14 Day		
Dataload Bailiff		
Dataload AOB		
Enforcement Hold	170	£78,179.12
Liability Order Granted		
Mutiple Liability Order	10	£5,190.55
No Enforcement Stage		
Pending Attachment of Benefits	679	£293,747.00
Pending Attachment of Earnings	280	£209,172.76
Pre Committal Letter	1,814	£1,126,187.06
Small Balance Letter	266	£10,979.46
Special Arrangement	861	£313,518.80
Special Arrangment Reminder	195	£69,291.21
Tracing Agent	127	£87,165.62
With Bailiff	4,154	£2,163,071.62
Write Off	11	£2,801.19
Write Off Pending	1,805	£613,405.51
Totals	14,068	£6,615,431.32

Appendix D

BUSINESS RATES ARREARS ANALYSIS AS AT 5th June 2014				
As at rollover 31 Mar 2014		DR	CR	
TOTALS		4,065,636.55	-1,098,867.66	2,966,768.89
As at 5 June 2014		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		557.58	-10,312.22	-9,754.64
2004-05		1,594.11	-11,862.22	-10,268.11
2005-06		39,465.99	-18,261.87	21,204.12
2006-07		100,216.83	-17,754.42	82,462.41
2007-08		95,908.31	-18,135.18	77,773.13
2008-09		190,807.64	-72,270.44	118,537.20
2009-10		212,180.55	-251,689.79	-39,509.24
2010-11		331,028.14	-93,948.96	237,079.18
2011-12		468,431.94	-85,862.55	382,569.39
2012-13		905,488.53	-78,849.21	826,639.32
2013-14		1,427,839.91	-128,771.33	1,299,068.58
		3,775,183.33	-826,732.04	2,948,451.29
Reduction in Arrears		290,453.22	-272,135.62	18,317.60

Appendix E

Business Rates Aged Debt Analysis 5th June 2014		
	accounts	£ value
Small Balance	23	4,639.34
7 Day Letter	40	142,182.39
warrant no bail	1	1,053.50
Bailiff Return	197	412,847.66
Insolvency proceeding		
Bankruptcy		
Committal Summons	3	2,326.75
Enforcement Hold	5	29,645.23
Liquidation		
Multiple Liability Order	2	5,090.50
No Enforcement Stage	2	0.00
Pre Committal Letter	185	481,717.49
Spa Reminder	5	22,827.79
Special Arrangement	51	115,975.83
Tracing Agent	16	95,144.12
Warrant with bail	1	988.00
With Bailiff	237	706,234.25
Write Off	273	598,856.95
Totals	1,041	2,619,529.80