

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 (Business Rates). 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 Business Rates. 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. However, with effect from 1 April 2013 the regulations have changed and now any Council Tax payer can request payment over 12 months rather than 10 months. With effect from 1 April 2014 any business rate payer can also request payment over 12 months rather than 10 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 and Business Rates payers fail to pay their February and March instalment it gives the Revenues Teams less time to take appropriate action before the end of the financial year.

Council Tax

4. The final in-year collection rate for Council Tax for the year 2013-14 was 98.1%. As explained below this compares well with the previous year's collection rate of 98.3%.

5. National statistics to monitor collection rate trends for 2013-14 were published in July 2014. These showed that the average national in-year collection rate for Council Tax was 97% in 2013-14, a drop of 0.4% from the previous year.
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. Regarding the 2014-15 financial year, in the year to 3 November 2014 the Revenues Team had collected 71.7% of its in-year Council Tax debt. In the equivalent period last year we had collected 71.6% Council Tax.
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 2014-15 financial year to date are at Appendix A.
9. 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 3 November 2014 Council Tax arrears stood at 6.2 million (a reduction of £2 million, see Appendix B).
10. A report categorising the debt stages of all Council Tax arrears is attached at Appendix C.

Business Rates

11. The final in-year collection rate for Business Rates for the year 2013-14 was 98.3%. As explained below this compares well with the previous year's collection rate of 98.4%.
12. National statistics to monitor collection rate trends for 2013-14 were published in July 2014. These showed that the average national in-year collection rate for Business Rates was 97.9% in 2013-14, an increase of 0.2% from the previous year.
13. Regarding the 2014-15 financial year, in the year to 3 November 2014 the Revenues Team had collected 71.7% of its in-year Business Rates debt. In the equivalent period last year we had collected 74.8% Business Rates. The comparative position is down due to a number of factors. As mentioned previously this is the first year instalments have been allowed to extend into February and March. Secondly we have been chasing up a large payment that has normally been paid by now. Thirdly, the PowerStation was re-introduced into the rating list during the financial

year which has increased the debit and future instalments due. Finally, we have had some large rating reductions e.g. Shrewsbury Hospital.

14. As at 31 March 2014 the total arrears for Business Rates stood at 4 million. Work is continuing to recover this debt. As at 3 November 2014 Business Rates arrears stood at 3.3 million (a decrease of £700,000 see Appendix D).
15. A report categorising the debt stages of all Business Rates arrears is attached at Appendix E.
16. In addition the Business Rates Team have also been collecting the BID levy for the Shrewsbury BID since June 2014. As at 3 November 2014 we had collected 86.1% of the liability due.

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. Business Rates is collected in accordance with the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989.

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 – Collection Rate Breakdown

Appendix B - Council Tax Arrears Analysis

Appendix C - Council Tax Aged Debt Analysis

Appendix D – Business Rates Arrears Analysis

Appendix E – Business Rates Debt Analysis

Appendix A

03-Nov-14	Debit £000	Payments £000	Collection rate
Total Collection Rate	153,991	110,335	71.7%
Total Benefit Claimants	2,479	1,634	65.9%
PCLC	1,511	982	65.0%
former class A exempt	160	105	65.6%
second home full tax	1,897	1,326	69.9%
second home job protected	33	24	72.7%
PCLC_5MTHS	979	425	43.4%
premium	941	672	71.4%

Glossary of Terms

Total Collection Rate – overall collection rate for Shropshire as at 3 November 2014

Total Benefit Claimants – collection rates for benefit claimants with a Council Tax liability

PCLC – With effect from 1 April 2014 unoccupied and unfurnished property that has been unoccupied and unfurnished for more than six months and less than two years attract a full Council Tax.

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 onwards Shropshire Council awards 50% discount for up to twelve months.

Second Homes full tax – 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.

PCLC 5 MTHS – A one month exemption is currently awarded when a property becomes unoccupied and unfurnished. 25% discount is awarded for month's two to six.

PREM – With effect from 1 April 2014 unoccupied and unfurnished property that has been unoccupied for more than 2 years pay a 50% premium in addition to the full Council Tax.

Appendix B

COUNCIL TAX ARREARS ANALYSIS AS AT 3rd Nov 2014			
As at rollover 1 April 2014	DR	CR	NET TOTAL
TOTALS	8,274,948.60	-1,723,293.09	6,551,655.51
	DR	CR	
1993-94	239.54	-5,432.99	-5,193.45
1994-95	314.95	-8,942.64	-8,627.69
1995-96	242.27	-12,112.86	-11,870.59
1996-97	1,730.47	-11,974.20	-10,243.73
1997-98	2,699.67	-10,840.30	-8,140.63
1998-99	4,640.23	-9,466.75	-4,826.52
1999-00	8,577.63	-14,679.86	-6,102.23
2000-01	8,705.48	-11,064.73	-2,359.25
2001-02	12,235.64	-21,456.49	-9,220.85
2002-03	20,893.75	-26,028.83	-5,135.08
2003-04	42,987.39	-29,845.35	13,142.04
2004-05	67,677.99	-41,507.20	26,170.79
2005-06	104,855.29	-62,963.82	41,891.47
2006-07	158,213.45	-65,869.45	92,344.00
2007-08	196,738.52	-65,758.29	130,980.23
2008-09	347,102.50	-122,737.21	224,365.29
2009-10	500,426.32	-241,627.12	258,799.20
2010-11	683,938.05	-156,988.16	526,949.89
2011-12	838,751.75	-111,652.88	727,098.87
2012-13	1,115,342.57	-119,793.86	995,548.71
2013-14	2,081,273.88	-291,252.86	1,790,021.02
	6,197,587.34	-1,441,995.85	4,755,591.49
Reduction in Arrears	2,077,361.26	-281,297.24	1,796,064.02

Appendix C

Council Tax Aged Debt analysis 3rd Nov2014		
	accounts	£ value
14 Day letter	872	£563,468.87
Adjourned Committal		
Potential Special Arrangement		
Arrest Warrant - Bail	74	£42,642.92
Charging Order	67	£72,806.01
Attachment of Benefits	823	£296,548.29
Attachment of Earnings	1,014	£631,795.92
Bailiff Return	345	£189,190.23
Bailiff Return Spa		
Bankruptcy		
Committal - Suspended Sentence	3	£1,283.09
Committal		
Committal Summons	2	£442.50
Dataload 14 Day		
Dataload Bailiff		
Dataload AOB		
Enforcement Hold	193	£122,012.49
Liability Order Granted		
Mutiple Liability Order	10	£5,190.55
No Enforcement Stage		
Pending Attachment of Benefits	766	£358,881.06
Pending Attachment of Earnings	447	£344,176.22
Pre Committal Letter	2,267	£1,391,524.00
Small Balance Letter	309	£14,165.16
Special Arrangement	1,635	£825,777.14
Special Arrangment Reminder	300	£179,685.60
Tracing Agent	74	£57,476.61
With Bailiff	5,404	£2,911,859.12
Write Off	22	£9,352.44
Write Off Pending	2,096	£732,758.19
Totals	16,723	£8,751,036.41

Appendix D

NNDR ARREARS ANALYSIS AS AT 3rd Nov 2014			
As at rollover 31 Mar 2014	TOTALS	DR	CR
		4,065,636.55	-1,098,867.66
			2,966,768.89
		DR	CR
1990-91		0.00	0.00
1991-92		0.00	0.00
1992-93		0.00	0.00
1993-94		0.00	0.00
1994-95		0.00	0.00
1995-96		0.00	-352.16
1996-97		277.15	-543.55
1997-98		1,230.83	-4,400.71
1998-99		150.82	-3,565.68
1999-00		0.00	-423.08
2000-01		0.00	-4,671.96
2001-02		0.00	-11,398.07
2002-03		5.00	-12,779.53
2003-04		437.58	-10,312.22
2004-05		1,594.11	-11,862.22
2005-06		39,416.51	-8,827.57
2006-07		100,079.83	-17,754.42
2007-08		95,517.71	-18,135.18
2008-09		187,318.04	-72,270.44
2009-10		209,170.88	-247,400.95
2010-11		272,470.19	-86,724.32
2011-12		393,986.00	-70,978.83
2012-13		726,874.48	-49,049.38
2013-14		1,293,517.65	-98,897.60
		3,322,046.78	-730,347.87
			2,591,698.91
Reduction in Arrears		743,589.77	-368,519.79
			375,069.98

Appendix E

NNDR Aged Debt Analysis 3rd Nov 2014		
	accounts	£ value
Small Balance	24	1,111.34
7 Day Letter	69	479,226.34
warrant no bail	1	1,053.50
Bailiff Return	220	574,280.98
Insolvency proceeding		
Bankruptcy		
Committal Summons	3	2,326.75
Enforcement Hold	15	51,514.76
Liquidation		
Multiple Liability Order	2	5,090.50
No Enforcement Stage	2	0.00
Pre Committal Letter	187	435,221.99
Spa Reminder	13	62,872.69
Special Arrangement	78	248,545.53
Tracing Agent	12	30,555.04
Warrant with bail	1	988.00
With Bailiff	298	960,783.14
Write Off	317	735,490.60
Totals	1,242	3,589,061.16