



<u>Committee and Date</u> Audit Committee  25 June 2015	<u>Item</u>     <u>Public</u>
--	--

## COUNCIL TAX AND NON DOMESTIC RATES PERFORMANCE MONITORING REPORT

**Responsible Officer** Phil Weir  
e-mail: phil.weir@shropshire.gov.uk

Tel: (01743)  
256113

Fax (01743)  
251444

### 1. Summary

The Council's Revenues Team collects over £235 million of income each year in respect of Council Tax and 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 2015, and progress on the year to 31 March 2016.

### 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 £235 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, for the 2013-14 financial year onwards 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 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 collection rate for council tax for the year 2014-15 was 98.2%. This compared favourably with the previous year's collection rate of 98.1%.
5. To put the collection rate into perspective in purely cash terms during the period 1 April 2014 – 31 March 2015 in respect of the 2014-15 financial year the Revenues Team collected £149,829,554 Council Tax whereas during the same period the previous year we collected £146,827,533, which is an increase of £3,002,021.
6. 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 are at Appendix A.
7. National statistics to monitor collection rate trends for the 2014-15 financial year are not yet available. However the national average collection rate for 2013-14 was 97% so we were well ahead of that for 2013-14 (98.1%), and have improved on that performance for 2014-15 (98.2%).
8. Regarding the 2015-16 financial year, in the year to 15 June 2015 the Revenues Team had collected 27.2% of its Council Tax debt. In the equivalent period last year we had collected 27.1% Council Tax.
9. As at 31 March 2015 the total arrears for Council Tax stood at 8.6 million. Work is continuing to recover this debt. As at 1 June 2015 Council Tax arrears stood at 7.9 million (a reduction of £700,000, 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 collection rate for Business Rates for the year 2014-15 was 98.7%. This compare favourably with the previous year's collection rate of 98.3%.
12. To put this collection rate into perspective in purely cash terms during the period 1 April 2014 to 31 March 2015 in respect of the 2014-15 financial year the Revenues Team collected £77,058,449 Business Rates whereas during the same period the previous year we collected £74,783,313, an increase of £2,275,136.
13. National statistics to monitor collection rate trends for the 2014-15 financial year are not yet available. However the national average collection rate for 2013-14 was 97.9% so we were well ahead of that for

2013-14 (98.3%), and have improved on that performance for 2014-15 (98.7%).

14. Regarding the 2015-16 financial year, in the year to 15 June 2015 the Revenues Team had collected 32.7% of its Business Rates debt. In the equivalent period last year we had collected 26.0% Business Rates. The comparative position is higher this year due to improved internal processing of paying the Council's own rate liabilities.
15. As at 31 March 2015 the total arrears for Business Rates stood at 3.4 million. Work is continuing to recover this debt. As at 1 June 2015 Business Rates arrears stood at 3.5 million (an overall increase of £132,000 see Appendix D)
16. The reason for the increase is that the arrears for 2014-15 and 2013-14 have increased since 1 April 2015 due to old year rating increases.
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

Meeting, date: Report heading

**Cabinet Member (Portfolio Holder)**

Mike Owen

**Local Member**

N/A

**Appendices**

Appendix A – Council Tax 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 – Council Tax Collection Rate Breakdown

2014-15 as at 01/04/2015	Debit £000	Payments £000	Collection rate
Total Collection Rate	155,105	152,401	98.3%
Total Benefit Claimants	2,674	2,498	93.4%
PCLC	1,561	1,481	94.9%
former class A exempt	138	138	100.0%
second home full tax	1,946	1,899	97.6%
second home job protected	30	30	100.0%
PCLC_5MTHS	834	774	92.8%
premium	1,015	969	95.5%

### Glossary of Terms

**Total Collection Rate** – overall collection rate for Shropshire

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

**PCLC** – This is unoccupied and unfurnished property that has been unoccupied and unfurnished for more than six months and less than two years. Shropshire Council charged 100% Council Tax for 2014-15

**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 2014-15 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.

**PCLC 5 Months** – unoccupied and unfurnished property that has been unoccupied for more than 1 month but less than 6 months

**PREMIUM** – Unoccupied and unfurnished property that has been unoccupied and unfurnished for more than 2 years attracted a 50% premium with effect from 1 April 2014

## Appendix B – Council Tax Arrears Analysis

<b>COUNCIL TAX ARREARS ANALYSIS AS AT 1st June 2015</b>				
<b>As at rollover 1 April 2015</b>	<b>TOTALS</b>	<b>DR</b>	<b>CR</b>	<b>NET TOTAL</b>
		<b>8,613,681.09</b>	<b>-1,841,640.10</b>	<b>6,772,040.99</b>
		<b>DR</b>	<b>CR</b>	
1993-94		10.01	-5,436.99	-5,426.98
1994-95		206.18	-8,942.64	-8,736.46
1995-96		111.73	-12,094.56	-11,982.83
1996-97		1,447.04	-11,974.20	-10,527.16
1997-98		2,493.19	-10,840.30	-8,347.11
1998-99		4,617.83	-9,339.77	-4,721.94
1999-00		7,776.69	-14,679.86	-6,903.17
2000-01		8,057.23	-11,064.73	-3,007.50
2001-02		10,843.84	-21,456.49	-10,612.65
2002-03		18,807.94	-25,918.80	-7,110.86
2003-04		38,858.29	-29,587.02	9,271.27
2004-05		57,113.93	-40,988.81	16,125.12
2005-06		88,449.37	-62,371.01	26,078.36
2006-07		135,028.89	-65,188.17	69,840.72
2007-08		171,335.47	-65,054.98	106,280.49
2008-09		309,800.40	-120,914.00	188,886.40
2009-10		447,687.01	-238,027.15	209,659.86
2010-11		608,607.58	-154,325.24	454,282.34
2011-12		728,983.14	-106,844.16	622,138.98
2012-13		914,395.59	-111,258.27	803,137.32
2013-14		1,461,360.51	-185,228.13	1,276,132.38
2014-15		2,904,197.62	-316,660.09	2,587,537.53
		<b>7,920,189.48</b>	<b>-1,628,195.37</b>	<b>6,291,994.11</b>
<b>Reduction in Arrears</b>		<b>693,491.61</b>	<b>-213,444.73</b>	<b>480,046.88</b>

## Appendix C - Council Tax Aged Debt Analysis

Council Tax Aged Debt analysis 1 June 2015		
	accounts	£ value
14 Day letter	1,089	£451,483.03
Adjourned Committal		
Potential Special Arrangement		
Arrest Warrant - Bail	71	£39,807.49
Charging Order	106	£127,687.15
Attachment of Benefits	874	£313,405.76
Attachment of Earnings	967	£491,205.81
Bailiff Return	362	£209,015.26
Bailiff Return Spa		
Bankruptcy		
Committal - Suspended Sentence	3	£1,283.09
Committal		
Committal Summons	2	£442.50
Datload 14 Day		
Datload Bailiff		
Datload AOB		
Datload SPA	1	£235.00
Enforcement Hold	253	£135,637.07
Liability Order Granted		
Mutiple Liability Order	10	£5,190.55
No Enforcement Stage		
Pending Attachment of Benefits	759	£347,466.99
Pending Attachment of Earnings	441	£307,167.25
Pre Committal Letter	2,762	£1,714,114.95
Small Balance Letter	216	£9,236.57
Special Arrangement	879	£331,882.61
Special Arrangment Reminder	166	£72,894.10
Tracing Agent	125	£98,967.99
With Bailiff	4,052	£1,646,467.07
Write Off	23	£10,169.28
Write Off Pending	2,321	£720,472.75
<b>Totals</b>	<b>15,482</b>	<b>£7,034,232.27</b>

## Appendix D – Business Rates Arrears Analysis

NNDR ARREARS ANALYSIS AS AT 1st June 2015			
As at rollover 1 Apr 2015	DR	CR	
TOTALS	3,415,547.28	-1,084,227.87	2,331,319.41
	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	0.00	-543.55	-543.55
1997-98	1,230.83	-4,400.71	-3,169.88
1998-99	16.20	-3,272.99	-3,256.79
1999-00	0.00	-423.08	-423.08
2000-01	0.00	-4,671.96	-4,671.96
2001-02	0.00	-11,165.11	-11,165.11
2002-03	5.00	-12,779.53	-12,774.53
2003-04	227.58	-10,312.22	-10,084.64
2004-05	1,594.11	-11,862.22	-10,268.11
2005-06	39,246.00	-8,827.57	30,418.43
2006-07	99,495.99	-17,754.42	81,741.57
2007-08	87,416.27	-18,135.18	69,281.09
2008-09	173,226.65	-72,270.44	100,956.21
2009-10	197,291.82	-246,564.87	-49,273.05
2010-11	221,746.34	-82,876.68	138,869.66
2011-12	289,589.35	-70,595.35	218,994.00
2012-13	327,955.22	-37,097.56	290,857.66
2013-14	674,130.35	-87,613.66	586,516.69
2014-15	1,434,632.99	-188,807.91	1,245,825.08
	3,547,804.70	-890,327.17	2,657,477.53
Reduction in Arrears	-132,257.42	-193,900.70	-326,158.12



**Appendix E – Business Rates Aged Debt Analysis**

<b>NNDR Aged Debt Analysis 1st June 2015</b>		
	<b>accounts</b>	<b>£ value</b>
Small Balance	23	1,061.34
7 Day Letter	42	152,709.22
warrant no bail	1	1,053.50
Bailiff Return	225	623,489.84
Insolvency proceeding	0	0.00
Bankruptcy	0	0.00
Committal Summons	3	2,326.75
Enforcement Hold	15	53,095.15
Liquidation	0	0.00
Multiple Liability Order	2	5,090.50
No Enforcement Stage	2	0.00
Pre Committal Letter	189	451,173.83
Spa Reminder	4	4,708.23
Special Arrangement	68	143,975.21
Tracing Agent	15	27,521.08
Warrant with bail	1	988.00
With Bailiff	260	770,945.85
Write Off	182	326,138.16
<b>Totals</b>	<b>1,032</b>	<b>2,564,276.66</b>