



Committee and Date

Audit Committee

23 June 2016

Item

Public

COUNCIL TAX AND NON DOMESTIC RATES PERFORMANCE MONITORING REPORT

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1. Summary

The Council's Revenues Teams collects over £245 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 2016, and progress on the year to 31 March 2017.

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 £245 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 2015-16 was 98.4%. This compared favourably with the previous year's collection rate of 98.3%.
5. To put the collection rate into perspective in purely cash terms during the period 1 April 2015 – 31 March 2016 in respect of the 2015-16 financial year the Revenues Team collected £153,091,967 Council Tax whereas during the same period the previous year we collected £149,829,554, which is an increase of £3,262,413.
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 2015-16 financial year are at Appendix A.
7. National statistics to monitor collection rate trends for the 2015-16 financial year are not yet available. However the national average collection rate for 2014-15 was 97% so we were well ahead of that for 2014-15 (98.3%), and have improved on that performance for 2015-16 (98.4%). A table comparing performance for 2015-16 is at appendix F.
8. Regarding the 2016-17 financial year, in the year to 6 June 2016 the Revenues Team had collected 25.2% of its Council Tax debt. In the equivalent period last year we had collected 25.5% Council Tax.
9. As at 31 March 2016 the total arrears for Council Tax stood at 9 million. As at 1 June 2016 Council Tax arrears stood at 8.4 million (a reduction of £600,000, see Appendix B). While work continues to recover this debt it is important to recognise that this is a cumulative figure, added to at the completion of each financial year. Annual increases in Council Tax arrears follow a national trend. At the start of 2014-15 there was £2.6 billion of council tax arrears outstanding nationally. At 31 March 2015 this had increased to £2.7 billion.
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 2015-16 was 99.1%. This compare favourably with the previous year's collection rate of 98.7%.
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 £78,124,707 Business Rates whereas during the same period the previous year we collected £77,058,449, an increase of £1,066,258.

13. National statistics to monitor collection rate trends for the 2015-16 financial year are not yet available. However the national average collection rate for 2014-15 was 98.1% so we were well ahead of that for 2014-15 (98.7%), and have improved on that performance for 2015-16 (99.1%). A table comparing performance for 2015-16 is at appendix F.
14. Regarding the 2016-17 financial year, in the year to 6 June 2016 the Revenues Team had collected 27.9% of its Business Rates debt. In the equivalent period last year we had collected 31.3% Business Rates.
15. As at 31 March 2016 the total arrears for Business Rates stood at 3.6 million. Work is continuing to recover this debt. As at 1 June 2016 Business Rates arrears stood at 3.8 million (an overall increase of £200,000 see Appendix D)
16. The reason for the change is that the arrears for 2015-16 and 2014-15 have increased since 1 April 2016 due to old year rating amendments.
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.

Meeting, date: Report heading

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)

Malcolm Pate

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 F – Collection Rate Analysis

Appendix A – Council Tax Collection Rate Breakdown

2015-16 as at 01/04/2016	Debit £	Payments £	Collection rate
Total Collection Rate	158,387	155,825	98.4%
Total Benefit Claimants	2,473	2,334	94.4%
former class A exempt PCLD_A_50%	149	146	98.0%
second home full tax-PCLB_2ND0%	1,951	1,899	97.3%
second home job protected-2NDHOME	32	31	96.9%
PCLC_5MTHS	774	725	93.7%
PCLC	1,498	1,422	94.9%
premium	1,113	1,047	94.1%

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

COUNCIL TAX ARREARS ANALYSIS AS AT 1st June 2016				
As at rollover 1 April 2016	TOTALS	DR	CR	NET TOTAL
		9,077,048.72	-1,800,045.06	7,277,003.66
		DR	CR	
1993-94		0.61	-780.92	-780.31
1994-95		206.18	-2,392.03	-2,185.85
1995-96		137.38	-5,177.13	-5,039.75
1996-97		1,447.02	-7,532.03	-6,085.01
1997-98		2,493.18	-9,446.07	-6,952.89
1998-99		4,611.95	-9,339.77	-4,727.82
1999-00		7,744.66	-14,679.86	-6,935.20
2000-01		7,669.21	-11,064.73	-3,395.52
2001-02		10,055.49	-21,215.00	-11,159.51
2002-03		17,287.42	-25,918.80	-8,631.38
2003-04		35,563.59	-29,452.39	6,111.20
2004-05		51,089.78	-40,986.51	10,103.27
2005-06		81,648.81	-41,697.73	39,951.08
2006-07		126,837.36	-42,913.86	83,923.50
2007-08		155,849.49	-45,039.78	110,809.71
2008-09		279,510.69	-119,798.99	159,711.70
2009-10		401,430.73	-234,200.13	167,230.60
2010-11		545,715.25	-152,701.78	393,013.47
2011-12		643,369.30	-104,670.41	538,698.89
2012-13		754,602.44	-107,308.17	647,294.27
2013-14		1,105,819.99	-176,955.23	928,864.76
2014-15		1,527,049.83	-161,372.70	1,365,677.13
2015-16		2,713,788.96	-314,777.05	2,399,011.91
		8,473,929.32	-1,679,421.07	6,794,508.25
Reduction in Arrears		603,119.40	-120,623.99	482,495.41

Appendix C - Council Tax Aged Debt Analysis

Council Tax Aged Debt analysis 1st June 2016		
	accounts	£ value
14 Day letter	824	£402,477.83
Adjourned Committal		
Potential Special Arrangement		
Arrest Warrant - Bail	74	£41,525.67
Charging Order	196	£206,973.97
Attachment of Benefits	723	£257,101.66
Attachment of Earnings	928	£482,391.03
Attachment of Benefits - UC	5	£1,075.65
Attachment of Members Allowances	1	£463.00
Bailiff Return	320	£158,915.01
Bailiff Return Spa		
Bankruptcy		
Committal - Suspended Sentence	2	£756.59
Committal		
Committal Summons	2	£442.50
Datload 14 Day		
Datload Bailiff		
Datload AOB		
Datload SPA		
Enforcement Hold	150	£107,584.42
FIT Referral		
Liability Order Granted		
Mutiple Liability Order	9	£4,978.40
No Enforcement Stage		
Pending Attachment of Benefits	742	£358,511.91
Pending Attachment of Earnings	343	£249,425.19
PLR Workflow		
Pre Committal Letter	3,295	£2,051,523.62
Small Balance Letter	201	£12,033.34
Special Arrangement	948	£367,388.25
Special Arrangement Reminder	157	£60,596.58
Tracing Agent	66	£47,606.33
With Bailiff	4,967	£1,751,065.10
Write Off	30	£13,443.32
Write Off Pending	2,772	£949,267.21
Totals	16,755	£7,525,546.58

Appendix D – Business Rates Arrears Analysis

NNDR ARREARS ANALYSIS AS AT 1st June 2016			
As at rollover 1 Apr 2016	TOTALS	DR	CR
		3,570,950.95	-1,351,678.55
			2,219,272.40
		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	-1,115.60
1996-97		0.00	-543.55
1997-98	1,230.83	-3,453.34	-2,222.51
1998-99	16.20	-1,786.14	-1,769.94
1999-00	0.00	-59.49	-59.49
2000-01	0.00	-4,393.70	-4,393.70
2001-02	0.00	-8,724.06	-8,724.06
2002-03	5.00	-12,779.53	-12,774.53
2003-04	0.00	-9,994.26	-9,994.26
2004-05	1,524.11	-11,444.81	-9,920.70
2005-06	36,817.10	-8,827.57	27,989.53
2006-07	96,970.40	-17,754.42	79,215.98
2007-08	86,008.46	-17,900.44	68,108.02
2008-09	168,612.09	-71,730.47	96,881.62
2009-10	191,252.91	-240,493.46	-49,240.55
2010-11	211,230.16	-70,523.80	140,706.36
2011-12	230,066.99	-30,463.12	199,603.87
2012-13	285,276.56	-21,132.25	264,144.31
2013-14	418,848.38	-80,333.27	338,515.11
2014-15	643,087.55	-62,733.90	580,353.65
2015-16	1,442,092.39	-334,796.73	1,107,295.66
		3,813,039.13	-1,010,983.91
			2,802,055.22
Reduction in Arrears		-242,088.18	-340,694.64
			-582,782.82

Appendix E – Business Rates Aged Debt Analysis

NNDR Aged Debt Analysis 1st June 16		
	accounts	£ value
7 Day Letter	100	246,848.60
Bailiff Return	208	495,202.10
Insolvency proceeding		
Bankruptcy		
Committal Summons	3	2,326.75
Enforcement Hold	16	50,446.94
Liquidation		
Multiple Liability Order	1	5,000.00
No Enforcement Stage	2	0.00
Pre Committal Letter	227	506,909.17
Small Balance Letter	28	1,515.80
Spa Reminder	4	17,982.60
Special Arrangement	35	93,868.82
Tracing Agent	2	2,163.22
warrant no bail	1	0.00
Warrant with bail	1	988.00
With Bailiff	288	476,999.49
Write Off	241	536,991.02
Totals	1,157	2,437,242.51

Appendix F – Collection Rate Analysis

	Council Tax	Business Rates
2013-14 collection rate	98.1%	98.3%
2014-15 collection rate	98.3%	98.7%
2015-16 provisional collection rate	98.4%	99.1%
2014-15 position (out of 326 Authorities)*	joint 82nd	joint 89th
2014-15 national average	97.0%	98.1%
2014-15 unitary average	96.8%	97.9%
2014-15 unitary position (out of 56 unitary authorities)	6th	12th
2014-15 West Midlands position (out of 31 authorities)*	joint 8th	joint 7th

* includes unitaries, mets and districts