

Cabinet Member Strategic Finance and Resources

2 December 2013

Name of Cabinet Member:

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

Director Approving Submission of the report:

Executive Director of Resources

Ward(s) affected:

All

Title:

Performance within the Revenues Service for the period April 2013 – September 2013

Is this a key decision?

No. Although the matter within the Report can affect all wards in the City, it is not anticipated that the impact will be significant and it is therefore not deemed to be a key decision.

Executive Summary:

The purpose of this report is to update the Cabinet Member (Strategic Finance and Resources) on performance and developments within the revenues service during the period April 2013 to September. The revenues service is responsible for the collection of more than £111 million of Council Tax from 136,000 domestic properties, more than £120 million of non-domestic rates from 8,000 properties and more than £90 million of corporate income. The service is forecasting to collect 96.0 per cent of Council Tax and 98.5 per cent of Business Rates in 2013/14. The service has reduced council tax arrears by 21 per cent between April and September.

The service has also expects the level of corporate debt outstanding for more than six months to reduce to below the £0.8 million operational target by the end of March 2014.

Compared with the first six months of 2012/13, the Council has collected an additional £2.4 million of council tax and an additional £2.3 million of business rates.

Recommendations:

The Cabinet Member is requested to:

- 1) Endorse the performance of the revenues service for the period 1 April 2013 to 30 September 2013;
- 2) Agree to receive a further report at the first meeting of the 2014/15 municipal calendar to provide an update for the period April 2013 to March 2014.

List of Appendices included:

None

Other useful background papers:

None

Has it or will it be considered by Scrutiny?

No

Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title:

Performance within the revenues service for the period April 2013 – September 2013

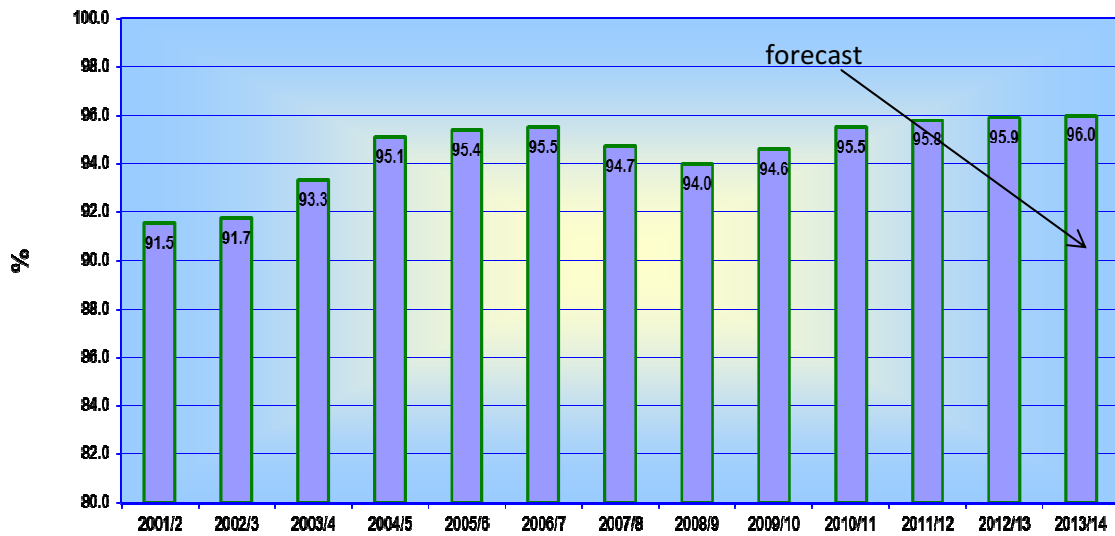
1. Context (or background)

The purpose of this report is to update the Cabinet Member (Strategic Finance and Resources) on performance and developments within the revenues service during the period April 2013 to September 2013. The revenues service is responsible for the collection of more than £111 million of Council Tax from 136,000 domestic properties, more than £120 million of non-domestic rates from 8,000 properties and more than £90 million of corporate income.

2. Options considered and recommended proposal**Council Tax Collection**

- 2.1 The revenues service collected 54.9 per cent of Council Tax during the period April 2013 to September 2013 which is marginally below the 55.4 per cent collected during the same period in 2012. The operational target for the year is 96.0 per cent and the service expects to achieve 96 per cent collection by the end of March 2014. This would continue the recent trend of year-on-year collection improvement and represents the highest collection rate performance ever achieved in Coventry.
- 2.2 Despite having collected marginally less, in percentage terms, than in the same period last year, the service has actually collected an additional £2.4 million compared to the first six months of 2012/13. This represents a four per cent increase in the actual volume of cash collected. The overall collectible debit for 2013/14 currently stands at £111.8 million – a 4.8 per cent increase on the £106.7 million in 2012/13.
- 2.3 A number of factors have contributed to the increase in collectible debit in 2013/14. Expenditure on Council Tax Support has reduced by 2.4 per cent from last year. This is a positive trend for the Council in that it reduces the overall Council Tax Support bill and goes some way to offset the Government's 10 per cent reduction in funding for Council Tax Support. It nevertheless represents additional Council Tax that has to be collected, in many cases from low income households who straddle the benefit entitlement threshold.
- 2.4 In addition, technical changes to council tax, approved by Council in 2012/13, came into effect in April 2014. These changes include the reduction in discounts available for empty properties and second homes and the imposition of a charge for properties that have been empty for more than two years. These changes are estimated to result in an additional £1.7 million in collectible council tax in 2013/14 of which £1.1 million has been collected at 30 September 2013.

Figure 1 – Council Tax in-year collection rate by year



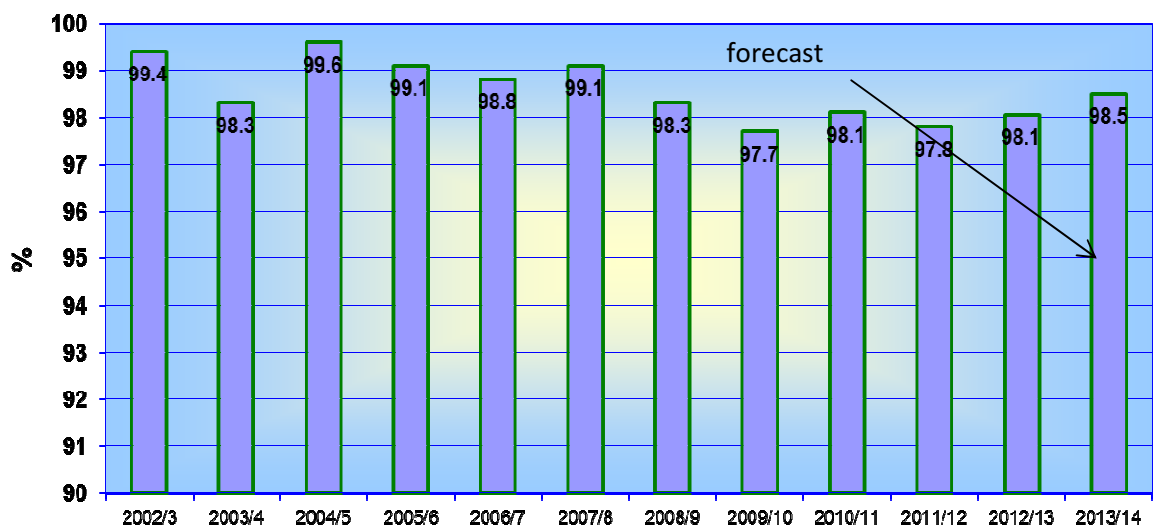
Council Tax Arrears

- 2.5 At 1 April 2013, £11.845 million of council tax was outstanding in relation to liabilities for previous years (prior to 1 April 2013). As at the end of September 2013 this balance has been reduced by 21 per cent to £9.367 million. The operational target for the year is to reduce council tax arrears by 40 per cent and ensure that arrears do not exceed £11.34 million at 1 April 2014 when uncollected Council Tax for 2013/14 has been added to the arrears figure.
- 2.6 In April 2013 the Government introduced legislative changes which enable council tax payers to spread their payment profile over 12 months rather than 10 months as had previously been the case. This means that the Council will need to collect increased levels of council tax during the months of February and March 2014. Whilst the overall debit to be collected during these months remains relatively low (0.4 per cent of the total debit at present) it nevertheless poses a small risk to both council tax collection performance and council tax arrears. This is because if payments are missed in February and March it gives the Council very limited opportunity to recover these amounts before the 31 March deadline.

Business rates

- 2.7 The service has collected 59.3 per cent of business rates in the first half of 2013/14. This is 3.4 per cent (£2.3 million) higher than the 58.6 per cent collected at this stage last year. The overall collectible business rates debit has increased by 2.6 per cent in 2013/14 from £117.5 million to £120.5 million. This growth has become more relevant to the Council from 2013/14 with Government changes introduced from April which will see Councils retaining 50 per cent of any business rates growth.
- 2.8 The service has responded to the new business rates regime by appointing two new inspectors to ensure that the Council maximises business rates revenue. Closer working arrangements have also been established with the Council's planning team to ensure that rate liability is quickly established for new non-domestic properties.

2.9 The operational target for the year is 98.5 per cent collection and the service is currently projecting to achieve this target by the end of March 2014.



2.10 The revenues service is responsible for the collection of corporate income - the billing and collection of invoices raised for goods and services provided by all Council Directorates ranging from commercial rent income, to care charges and one off services.

2.11 During 2013/14 the level of corporate debt that has been outstanding for more than six months has increased slightly from £0.88 million in April to £0.9 million at the end of September. The level of debt outstanding has fluctuated during the year and has been as low as £0.79 million in July. The operational target is to reduce the level of old debt to below £0.8 million. The forthcoming implementation of the Council's new financial system *Agresso* will require staff to undertake training and there is likely to be some level of disruption as the new system beds in. This is likely to have some impact on income collection during the last two quarters of 2013/14.

2.12 Housing benefit overpayment debt has increased slightly from £9.8 million in April to £10.1 million at the end of September. However, outstanding debt remains 5 per cent lower than the 10.6 million outstanding at this point last year.

2.13 The value of debt written off within the service area totalled £0.93 million at the end of September and is not expected to exceed the £5 million threshold by the end of March.

2.14 The number of people opting to pay council tax by direct debit continues to increase, as illustrated in the table below.

	April 2013	September 2013
Accounts for which payments are required (excludes maximum council tax support accounts)	105,615	105,141
No. of accounts paid by direct debit	66,093 (62.6%)	65,608

3. Results of consultation undertaken

3.1 No consultation has been undertaken.

4. Timetable for implementing this decision

4.1 Not applicable.

5. Comments from Executive Director, Resources

5.1 Council tax is an important source of income for the city Council. Each Extra 1% of council tax collected amounts to approximately £1 million in revenue to the Authority.

5.2 There are no legal implications arising from this report.

6. Other implications

None

6.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?

The effective collection of Council Tax, Business Rates and other corporate revenue is crucial to maximising the use of Council resources.

6.2 How is risk being managed?

The service reports monthly to Resources Management Team, the Cabinet Member and the Shadow Cabinet Member. Performance against target is reported on a traffic light basis in order to identify quickly any potential variations in the performance of the revenues service.

6.3 What is the impact on the organisation?

None

6.4 Equalities / EIA

No equality impact assessment has been carried out as the recommendations do not constitute a change in service or policy

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

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