

Cabinet Member Strategic Finance and Resources

1 December 2014

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 2014 – September 2014

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 to September 2014. The revenues service is responsible for the collection of more than £116 million of Council Tax from 137,345 domestic properties, more than £122 million of non-domestic rates from 8,234 properties and more than £90 million of corporate income. The service has a target to collect 96.0 per cent of Council Tax and 98.5 per cent of Business Rates in 2014/15, and to reduce Council Tax arrears by 40 per cent. .

The service also has an operational target to reduce the level of Corporate Debt outstanding for more than six months (without an arrangement in place) to below £0.4 million and for Housing Benefit Overpayment debt to remain under £9.9 million by the end of March 2015.

Recommendations:

The Cabinet Member is requested to:

- 1) Note the performance of the revenues service for the period 1 April 2014 to 30 September 2014;
- 2) Agree to receive a further report at the first meeting of the 2015/16 municipal calendar to provide an update for the period April 2014 to March 2015.

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 2014 – September 2014

1. Context (or background)

The revenues service is responsible for the collection of more than £116 million of Council Tax from 137,345 domestic properties, more than £122 million of non-domestic rates from 8,234 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 2014 to September 2014, and collection is the same in percentage terms, as in the same period last year. The operational target for the year is 96.0 per cent and the service is currently forecasting to achieve a collection rate of 95.1% by the end of March 2015.
- 2.2 The Service has seen a significant increase in recovery action during the period. Indications are that it is becoming more difficult to collect money from people, particularly with lower incomes:
 - The amount of debt being sent to Enforcement Agents (previously bailiffs) is up by 28% in value;
 - The amount of council tax support (CTS) awarded is £700,000 less than at the same point in 2013/14. This indicates that people are coming off CTS and often moving in to lower paid jobs.
 - There have been significant increases in the number of reminders, summonses and liability orders issued.
 - There is a 9% increase in the amount of work being received by the team – mainly due to increased recovery activity and an increase in the number of residences liable across the City (new property, as well as now charging for empty properties).
- 2.3 Although collection is the same in percentage terms, when compared to the same period last year, the service has collected an additional £2.3 million. This represents a 3.7 per cent increase in the actual volume of money collected. The overall collectible debit for 2014/15 currently stands at £116.1 million – a 3.9 per cent increase on the £111.8 million in 2013/14.

Council Tax Arrears

- 2.4 At 1 April 2014, £12.169 million of council tax was outstanding in relation to liabilities for previous years (prior to 1 April 2014). As at the end of September 2014 this balance has been reduced by 20 per cent to £9.750 million. The operational target for the year is to reduce council tax arrears by 40 per cent and ensure that arrears brought forward (including arrears from this current year) do not exceed £11.34 million at 1 April 2015.

Business Rates

- 2.5 The Service has collected 54 per cent of business rates in the first half of 2013/14, which is a reduction on the same time last year. Businesses now have a statutory right to 12 instalments to pay their business rates – it is likely that this accounts for part of the reduction in collection. Further analysis is being undertaken to establish why the projected collection rate is currently 95.5 per cent and not the target rate of 98.5 per cent. The overall collectible business rates debit has increased by 1.7 per cent in 2014/15 from £120.5 million to £122.5 million. This provides valuable income for the Council since the regulation changes since 2013 with the Council retaining 50 per cent of the growth.

Corporate Income

- 2.6 The 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.
- 2.7 With the introduction of the new Agresso system and its reporting methods a new operational target has been introduced to benchmark collection. The target is to reduce corporate debt in excess of 6 months old (where there is no arrangement to repay in place) to less than £0.4 million. The level of debt outstanding at the end of September is £0.46 million, just above target. New processes improvements in the workflow are being implemented and the Service is confident of meeting the target by the end of the year.

Housing Benefit Overpayment

- 2.8 Housing benefit overpayment debt has increased from £9.8 million in April to £10.5 million at the end of September. During this period all processes have been fully automated and all outstanding debt not in recovery has been identified and is currently being reviewed. With these changes now in place, the Service is in a much better position to tackle the outstanding debt and focus on the problem areas.

Revenues

- 2.9 The value of debt written off within the service area totalled £0.79 million at the end of September and is not expected to exceed the £5 million threshold (for reporting to councillors) by the end of March.

Direct Debit

- 2.10 Direct debit is the most efficient way of collecting council tax. The number of people opting to pay council tax by direct debit remains steady, and positive steps are being taken to revise guidelines and procedures to increase take up. It is further planned to associate a 'push' for direct debit take up as the councils plans for the new customer services office go forward.

	April 2014	September 2014
Accounts for which payments are required (excludes maximum council tax support accounts)	105,085	105,034
No. of accounts paid by direct debit	64,676 (61.5%)	65,157(62.03%)

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 of 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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