



## Coventry City Council

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**To:** Finance and Corporate Services Scrutiny Board (Scrutiny Board 1)

**Date:** 6 November 2024

**Subject:** Council Tax Administration

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### 1 Purpose of the Note

- 1.1 To update Finance and Corporate Services Scrutiny Board on the Council's performance in respect of council tax administration, collection and enforcement for the tax year 2023/24.

### 2 Recommendations

- 2.1 The Finance and Corporate Services Scrutiny Board (1) is recommended to:
- a) Consider the content of the report
  - b) Identify any recommendations for the Cabinet Member (Strategic Finance and Resources)
  - c) Agree to receive a further report in the new municipal year 2025/26 to detail outturn performance for the tax year 2024/25.

### 3 Background and Information

- 3.1 The Council, as a statutory billing authority, collects council tax revenue totalling £214 million from approximately 153,000 domestic properties.
- 3.2 The Band composition of those properties is set out in table 1 below.

Table 1 – Properties by council tax band

Council tax band	No. of properties
A	63,674
B	44,037
C	25,012
D	10,583
E	5,116
F	2,580
G	1,482
H	181
Awaiting banding	254
<b>TOTAL</b>	<b>152,919</b>

- 3.3 Council tax is billed at the beginning of each tax year and taxpayers are entitled to pay over 10 or 12 instalments.
- 3.4 Where a taxpayer misses a payment, they are issued with a statutory reminder notice. If the account is not brought up to date within 14 days, the taxpayer is summonsed to appear before Coventry Magistrates Court at a hearing 21 days thereafter.
- 3.5 At this point, the taxpayer has lost the statutory right to pay by instalments and the full charge for the year falls due. In practice, the Council will still seek to agree payment arrangements where possible with taxpayers on a case-by-case basis.
- 3.6 If the taxpayer does not clear the outstanding charge prior to the Court hearing, the Council will obtain a liability order against the taxpayer. A liability order empowers the Council to take the following statutory enforcement actions:
- Recover the debt by way of deductions from a taxpayer's benefit entitlement;
  - Recover the debt by way of deductions from a taxpayers earnings;
  - Refer the balance to an enforcement agent (formerly known as bailiffs);
  - Place a charge on the taxpayer's property (and the potential to force sale);
  - Petition to have the taxpayer declared bankrupt;
  - Apply to the Magistrates Court to have the taxpayer committed to prison for up to 90 days.
- 3.7 The Council makes use of all the enforcement remedies detailed above in the shortest timeframe permitted by statute.
- 3.8 Appendix 1 sets out the use of enforcement powers during 2023/24.
- 3.9 The Department for Housing, Communities and Local Government (MHCLG) publish national data each year on billing authority collection performance.
- 3.10 Generally, there are three main areas of focus
- The in-year collection rate. The amount of council tax collected in the tax year that was due for the tax year;
  - Council tax arrears. The amount of council tax outstanding for previous years;
  - The amount of council tax written off in the tax year regardless of the year to which it relates.
- 3.11 Whilst it is useful to understand Coventry's position at a national level, there are numerous inherent factors which can impact on council tax collection and arrears, including:
- Local demographics and levels of deprivation;
  - Levels of transience and home ownership;
  - Student populations;
  - Composition of the tax base. I.e. Coventry has a high proportion of band A properties which are more likely to be occupied by lower income, transient populations;

- Council Tax Support schemes and the level of support provided.
- 3.12 To provide a more instructive analysis for benchmarking purposes it is useful to look at Coventry's performance against our 35 metropolitan peers. However, even this comparison can be problematic when we consider that this group includes relatively affluent areas such as Solihull.
- 3.13 Further benchmarking context can be gleaned from comparisons to our Chartered Institute of Public Finance and Accountancy (CIPFA) nearest neighbours – a group of 15 authorities who share similar characteristics on demographics, deprivation, employment and population density.
- 3.14 There has been a longstanding focus on in year collection rates for performance purposes. For accounting purposes, a more salient figure is the eventual council tax collection rate. This is the percentage of council tax collected in the fullness of time. In Coventry, the eventual collection rate is 97.9 per cent. This means that whilst 93.7 per cent of council tax falling due in a tax year may be collected within that tax year, over the longer term 97.9 per cent of what was due will be collected with 2.1 per cent being written off

#### **4. Performance and benchmarking**

- 4.1 There has been a longstanding focus on in year collection rates for performance purposes. For accounting purposes, a more salient figure is the eventual council tax collection rate. This is the percentage of council tax collected in the fullness of time. In Coventry, the eventual collection rate is 97.9 per cent. This means that whilst 93.7 per cent of council tax falling due in a tax year may be collected within that tax year, over the longer term 97.9 per cent of what was due will be collected with 2.1 per cent being written off.
- 4.2 In 2023/24, Coventry collected 93.7 per cent of the Council Tax due for the tax year. Coventry ranked 261<sup>st</sup> of 296 billing authorities nationally and 25<sup>th</sup> of 36 metropolitan authorities (illustrated in Appendix 2 and 3).
- 4.3 Coventry's in year collection rates continues to track lower than the average pre pandemic collection rates. Prior to the COVID pandemic Coventry's in year collection rate averaged around 95.7 per cent.
- 4.4 Appendix 4 and 5 show that Coventry's in year collection performance is precisely average for both metropolitan authorities and our CIPFA nearest neighbours.
- 4.5 Whilst in year collection rates remain challenging, Coventry performance on collecting prior year balances remains strong (see appendix 6). Coventry recorded the fifth highest arrears collection rate of the 36 metropolitan authorities in 2023/24.
- 4.6 Between March 2020 and March 2024, the total amount of council tax outstanding nationally had increased by 67 per cent to £6 billion. Coventry's arrears increased by 87 per cent during the same period to £30 million.
- 4.7 Despite this increase in arrears, expressed as a percentage of the total council tax collectible, Coventry has the 10<sup>th</sup> lowest level of arrears of 36 metropolitan authorities and the 3<sup>rd</sup> lowest of our 15 CIPFA nearest neighbours as seen in Appendix 7 and 8.

#### **5. Ongoing collection activity**

- 5.1 Coventry continues to seek a balance between robust recovery and enforcement of council tax arrears but also supporting our most vulnerable households with a proportionate approach to the recovery of arrears.
- 5.2 Coventry uses all of the enforcement remedies legally available in the shortest timeframe permitted. This includes obtaining liability orders, attachments of benefits, attachments of earnings, the use of enforcement agents, bankruptcy, charging orders and ultimately committal to prison. Coventry is one of few authorities nationally to seek committal orders for non payment of council tax.
- 5.3 Coventry makes use of available technology to target council tax arrears, including the use of automated SMS, email and voice broadcasting functionality to elicit contact from debtors.
- 5.4 The Council uses Experian credit reference searches to trace debtors where their whereabouts is unclear.
- 5.5 During 2023/24, in response to budgetary challenges, the council tax section has seen significant delays in responding to customer demand. This can impact on the speed at which council tax is collected. To address this, the Council has invested in automation technology which went live in July 2024. The webCAPTURE solution uses intuitive online forms to capture information from customers moving in, within and out of Coventry. The technology inputs this information directly to the back office database, calculates liability and generates a council tax bill without the need for any human intervention. The technology means that up to 80 per cent of customer notifications will be processed automatically within 24 hours and frees up capacity for officers to focus on more complex casework that requires human judgement. This is drastically improving response times for customers and generating significant efficiencies for back office teams which can be used to continue to target historic arrears.
- 5.6 The service continues to engage temporary resources to take a two pronged approach to addressing the backlog of work, with officers tackling older work and new work being processed by webCAPTURE as it's received.

## **6 Protecting vulnerable residents**

- 6.1 Whilst taking a robust approach to the collection of public funds, the Council is sensitive to its responsibilities to protect Coventry's most vulnerable residents.
- 6.2 Coventry's Council Tax Support scheme provides up to 80 per cent council tax relief for low income working age households and 100 per cent relief for those of pension age.
- 6.3 Coventry publishes a Revenues Collection and Vulnerability Policy which sets out the measures taken by the Council to protect our most vulnerable residents. The Council is also a signatory to the Citizen's Advice Council Tax Protocol which sets out best practice in council tax collection.
- 6.4 Amongst the measures taken to protect vulnerable residents and maintain ethical collection practices are:
  - **Vulnerability Panel** – Senior Officers, including the Head of Service, meet monthly to review vulnerable cases and determine whether debts should be pursued or written off
  - **Committal Approval Panel** – like the Vulnerability Panel, any case progressing to committal stage must be approved by panel, including the

Head of Service. All cases proceeding to committal stage will have been subject to checks with Adult Social Care to determine any vulnerability

- **Financial data** - In reviewing vulnerable cases the Council makes use of third party financial data to assess the ability to pay
- **Quarterly advice sector review meetings** – attended by Council officers, advice agencies and the Council's appointed enforcement agents. These meetings help to maintain constructive working relationships between the partners and ensure any concerns about collection practices are quickly addressed
- **Discretionary Relief Policy** – this policy exists in addition to the council tax support scheme and provides for relief of up to 100 per cent for the most vulnerable residents. This scheme is used particularly to support care leavers and families with no recourse to public funds. A recent example, notified to the council tax team by Children's Services, resulted in £1,300 being written off for a single mother who has no recourse to public funds. Despite relying on charity to support her family, the resident had been attempting to make council tax payments. Officers refunded all of the payments made this year totalling £765 to assist the family.
- **Court costs** – the Council does not apply for court costs if it has to seek a liability order against someone in receipt of council tax support
- **Benefit deductions** – the Council will always try to make deductions from someone's benefit before a debt is referred to an enforcement agent
- **Flexible payment arrangements** – once a person loses the right to pay by instalments the Council has the right to demand the balance in full. Council officers are encouraged to make affordable, flexible payment arrangements wherever possible. In cases where there is limited ability to pay and the taxpayer has significant arrears, officers can recommend that historical debt is written off on the condition that ongoing payments are made. This can help taxpayers to avoid or emerge from the debt spiral.

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## Appendix 1 - Enforcement powers during 2023/24

	<b>Number</b>	<b>Value</b>
Cases referred to enforcement agents during 2023/24	17,174	£14.1 million
Attachments of benefits at 31 March 2024	11,579	£2.8 million
Attachments of earnings at 31 March 2024	784	£0.5 million
Bankruptcy cases outstanding at 31 March 2024	69	£0.78 million
Charging Orders secured as at 31 March 2024	160	£0.65 million
Committal applications made during 2023/24	18	£0.09 million

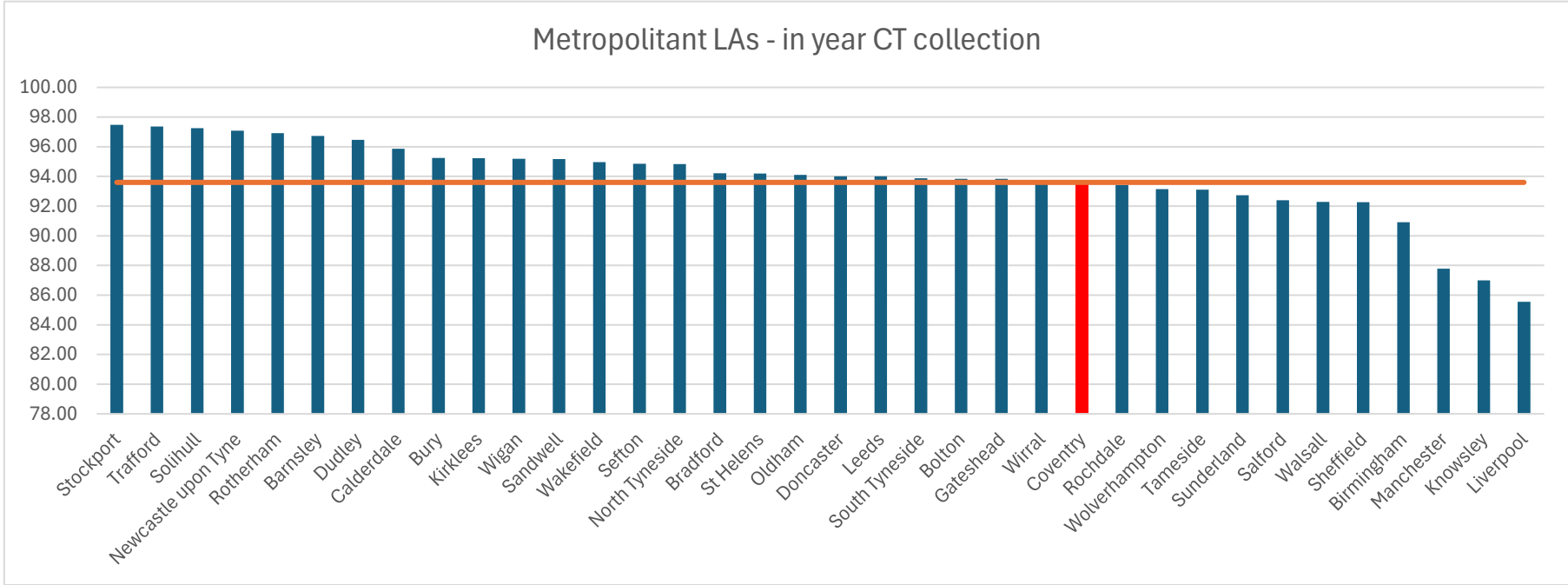
## Appendix 2 - Council tax collection performance for England 2023/24

Measure	Coventry								
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
% of council tax collected in year	95.8	95.8	95.9	95.7	95.5	94.4	94.1	94.3	93.7
% of council tax arrears collected in year	33.3	32.7	37.0	31.4	29.1	23.2	29.7	27.6	25.8
council tax arrears as a % council tax collectible	11.5	10.6	10.3	10.4	11.0	12.5	13.5	14.4	16.1
council tax written off as a % of council tax collectible	1.4	1.2	1.0	1.2	0.9	1.4	0.7	0.7	0.8

## Appendix 3 - Council tax collection performance for England 2023/24

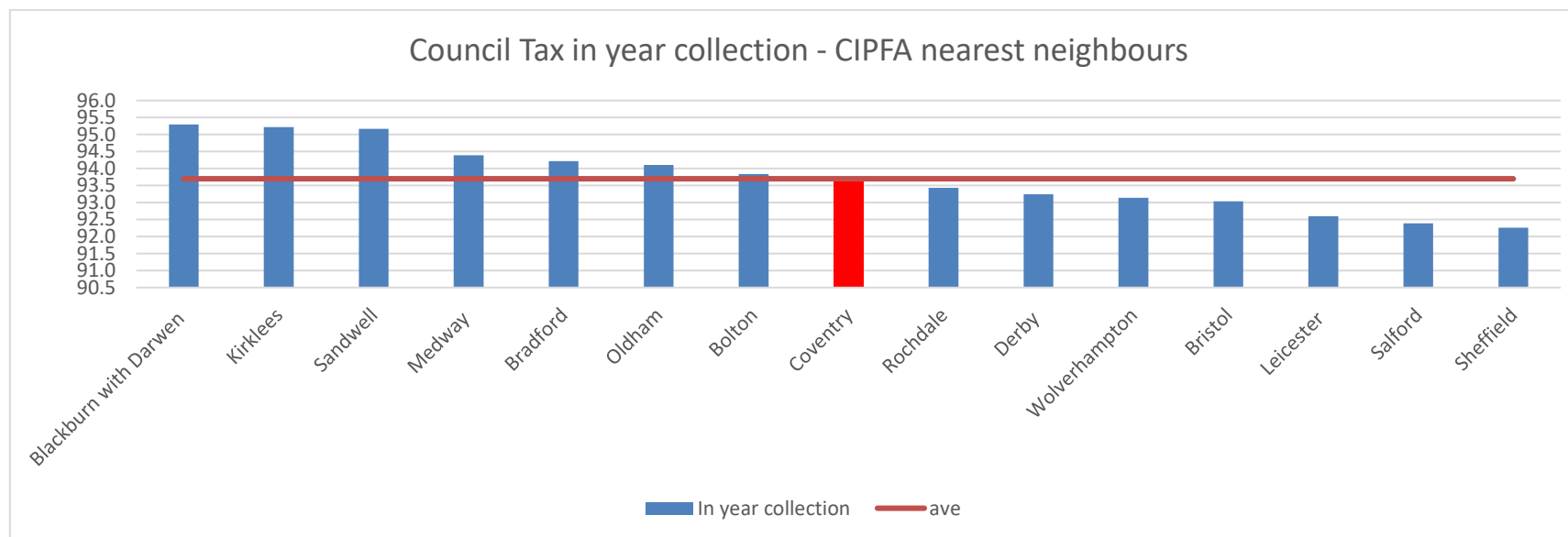
Measure	England									
	2023/24	Last year	CCC 2023/24 ranking	CCC 2022/23 ranking	CCC 2021/22 ranking	CCC 2020/21 ranking	CCC 2019/20 ranking	CCC 2018/19 ranking	CCC 2017/18 ranking	CCC 2016/17 ranking
% of council tax collected in year	95.9	96.0	261st of 296	262nd of 309	262nd of 308	250th of 313	263rd of 317	282nd of 326	269th of 326	278th of 326
% of council tax arrears collected in year	20.3	22.7	75th of 296	73rd of 309	106th of 308	98th of 313	137th of 317	112th of 322	99th of 326	122nd of 326
council tax arrears as a % council tax collectible	14.3	14.7	205th of 296	213th of 309	207th of 308	209th of 313	197th of 317	223rd of 326	224th of 326	226th of 326
council tax written off as a % of council tax collectible	0.7	0.5	240th of 296	249th of 309	254th of 308	298th of 313	253rd of 317	292nd of 326	294th of 326	292nd of 326

**Appendix 4 - In year council tax collection performance for metropolitan LAs**





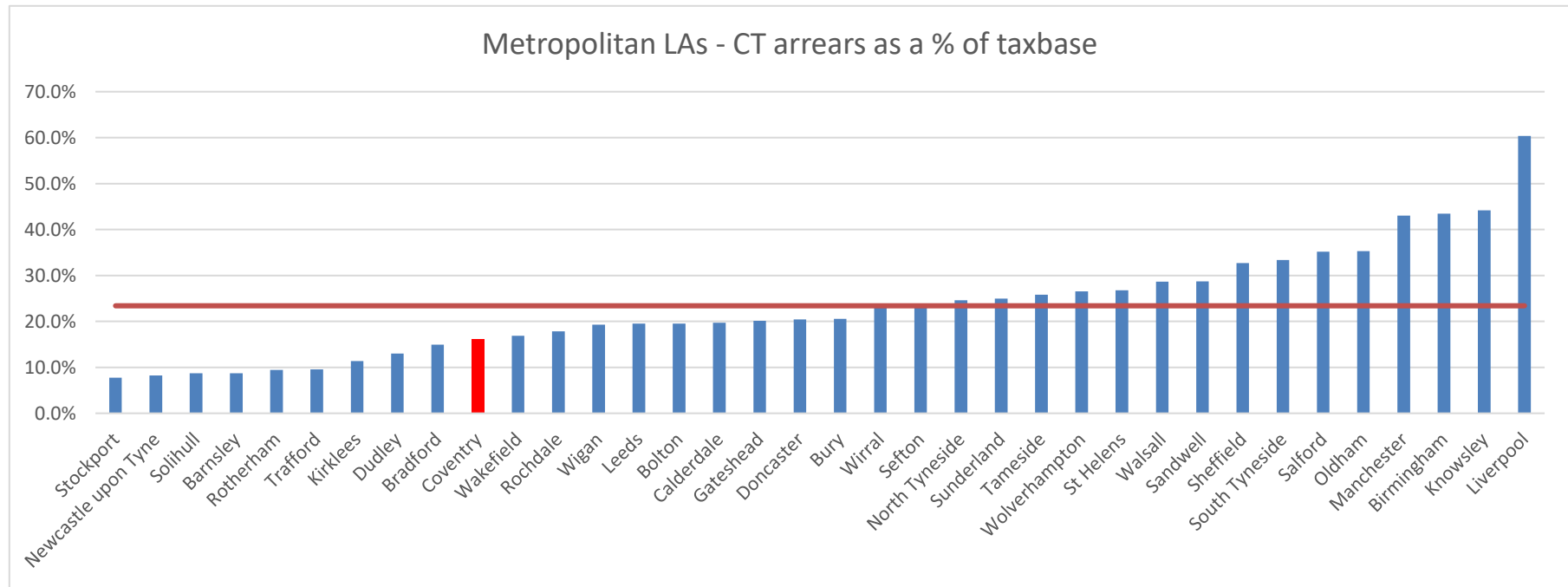
### Appendix 5 - In year council tax collection performance CIPFA nearest neighbours



### Appendix 6 - Council tax collection performance metropolitan LAs 2023/24

Measure	Metropolitan LAs									
	2023/24	last year	CCC ranking 2023/24	CCC ranking 2022/23	CCC ranking 2021/22	CCC ranking 2020/21	CCC ranking 2019/20	CCC ranking 2018/19	CCC ranking 2017/18	CCC ranking 2016/17
% of council tax collected in year	93.6	93.7	25th of 36	21st of 36	23rd of 36	19th of 36	14th of 36	16th of 36	15th of 36	16th of 36
% of council tax arrears collected in year	16.6	17.8	5th of 36	2nd of 36	4th of 36	3rd of 36	6th of 36	6th of 36	4th of 36	5th of 36
council tax arrears as a % council tax collectible	23.4	22.9	10th of 36	10th of 36	10th of 36	9th of 36	8th of 36	8th of 36	8th of 36	7th of 36
council tax written off as a % of council tax collectible	1.5	0.7	19th of 36	25th of 36	20th of 36	32nd of 36	24th of 36	26th of 36	26th of 36	25th of 36

**Appendix 7 - Metropolitan LAs council tax arrears as a % of tax base**



**Appendix 8 - CIPFA nearest neighbour council tax arrears as a % of tax base**

