

Report to Executive

Agenda
Item:

A.1(d)

Meeting Date: 1 June 2015
Portfolio: Finance, Governance and Resources
Key Decision: Yes: Recorded in the Notice Ref:KD04/15
Within Policy and Budget Framework YES
Public / Private Public

Title: PROVISIONAL OUTTURN FOR COUNCIL TAX AND NATIONAL
NON DOMESTIC RATES 2014/15
Report of: Director of Resources
Report Number: RD10/15

Purpose / Summary:

This report summarises the 2014/15 provisional outturn and performance position for Council Tax and NNDR.

Recommendations:

Members are asked to note the provisional outturn position at 31 March 2015 for Council Tax and NNDR and also note the position with regard to write offs and bad debt trends.

Tracking

Executive:	1 June 2015
Overview and Scrutiny:	18 June 2015
Council:	14 July 2015

1. BACKGROUND

1.1 The aim of this report is to:

- i) Advise Members of the current position on the 2014/15 Council Tax and Business Rates Accounts i.e. the total value of accounts raised and how much has been collected in the 2014/15 financial year.
- ii) Highlight and explain any variances against the expected (or budgeted) position.

2. COUNCIL TAX PROVISIONAL OUTTURN AS AT 31 MARCH 2015

2.1 **Appendix 1** details the provisional outturn position for Council Tax for 2014/15.

2.2 The estimated in year outturn of 99% suggests that, overall liability raised and Council Tax collected will exceed the budgeted projections of 98.5% due mainly to reduced losses on liability (if the collection pattern for recovering 2014/15 arrears follows that of previous years), as shown in the table below.

	Budgeted	%	Estimated	%
	£000		(31/3/15)	
			£000	
Council Tax Liability	50,065	100	50,065	100
Losses on liability e.g. additional discounts	(751)	1.5	(98)	0.2
Losses on collection i.e. potential bad debt			(333)	0.6
Eventual Net Collection	49,314	98.5	49,830	99.2

2.3 The net impact of increased collection performance is an overall surplus on collection fund of £528,222, the City Council's share of the surplus being £68,266.(with £35,647 being distributed in 2015/16)

3. COUNCIL TAX COLLECTION PERFORMANCE

3.1 The Council has maintained collection performance so that for the fourth year running Carlisle is in the 3rd quartile when compared to districts nationally. Whilst this is the Council's joint second best ever collection performance it will never be in a position to move into the higher collection quartiles due to:

- (i) Most district councils we have to compare ourselves with are small affluent rural authorities without the same deprivation issues as Carlisle;

- (ii) The Council follows a robust anti-poverty strategy. Under the strategy the Council allows residents in financial difficulties to spread their payments via special weekly or fortnightly instalments (most paying by local post office). Whilst this 'good practice' affects in-year collection rates (due to payments being spread sometimes over several years) in the past it has enabled the Council to collect over 99% of Council Tax demanded with write-off trends being under 0.7%. (National Figures being 0.9% source CIPFA Benchmarking Statistics).
- (iii) Many Authorities allocate remittances to the current year's liability to maximise 'in year' collections rather than oldest debt which in the past has been considered good practice.

3.2 Carlisle's collection rates compared to Cumbria are detailed below.

<u>Council</u>	<u>In-Year Collection Rates - Council Tax (%)</u>		
	2012/13	2013/14	2014/15
Eden	98.6	98.8	98.7
South Lakeland	98.2	98.7	98.4
Copeland	98.2	98.0	97.9
Carlisle	97.8	97.7	97.7
Allerdale	97.7	97.8	97.8
Barrow	96.8	96.6	96.8

3.3 Due to collection performance being stable, the Council has remained in the 3rd Quartile based on National Benchmarks for 'in-year' collection performance.

Council Tax	%
Top Quartile	98.6 and above
2 nd Quartile	98.2 to 98.5
3 rd Quartile	97.4 to 98.1
4 th Quartile	97.3 and below
Carlisle	97.7

4. NNDR PROVISIONAL OUTTURN AS AT 31 MARCH 2015

4.1 **Appendix 2** details the NNDR provisional outturn for 2014/15.

- 4.2 2014/15 is the second year of the Business Rate Retention Scheme and new Collection Fund Accounting Regulations and the first year the Council has participated in the Cumbria Pooling arrangement.
- 4.3 The figures for Business rates are still being calculated at this point. The Council budgeted for additional income of £500,000, and early estimates forecast that this is unlikely to be achieved due to a high level of appeals being submitted before 31 March in order to qualify from backdating of those appeals. Any shortfall on the budget will be a call on general fund reserves, and will reduce the amount returned to reserves as part of the revenue outturn report considered elsewhere on the agenda. An addendum on the final position will be issued in time to be considered at this meeting.

As part of the Cumbria Business Rate Pooling arrangements, an element of all the growth achieved by the participants of the pool is used to establish a volatility reserve. This reserve allows a cushion so that should any member suffer a loss in income, then the reserve ensures that they do not fall below the safety net level. Each member is required to show their share of the reserve on their balance sheets and as such a new earmarked reserve is to be established.

5. BAD DEBT WRITE-OFFS FOR NNDR, COUNCIL TAX AND DEBTORS (INCLUDING PENALTY CHARGE NOTICES)

- 5.1 In accordance with the Director of Resources delegated authority for the write-off of outstanding debts, without limit, the Executive is asked to note that debts totalling £77,532.97 have been written off for the period 1st January 2015 to 31st March 2015; such bad debts are summarised for the Executive's information in Table 1 of this report. The total amount written off in 2014/15 of £585,015 (mainly due to Business Rates written off) compares to total write-offs in 2013/14 of £633,068
- 5.2 The 'write-ons' itemised in Table 1 totalling £2,132.12 are in respect of balances originally written off that have since been paid and credit write-offs for the period 1st January 2015 to 31st March 2015.
- 5.3 Also noted in Table 1 are the cumulative write offs and write ons 1st April 2014- 31st March 2015. Total write ons for 2014/15 were £67,961.53 compared to £31,373 in 2013/14.

Table 1

<u>Type of Debt</u>	Write offs 01/04/14 - 30/06/14 Quarter 1				Write offs 01/07/14 - 30/09/14 Quarter 2				Write offs 01/10/14 - 31/12/13 Quarters 3				Write offs 01/01/15 - 31/03/15 Quarter 4				Total Write offs 2014-15			
	No	Write Offs	No	Write Ons	No	Write Offs	No	Write Ons	No	Write Offs	No	Write Ons	No	Write Offs	No	Write Ons	No	Write Offs	No	Write Ons
NNDR	13	204,737.23	1	16.07	34	73,850.45	13	4,836.97	28	64,798.46	6	53,603.72	9	32,456.66	4	504.28	84	375,842.80	24	58,961.04
NNDR (PSC)																	0	0.00	0	0.00
Council Tax	43	28,292.72	12	2825.07	66	23,708.77	7	1621.07	116	37,683.62	11	2,885.42	52	22133.31	11	1276.49	277	111,818.42	41	8,608.05
Debtors																	0	0.00	0	0.00
Private Tenants																	0	0.00	0	0.00
Housing Benefit	35	7,895.50			100	26,541.58	4	35.05	86	12,500.07			63	15458.31	1	348.20	284	62,395.46	5	383.25
Overpayments																	0	0.00	0	0.00
General Fund	11	52.61	7	0.41	15	601.33	6	4.55	11	175.69	8	1.08	17	376.00	5	3.15	54	1,205.63	26	9.19
Penalty Charge																	0	0.00	0	0.00
Notices																	0	0.00	0	0.00
On Street 16	49	4,594.81			116	10,677.08			104	9,649.99			53	6623.25			322	31,545.13	0	0.00
Off Street 3	10	820.00			5	410.00			6	492.00			5	485.44			26	2,207.44	0	0.00
																	0	0.00	0	0.00
TOTAL	161	246,392.87	20	2,841.55	336	135,789.21	30	6,497.64	351	125,299.83	25	56,490.22	199	77,532.97	21	2,132.12	1047	585,014.88	96	67,961.53

6. OUTTURN POSITION ,WRITE OFFS / WRITE ONS VIA DEBTOR TYPE

6.1 The outturn position in respect of 2014/15 on a cumulative basis by fund indicates total debts written off of £585,014.88.

6.2	Council Tax (Collection Fund)	-	£111,818.42
	NNDR Pool	-	£375,842.80
	General Fund	-	<u>£ 97,353.66</u>
	Total	-	£ 585,014.88

6.3 'Write-ons' were credited as follows:

Council Tax (Collection Fund)	-	£ 8,608.05
NNDR Pool	-	£ 58,691.04
General Fund	-	<u>£ 392.44</u>
Total	-	£ 67,691.53

6.4 In the case of General Fund, the write-offs will be charged against provisions made for bad debts (except for PCN's which are accounted for on a cash basis). However VAT which has been separately identified will be recouped in future VAT returns. Note HRA debts and provisions have been transferred to the General Fund. Write-off/Write on of Council Tax will fall against the Collection Fund provisions within those accounts. Any Council Tax Court Costs written off will be charged against the costs 'Bad Debt' provision within the General Fund.

	General Fund	Council Tax	NNDR	Total
Opening Bad Debt Provision	1,106,330	1,045,308	273,875	2,425,513
Write Offs in Year	(73,668)	(101,062)	(316,881)	(491,611)
Losses on collection	0	277,012	342,104	619,116
Additional Charge to General Fund**	269,273	0	0	269,273
Closing Bad Debt Provision	1,301,935	1,221,258	299,098	2,822,291

The overall increase in the Bad Debt Provision is mainly due to the continued growth in housing benefit overpayments.

7. CONSULTATION

7.1 Resources Overview and Scrutiny Panel will consider the report on 18 June 2015.

8. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 8.1 The provisional outturn position and comments on performance will feed into the overall Revenue accounts for 2014/15.
- 8.2 Members are asked to note the provisional outturn position at 31 March 2015 for Council Tax and NNDR and also note the position with regard to write offs and bad debt trends.

9. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 9.1 The collection of Council Tax and NNDR directly affects all residents receiving services from Carlisle City Council.

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Appendices Appendix 1 – Council Tax Outturn
attached to report: Appendix 2 – NNDR Outturn

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's –n/a

Economic Development – n/a

Governance – The Council has a statutory obligation to collect Council Tax (Local Government Finance Act 1992 and Council Tax (Administration and Enforcement) Regulations 1992 and NNDR (Local Government Finance Act 1988).

Local Environment – n/a

Resources –Included within this report

Appendix 1

COUNCIL TAX OUTTURN 2014/15				
1993/94 to 2013/14		Council Tax	Costs	
		£	£	
Arrears b/f at 01.04.2014		2,113,335.12	206,557.94	2,319,893.06
Net changes in Debit		-111,661.48		
Costs Raised (Net of Write Offs)			53,888.76	
Net Debit		2,001,673.64	260,446.70	
Write Offs		-84,836.94		
Cost Write off Adjustment				
Payments Net of Refunds		-804,307.98	-124,211.23	
Payments posted after 01/04/2015		-2,311.97		
Arrears c/f 1993/94 to 2013/14		1,110,216.75	136,235.47	1,246,452.22
2014/15				
Opening Debit		64,313,999.76		
MOD Contributions in Lieu		40,881.20		
Changes in Liability				
Costs Raised (Net of Write Offs)			221,713.18	
General		268,447.29		
Exemptions		-1,583,754.31		
Disabled Relief		-52,670.67		
Discounts		-6,432,173.52		
Empty Premium		125,562.37		
Net Debit		56,680,292.12	221,713.18	
Income				
Rebates		-6,850,597.63		
Payments Net of Refunds		-48,661,784.39	-139,361.80	
MOD Contributions in Lieu		-40,881.20		
Payments posted after 01/04/2015 (prepayments)		-53,033.82		
Prepayments 2014-15		-801,675.04		
Prepayments 2015-16		801,537.96		
Prepayments 2015-16 - posted after 01/04/2015		53,033.82		
Payments posted after 01/04/2015		-8,109.80		
Total Income		-55,561,510.10	-139,361.80	
Write Offs		-16,224.14	-1.17	
Arrears c/f		1,102,557.88	82,350.21	1,184,908.09
Total arrears c/f 1993/94 to 2013/14		2,212,774.63	218,585.68	2,431,360.31

Bad Debt Provision as at 15.01.2015 calculated on arrears of		1,203,063	b/f	Bad Debt Provision as at 31.03.2015 calculated on arrears of		1,110,217	b/f
		1,602,179	current			1,102,558	current
		2,805,242				2,212,775	
Bad Debt provision was		962,450	b/f	Bad Debt provisio		888,173	b/f
plus		484,021	current	plus *		317,558	current
		1,446,471				1,205,731	
Net Collectable after bad debt provis		£1,358,771				£1,007,044	
<u>* Bad Debt Provision Year End</u>							
<u>Costs Bad Debt Provision</u>							
Bad Debt Provision as at 31.03.2015 calculated on arrears of		136,235	b/f				
		82,350	current				
		218,585					
Bad Debt provision is			b/f				
plus *		122,408	current				
		122,408					
Net Collectable costs		96,177					
44% of arrears was paid based on 2013/14 collection of arrears							

Appendix 2

NNDR FINAL ACCOUNTS 2014/15

% COLLECTED = 98.57

DEBIT

DEBIT

COSTS

Debit raised net of transition, suppl + adj	49098167.49	
Empty Property Relief	0.07	
Empty Exempt Relief	<u>1891370.08</u>	
	47206797.34	
Costs raised in current year		19301.05
Arrears b/fwd	785032.97	
Plus Costs b/fwd		<u>6627.22</u>
Total	47991830.31	25928.27

ALLOWANCES

Small Business Rate Relief	2581360.58
Charity, CASC, Disc & Rural Relief	3154453.13
Bad debt write off	316881.15
Hardship (S49)	0.00
Partial Occupation (S44a)	10891.27
Re-Occupation Relief	11187.38
Local Discounts	<u>503912.17</u>
Total	6578685.68

Collectable Debit

41413144.63 25928.27

INCOME

Current year	43089908.80	
Plus Prepayments 2014/15	550584.48	
Plus costs paid		16478.65
Plus costs written off		2386.90
Less refunds	2492827.57	
Less future year payments	547534.50	
Plus net interest	<u>0.00</u>	
	40600131.21	

ARREARS CARRIED FORWARD

813013.42 7062.72

Balance at 31.03.15

Arrears	828026.48
Credits carried forward	7950.34
Net balance at 31.03.15	820076.14

For information

Gross interest awarded: £	0.00
Tax deducted	0.00
Bad Debt provision 2014/15	273875.06