

# Report to Executive

Agenda  
Item:

A.1(d)

Meeting Date: 31 May 2013  
Portfolio: Finance, Governance and Resources  
Key Decision: Yes: Recorded in the Notice Ref:KD09/13  
Within Policy and Budget Framework YES  
Public / Private Public

Title: PROVISIONAL OUTTURN FOR COUNCIL TAX AND NATIONAL  
NON DOMESTIC RATES 2012/13  
Report of: Director of Resources  
Report Number: RD14/13

## Purpose / Summary:

This report summarises the excellent 2012/13 provisional outturn and performance position for Council Tax and NNDR.

## Recommendations:

Members are asked to note the provisional outturn position at 31 March 2013 for Council Tax (which evidences the best ever collection performance since Council Tax was introduced) and NNDR and also note the position with regard to write offs and bad debt trends.

## Tracking

Executive:	31 May 2013
Overview and Scrutiny:	6 June 2013
Council:	16 July 2013

## 1. BACKGROUND

1.1 The aim of this report is to:

- i) Advise Members of the current position on the 2012/13 Council Tax and Business Rates Accounts i.e. the total value of accounts raised and how much has been collected in the 2012/13 financial year.
- ii) Highlight and explain any variances against the expected (or budgeted) position.

## 2. COUNCIL TAX PROVISIONAL OUTTURN AS AT 31 MARCH 2013

2.1 **Appendix 1** details the provisional outturn position for Council Tax for 2012/13.

2.2 The estimated outturn of 97.8% suggests that, overall liability raised and Council Tax collected will again exceed the budgeted projections of 98.5% (if the collection pattern for recovering 2012/13 arrears follows that of previous years), as shown in the table below.

	<b>Budgeted</b>	<b>%</b>	<b>Estimated (31/3/13)</b>	<b>%</b>
	<b>£000</b>		<b>£000</b>	
Council Tax Liability	55,455	100	55,455	100
Losses on liability e.g. additional discounts	832	1.5	232	0.4
Losses on collection i.e. potential bad debt			307	0.6
<b>Eventual Net Collection*</b>	<b>54,623</b>	<b>98.5</b>	<b>54,916</b>	<b>99.0</b>

\*Includes £681,000 of arrears to be collected in future years

2.3 The impact of increased collection performance is an overall surplus on collection fund of £492,315, the City Council's share of the surplus being £64,929.

## 3. COUNCIL TAX COLLECTION PERFORMANCE

3.1 The Council has maintained collection performance so that for the third year running Carlisle is in the 3<sup>rd</sup> quartile when compared to districts nationally. Whilst this is the Council's 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 0.3% (0.2% in 2011/12). (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.

<b><u>Council</u></b>	<b><u>In-Year Collection Rates - Council Tax (%)</u></b>		
	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>
Eden	99.1	98.6	Not known yet
South Lakeland	98.0	98.2	Not known yet
Copeland	98.0	98.2	98.2
Carlisle	97.6	97.6	97.8
Allerdale	97.6	97.5	97.7
Barrow	96.6	96.8	96.8

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

<b>Council Tax</b>	<b>%</b>
Top Quartile	98.6 and above
2 <sup>nd</sup> Quartile	98.2 to 98.5
3 <sup>rd</sup> Quartile	97.4 to 98.1
4 <sup>th</sup> Quartile	97.3 and below
<b>Carlisle</b>	<b>97.8</b>

#### **4. NNDR PROVISIONAL OUTTURN AS AT 31 MARCH 2013**

4.1 **Appendix 2** details the NNDR provisional outturn for 2012/13.

4.2 Year-end arrears at £934,895 equating to 1.42% of the 'in year' debit collectable is an improved performance when compared to 2011/12 of £1,410,689.95 (2.2%).

**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 £174,115.19 have been written off for the period 1<sup>st</sup> January 2013 to 31<sup>st</sup> March 2013; such bad debts are summarised for the Executive's information in Table 1 of this report. The total amount written off in 2012/13 of £527,001 compares to total write-offs in 2011/12 of £422,616
- 5.2 The 'write-ons itemised in Table 1 totalling £10,046.30 are in respect of balances originally written off that have since been paid and credit write-offs for the period 1<sup>st</sup> March 2013 to 31<sup>st</sup> March 2013.
- 5.3 Also noted in Table 1 are the cumulative write offs and write ons 1<sup>st</sup> April 2012- 31<sup>st</sup> March 2013. Total write ons for 2012/13 were £17,180 compared to £51,469 in 2011/12.

**Table 1**

<u>Type of Debt</u>	Write offs /Write Ons 01/04/12 - 30/06/12				Write offs / Write Ons 01/07/12 - 30/09/12				Write offs /Write ons 01/10/12 - 31/12/12				Write offs / Write Ons 01/01/13 - 31/03/13				Total Write offs / Write ons 2012-13			
	No	Write Off	No	Write On	No	Write Off	No	Write On	No	Write Off	No	Write On	No	Write Off	No	Write On	No	Write Off	No	Write On
<b>NDR</b>	12	113,295.02			19	33,841.03	11	2,948.58	15	74860.57	4	481.28	26	129,875.43	19	5,676.21	72	351,872.05	34	9,106.07
<b>Council Tax</b>	39	19,677.93	9	1,125.31	53	19,730.95	13	811.71	58	27784.45	17	1737.58	26	10,317.35	30	3,128.72	176	77,510.68	69	6,803.32
<b>Debtors</b>																				
<b>Private Tenants</b>					83	19,090.59											83	19,090.59		
<b>Housing Benefit</b>													112	25516.19	4	1240.31	112	25,516.19	4	1,240.31
<b>Overpayments</b>					1	53.03			3	404.12							4	457.15		
<b>General Fund</b>	19	769.14	18	9.44	56	6,798.24	4	0.04	33	13872.99	8	20.12	21	1,342.22	6	1.06	129	22,782.59	36	30.66
<b>Penalty Charge</b>																				
<b>Notices</b>																				
<b>On Street 16</b>	46	4,150.00			82	7,643.44			87	7909.00			70	6,430.00			285	26,132.44		
<b>Off Street 3</b>	14	1,383.00			8	691.00			11	932.00			7	634.00			40	3,640.00		
<b>TOTAL</b>	<b>130</b>	<b>139,275.09</b>	<b>27</b>	<b>1,134.75</b>	<b>302</b>	<b>87,848.28</b>	<b>28</b>	<b>3,760.33</b>	<b>207</b>	<b>125,763.13</b>	<b>29</b>	<b>2,238.98</b>	<b>262</b>	<b>174,115.19</b>	<b>59</b>	<b>10,046.30</b>	<b>901</b>	<b>527,001.69</b>	<b>143</b>	<b>17,180.36</b>

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

6.1 The outturn position in respect of 2012/13 on a cumulative basis by fund indicates total debts written off of £527,001.69 for financial year 2012/13

6.2 Council Tax (Collection Fund)	-	£ 351,872.05
NNDR Pool	-	£ 77,510.68
General Fund	-	<u>£ 97,618.96</u>
Total	-	£ 527,001.69

6.3 'Write-ons' were credited as follows:

Council Tax (Collection Fund)	-	£ 9,106.07
NNDR Pool	-	£ 6,803.32
General Fund	-	<u>£ 1,270.97</u>
Total	-	£ 17,180.36

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	842,231	1,083,245	185,640	2,111,116
Write Offs in Year	(27,990)	(71,614)	(342,760)	(442,364)
Losses on collection	0	105,665	370,999	476,664
Additional Charge to General Fund**	70,876	0	0	70,876
<b>Closing Bad Debt Provision</b>	<b>885,117</b>	<b>1,117,296</b>	<b>213,879</b>	<b>2,216,292</b>

\*\*Mainly in relation to Housing Benefit Payments

## 8. CONSULTATION

8.1 Resources Overview and Scrutiny Panel will consider the report on 6 June 2013.

## **9. CONCLUSION AND REASONS FOR RECOMMENDATIONS**

- 9.1 Overall, the provisional outturn suggests that 2012/13 has been an excellent year with the best ever performance for Council Tax collection, and significantly improved performance in NNDR collection.

## **10. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

- 10.1 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**

**Community Engagement –**

**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**

<b>COUNCIL TAX OUTTURN 2012/13</b>				
<b>1993/94 to 2011/12</b>	<b>Council Tax</b>	<b>Costs</b>		
	<b>£</b>	<b>£</b>		
Arrears b/f at 01.04.2012	2,123,853.94	200,457.95		2,324,311.89
Net changes in Debit	-217,565.07			
Costs Raised (Net of Write Offs)		25,525.99		
Net Debit	1,906,288.87	225,983.94		
Write Offs	-57,783.50			
Cost Write off Adjustment				
Payments Net of Refunds	-774,052.19	-81,179.53		
Payments posted after 01/04/2013	-1,478.15			
Arrears c/f 1993/94 to 2011/12	1,072,975.03	144,804.41		1,217,779.44
<b>2012/13</b>				
Opening Debit	63,355,818.68			
MOD Contributions in Lieu	45,136.80			
<b>Changes in Liability</b>				
Costs Raised (Net of Write Offs)		174,950.91		
General	277,033.76			
Exemptions	-2,652,595.73			
Disabled Relief	-56,963.38			
Discounts	-5,973,676.35			
Net Debit	<b>54,994,753.78</b>	<b>174,950.91</b>		
<b>Income</b>				
Rebates	-7,442,586.08			
Payments Net of Refunds	-46,370,863.22	-106,293.13		
MOD Contributions in Lieu	-45,136.80			
Payments posted after 01/04/2013 (pre	-68,772.37			
Prepayments 2012-13	-827,729.89			
Prepayments 2013-14	714,145.10			
Prepayments 2013-14 - posted after 01	68,772.37			
Payments posted after 01/04/2013	-9,484.69			
<b>Total Income</b>	<b>-53,981,655.58</b>	<b>-106,293.13</b>		
Write Offs	-13,830.84			
Arrears c/f	<b>999,267.36</b>	<b>68,657.78</b>		1,067,925.14
Total arrears c/f 1993/94 to 2011/12	<b>2,072,242.39</b>	<b>213,462.19</b>		2,285,704.58



<b>Council Tax Bad Debt Provision</b>					
<b>Bad Debt Provision as at 15.01.2013 calculated on arrears of</b>				<b>Bad Debt Provision as at 31.03.2013 calculated on arrears of</b>	
		1,102,764	b/f		1,072,975
		1,028,853	current		954,131
		2,131,617			2,027,106
<b>Bad Debt provision was plus</b>		882,211	b/f	<b>Bad Debt provision is plus *</b>	882,211
		272,468	current		235,085
		1,154,679			1,117,296
Net Collectable after bad debt provis	<b>£976,938</b>				<b>£909,810</b>
<b>* Bad Debt Provision Year End</b>					
Current Years pro rata bad debt provision based on surplus calculation (86%)					
<b>Costs Bad Debt Provision</b>					
<b>Bad Debt Provision as at 31.03.2012 calculated on arrears of</b>					
		144,804	b/f		
		68,658	current		
		213,462			
<b>Bad Debt provision is plus *</b>			b/f		
		119,539	current		
		119,539			
Net Collectable costs	<b>93,923</b>				
44% of arrears was paid based on 2011/12 collection of arrears					

**Non Domestic Rates  
Provisional Out-turn 2012/13**

	<b>Debit</b>	<b>Costs</b>
Net arrears b/f	1410689.95	5369.14
Gross Debit	47021015.23	
Total Debit	48431705.18	5369.14

**Adjustments to Debit**

Costs		15117.50
Empty & Exemption	1930745.42	
Charity Relief	3374141.27	
Small Business Rate Relief	2201104.00	
Write Offs	342760.70	2371.46
Hardship (S49)	0.00	
Partial Occupation (S44A)	13349.25	
Net Debit	40569604.54	18115.18

**Income**

Charity Relief from General Fund	52814.92	
Hardship Relief from General Fund	0.00	
Interest on Overpayments	1608.34	
Cash received net of refunds	39580286.79	13178.26
Arrears carried forward	934894.49	4936.92

**2012/13**

<b>Income as % of Debit collected =</b>	<b>98.6</b>
<b>Arrears as % of 2012/13 Debt</b>	<b>1.42</b>

<b>Net Debit</b>	40569604.54
Less Charity and Hardship relief from General Fund	52814.92
Total	40516789.62