



REPORT TO EXECUTIVE

PORTFOLIO AREA: FINANCE AND PERFORMANCE

Date of Meeting: 16 June 2006

Public

Key Decision: No

Recorded in Forward Plan: No

Inside Policy Framework

Title: PROVISIONAL OUTTURN POSITION 2005/06 FOR COUNCIL
TAX AND NATIONAL NON DOMESTIC RATES

Report of: Director of Corporate Resources

Report reference: RB2/06

Summary:

The Director of Corporate Services to report and comment on the provisional outturn position for Council Tax and NNDR.

Recommendations:

Members are asked to note the provisional outturn position at 31 March 2006

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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
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To: The Executive

RB 2/06

Date: 12 June 2006

PROVISIONAL OUTTURN POSITION 2005/06
FOR COUNCIL TAX AND NATIONAL NON DOMESTIC RATES

1. INTRODUCTION

1.1 The aim of this report is to:

- i) Advise Members of the current position on the 2005/06 Council Tax and Business Rates Accounts i.e. the total value of accounts raised and how much has been collected in the 2005/06 financial year.
- ii) Highlight and explain any variances against the expected (or budgeted) position.

2. COUNCIL TAX PROVISIONAL OUTTURN AS AT 31 MARCH 2006

2.1 At Appendix 1 is detailed the provisional outturn position for Council Tax for 2005/06 and the outstanding arrears 1993/94 to 2004/05.

2.2 The estimated outturn suggests potentially better than expected collection rates. The Council budgeted for a 1.5% loss on collection and liability (£646.605) for 2005/06. If the collection pattern for recovering 2005/06 arrears follows that of previous years (based on 1993/94 position), losses on collection will be restricted to approximately 1% (£431.070).

2.3 Year-end arrears of £1,044,475 for 2005/06 equating to 2.8% of debit collectable indicates a significant improvement on the position as at 2004/05 (3.3%). This is the best performance ever achieved for Council Tax collection and has enabled the Council to increase performance targets within its Best Value Performance Plan.

2.4 The number of empty properties due to the flood as at 31 May 2006 is still a cause of concern i.e.

99 Properties still uninhabitable

26 Properties status being investigated

The 18 months qualifying period for uninhabitable/empty Council Tax exemptions will cease on 8 July 2007. Therefore losses on collection in respect of flooded properties whilst greater than estimated can be accommodated within 2006/07 surpluses.

3. NNDR PROVISIONAL OUTTURN AS AT 31 MARCH 2006

3.1 At Appendix 3 is detailed the NNDR provisional outturn for 2005/06.

3.2 Year-end arrears at £506,460 equating to 1.7% of debit collectable is comparable with 2004/05 of £490,525 (1.7%). Current years collection rates have improved from 98.3% to 98.7%. However due to the 'softly, softly' approach taken on firms affected by the floods, i.e. reduced recovery activity brought forward arrears collection performance has deteriorated marginally.

3.3 Small Business Rate Relief SBRR

In 2005/06 the Government introduced the SBRR scheme to assist small business rate burdens.

3.4 The Council estimated that there would be approximately 800 – 1,000 qualifiers (after ineligibility criteria taken into account). In 2005/06 584 Small Businesses qualified for SBRR i.e. less than expected. The Council is going to target again potential qualifiers in 2006/07 in an attempt to maximise take-up under the scheme.

4. SUMMARY

4.1 Overall, the provisional outturn suggests the best ever year in administering Council Tax and steady improvement in NNDR collection especially when it is considered that very considerable key staff resources had to be targeted at recovering Council Tax and Business Rates administration after the flood and assisting flooded householders on Council Tax and NNDR issues.

5. CONSULTATION

5.1 Consultation to Date.

5.2 Consultation proposed.

See 3.4 The Council will proactively contact small businesses further in an attempt to maximise Small Business Rate Relief take-up.

6. STAFFING/RESOURCES COMMENTS

Not Applicable

7. LEGAL COMMENTS

Not Applicable

8. CORPORATE COMMENTS

EMG has been consulted on the outcome of the initial review of the new 'free' concessionary fares scheme.

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}

9. RISK MANAGEMENT ASSESSMENT

Not Applicable

10. EQUALITY ISSUES

Not Applicable

11. ENVIRONMENTAL IMPLICATIONS

Not Applicable

12. CRIME AND DISORDER IMPLICATIONS

Not Applicable

13. RECOMMENDATIONS

Members are asked to note the provisional outturn position at 31 March 2006 for Council Tax and NNDR which indicates that year on year improvements on collection performance are being maintained.

14. REASONS FOR RECOMMENDATIONS

To advise the Executive of Council Tax and Business Rates Collection Performance.

Revenues & Benefits

Carlisle

31 May 2006

PM/WB/RB2-06 Provisional Outturn Position 2005/06 for Council Tax and NNDR

COUNCIL TAX PROVISIONAL OUTTURN 2005/06**Appendix 1**

| | <u>Council Tax</u> | <u>Costs</u> |
|----------------------------------|--------------------|-----------------|
| | £ | £ |
| Arrears b/f at 01.04.2005 | £1,992,125 | £156,342 |
| Net changes in Debit | -£283,305 | £25,777 |
| Costs Raised (Net of Write Offs) | | £20,884 |
| Net Debit | <u>£1,708,820</u> | <u>£203,003</u> |
| Write Offs | -£81,925 | |
| Payments Net of Refunds | -£774,757 | -£106,574 |
| Arrears c/f 1993/94 to 2004/05 | <u>£852,138</u> | <u>£96,429</u> |

2005/06

| | | |
|------------------------------------|--------------------|-----------------|
| Opening Debit | £49,922,007 | |
| <u>Changes in Liability</u> | | |
| Costs Raised (Net of Write Offs) | | £106,614 |
| General | £510,667 | |
| Exemptions | -£2,540,616 | |
| Disabled Relief | -£34,817 | |
| Flood Discount | -£30,259 | |
| Discounts | -£4,526,653 | |
| Net Debit | <u>£43,300,330</u> | <u>£106,614</u> |

Income

| | | |
|-------------------------|---------------------|-----------------|
| Rebates | -£5,387,890 | |
| Payments Net of Refunds | -£36,851,245 | -£68,509 |
| Total Income | <u>-£42,239,135</u> | <u>-£68,509</u> |
| Write Offs | -£16,720 | |
| Arrears c/f | <u>£1,044,475</u> | <u>£38,105</u> |

Total arrears c/f 1993/94 to 2005/06 **£1,896,613** **£134,534**

**Bad Debt Provision as at
15.01.2006 calculated on arrears
of**

£897,500 b/f
£1,150,000 current
£2,047,500

**Bad Debt Provision as at
31.03.2006 calculated on
arrears of**

£852,138 b/f
£1,044,475 current
£1,896,613

**Bad Debt provision was
plus**

£765,500 b/f
£430,000 current
£1,195,500

**Bad Debt provision is
plus ***

£724,317 b/f
£430,000 current
£1,154,317

*** Bad Debt Provision Year End**

B/f arrears £852138 * 15% collectable = £127821 (therefore bad debt provision = £724317)

Bad debt provision current arrears - bearing in mind uncertainty on number of discounts due to flood ie. Considerable number of houses still unoccupied. Therefore left as estimate at surplus calculation. ie £430000

NON DOMESTIC RATES FINAL ACCOUNTS 2005-06**COLLECTION =98.64%****DEBIT**

| | | |
|---|-------------------|----------------|
| Debit raised net of Transition, suppl. + adj. | 32458832.62 | |
| Empty Property Relief | 151294.9 | |
| Empty Exempt Relief | <u>1523094.41</u> | |
| | 30784443.31 | |
| Costs raised in current year | | 14004.88 |
| Arrears bt/fwd | 490525.14 | |
| Plus Costs bt/fwd | | <u>6455.43</u> |
| Totals | 31274968.45 | 20460.31 |

ALLOWANCES**POOL CONTRIBUTION**

| | | |
|------------------------------------|-----------------|--|
| Small Business Rate Relief | 304511.34 | |
| CASC,Charity, Disc. & Rural relief | 1560690.29 | |
| Bad debt write off | 98941.83 | |
| Hardship (S49) | 0 | |
| Partial Occupation (S44a) | <u>65626.97</u> | |
| Totals | 2029770.43 | |

GENERAL FUND

| | | |
|----------------|-----------------|--|
| Charity Relief | 82850.59 | |
| Hardship (S49) | 0 | |
| Totals | <u>82850.59</u> | |

COLLECTABLE DEBIT 29162347.43 20460.31

INCOME

| | | |
|---------------------------|-----------------|----------|
| Current Year | 30228013.32 | |
| Plus Prepayments 2004/5 | 447528.68 | |
| Plus Costs paid | | 12520.88 |
| Plus Costs written off | | 1682.18 |
| Less Refunds | 1525516.63 | |
| Less Future Year payments | 549869.09 | |
| Plus Interest | <u>55731.53</u> | |
| Totals | 28655887.81 | 14203.06 |

ARREARS CARRIED FORWARD 506459.62 6257.25

BALANCE AT 31.3.06

| | | |
|------------------------|-----------------|--|
| Arrears | 577942.75 | |
| Credits C/fwd | <u>65225.88</u> | |
| Net balance at 31.3.06 | 512716.87 | |

For Information

| | | |
|---|---------------|--|
| Interest awarded : £57,151.01 | | |
| Tax deducted : £1,419.48 | | |
| Bad Debt Provision : £140,000 | | |
| Pool Contribution adjustment from Sec.State | £1,632,677.93 | |

Apendix 2