



REPORT TO EXECUTIVE

PORTFOLIO AREA: GOVERNANCE AND RESOURCES

Date of Meeting: 27 June 2011

Public

Key Decision: Yes

Recorded in Forward Plan: Yes

Inside Policy Framework

Title: PROVISIONAL OUTTURN POSITION 2010/11 FOR COUNCIL
TAX AND NATIONAL NON DOMESTIC RATES

Report of: ASSISTANT DIRECTOR (RESOURCES)

Report reference: RD 16/11

Summary:

This report summarises the 2010/11 provisional outturn and performance position for Council Tax and NNDR.

Recommendations:

Members are asked to note the provisional outturn position at 31 March 2011 for Council Tax and NNDR.

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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

CITY OF CARLISLE

To: The Executive
27 June 2011

RD16/11

PROVISIONAL OUTTURN POSITION 2010/11 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 2010/11 Council Tax and Business Rates Accounts i.e. the total value of accounts raised and how much has been collected in the 2010/11 financial year.
- ii) Highlight and explain any variances against the expected (or budgeted) position.

2. COUNCIL TAX PROVISIONAL OUTTURN AS AT 31 MARCH 2011

2.1 **Appendix 1** details the provisional outturn position for Council Tax for 2010/11 and the outstanding arrears to 2009/10.

2.2 The estimated outturn of 98.68% suggests that, overall liability raised and Council Tax collected will again exceed the budgeted projections of 98.5% (if the collection pattern for recovering 2010/11 arrears follows that of previous years), as shown in the table below.

	<u>Budgeted</u> <u>£000</u>	<u>%</u>	<u>Estimated (31/3/11)</u> <u>£000</u>	<u>%</u>
Council Tax Liability	54,705	100	54,705	100
Losses on liability e.g. additional discounts	} 820	1.5	365	0.67
Losses on collection i.e. potential bad debt	}		357	0.65
Eventual Net Collection	53,885	98.5	53,984	98.68

2.3 The impact of increased collection performance is an overall surplus on collection fund of £327,959, the City Council's share of the surplus being £43,302.

3. COUNCIL TAX COLLECTION PERFORMANCE

3.1 The Council has maintained collection performance so that for the second year running Carlisle is in the 3rd quartile when compared to districts nationally. The Council 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%. (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. Eden and Copeland have seen a small increase in collection rates with Carlisle, Barrow staying the same and South Lakeland and Allerdale reporting slightly worse results.

<u>Council</u>	<u>In-Year Collection Rates - Council Tax (%)</u>		
	2008/09	2009/10	2010/11
Eden	98.9	98.8	99.1
South Lakeland	98.5	98.5	98.0
Copeland	98.0	97.9	98.0
Carlisle	97.3	97.6	97.6
Allerdale	97.2	97.4	97.6
Barrow	96.2	96.6	96.6

3.3 Due to collection performance improving, the Council has moved into 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	97.6

4. NNDR PROVISIONAL OUTTURN AS AT 31 MARCH 2011

4.1 **Appendix 2** details the NNDR provisional outturn for 2010/11.

4.2 Year-end arrears at £736,159 equating to 1.9% of the 'in year' debit collectable are down on 2009/10 of £828,527 (2.9%).

4.3 Most Councils are reporting reduced collection rates in recent years partly due to the recession and partly due to the introduction of increased empty rates liability from 1 April 2008. Until the Government release national collection rate performance the Council will not know whether the 0.2% improvement in collection performance mirrors the position nationally. As the Council operates as a collection agency on behalf of the Government in collecting and recovering NNDR, i.e. the Government meets the costs of bad debt write-offs, there is no financial impact on the Council of increased collection performance.

5. SUMMARY

5.1 Overall, the provisional outturn suggests that 2010/11 has been a good year with reduced losses on Council Tax liability, reduced bad debt provision. Also, after 2 years of reduced NNDR collection performance mainly due to the recession and changes to NNDR empty rate regulations, NNDR collection rates are again improving.

6. IMPLICATIONS

Staffing/Resources - Not Applicable

Financial Comments - As stated in 2.3 of the report the impact on the council's finances of the surplus on the collection fund of £327,959 is £43,302.

Legal Comments - Not Applicable

Risk Assessment - Not Applicable

Equality Issues - Not Applicable

Environmental Implications - Not Applicable

Crime & Disorder Implications - Not Applicable

7. IMPACT ASSESSMENTS

Does the change have an impact on the following?

Equality Impact Screening	Impact Yes/No?	Is the impact positive or negative?
Does the policy/service impact on the following?		
Age	No	N/A
Disability	No	N/A
Race	No	N/A
Gender/ Transgender	No	N/A
Sexual Orientation	No	N/A
Religion or belief	No	N/A
Human Rights	No	N/A
Social exclusion	No	N/A
Health inequalities	No	N/A
Rurality	No	N/A

If you consider there is either no impact or no negative impact, please give reasons:

This report summarises the 2010/11 provisional out-turn for council tax and NNDR and provides reasons for variances and has no direct impact on the above.

If an equality Impact is necessary, please contact the P&P team.

8. RECOMMENDATIONS

Members are asked to note the provisional outturn position at 31 March 2011 for Council Tax and NNDR.

9. REASONS FOR RECOMMENDATIONS

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

PETER MASON
Assistant Director (Resources)

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COUNCIL TAX OUTTURN 2010/11

<u>1993/94 to 2009/10</u>	<u>Council Tax</u> <u>£</u>	<u>Costs</u> <u>£</u>	
Arrears b/f at 01.04.2010	2,088,947.35	191,529.21	2,280,476.56
Net changes in Debit	-82,792.23		
Costs Raised (Net of Write Offs)		17,616.07	
Net Debit	<u>2,006,155.12</u>	<u>209,145.28</u>	
Write Offs	-71,552.58		
Cost Write off Adjustment	-6,245.71	6,245.71	
Payments Net of Refunds	-933,063.91	-91,018.67	
Payments posted after 01/04/2010	-608.63		
Arrears c/f 1993/94 to 2008/09	<u>994,684.29</u>	<u>124,372.32</u>	1,119,056.61
<u>2010/11</u>			
Opening Debit	62,207,938.30		
MOD Contributions in Lieu	49,519.50		
<u>Changes in Liability</u>			
Costs Raised (Net of Write Offs)		179,147.80	
General	213,686.31		
Exemptions	-2,286,316.05		
Disabled Relief	-53,271.56		
Discounts	-5,790,197.35		
Net Debit	<u>54,341,359.15</u>	<u>179,147.80</u>	
<u>Income</u>			
Rebates	-7,163,482.77		
Payments Net of Refunds	-45,991,559.15	-105,928.43	
MOD Contributions in Lieu	-49,519.50		
Payments posted after 01/04/2011 (pr	-27,721.90		
Prepayments 2010-11	-872,162.41		
Prepayments 2011-12	829,598.79		
Prepayments 2011-12 - posted after 0	27,721.90		
Payments posted after 01/04/2011	-4,702.39		
Total Income	<u>-53,251,827.43</u>	<u>-105,928.43</u>	
Write Offs	-6,128.25		
Arrears c/f	<u>1,083,403.47</u>	<u>73,219.37</u>	1,156,622.84
Total arrears c/f 1993/94 to 2009/10	2,078,087.76	197,591.69	2,275,679.45

Council Tax Bad Debt Provision

		Bad Debt Provision as at 31.03.2011 calculated on arrears of	
Bad Debt Provision as at 15.01.2011 calculated on arrears of	997,860 b/f <u>1,150,000</u> current 2,147,860		994,684 b/f <u>1,083,403</u> current 2,078,087
Bad Debt provision was plus	798,288 b/f <u>356,990</u> current 1,155,278	Bad Debt provision is plus *	798,288 b/f <u>356,990</u> current 1,155,278
Net Collectable after bad debt provision	<u>£992,582</u>		<u>£922,809</u>

* Bad Debt Provision Year End

Bad Debt provision kept same as surplus calculation undertaken Jan11 as arrears within 3.5% of estimated arrears when surplus calculated

Costs Bad Debt Provision

Bad Debt Provision as at 31.03.2011 calculated on arrears of	124,372 b/f <u>73,219</u> current 197,591
Bad Debt provision is plus *	b/f <u>112,627</u> current 112,627
Net Collectable costs	<u>84,964</u>

43% of arrears was paid based on 2010/11 collection of arrears

NNDR FINAL ACCOUNTS 2010/11

% COLLECTED = 98.1

DEBIT**DEBIT****COSTS**

Debit raised net of transition, suppl + adj	40,475,456.72	
Empty Property Relief	-2,144.33	
Empty Exempt Relief	<u>1,732,387.61</u>	
	38,745,213.44	
Costs raised in current year		22,471.00
Arrears b/fwd	1,109,332.46	
Plus Costs b/fwd		<u>4,665.71</u>
Total	39,854,545.90	27,136.71

ALLOWANCES**POOL CONTRIBUTION**

Small Business Rate Relief	1,307,505.77
Charity, CASC, Disc & Rural Relief	2,324,726.03
Bad debt write off	138,224.66
Hardship (S49)	0.00
Partial Occupation (S44a)	<u>18,108.24</u>
Total	3,788,564.70

GENERAL FUND

Charity Relief	131,890.14
Hardship (S49)	<u>0.00</u>
Total	131,890.14

Collectable Debit	35,934,091.06	27,136.71
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INCOME

Current year	36,388,210.14	
Plus Prepayments 2010/11	497,160.57	
Plus costs paid		19,562.54
Plus costs written off		1,073.71
Less refunds	1,456,947.18	
Less future year payments	628,899.83	
Plus net interest	<u>29,829.71</u>	
	34,829,353.41	

<u>ARREARS CARRIED FORWARD</u>	<u>1,104,737.65</u>	<u>6,500.46</u>
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Balance at 31.03.11

Arrears	1,132,355.98
Credits carried forward	21,117.87
Net balance at 31.03.11	1,111,238.11

For information

Gross interest awarded: £	29,884.40
Tax deducted	54.69
Bad Debt provision 2010/11	146,580.36
Bad Debt provision 2011/12	163,874.54
Pool contribution estimate	