

**Council Tax Collection - Update**

**REPORT TO RESOURCES SCRUTINY COMMITTEE**



<b>DATE</b>	<b>28/01/2014</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
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**PURPOSE**

1. The purpose of this report is to update members on the Council Tax collection rate for 2013/14

**RECOMMENDATION**

2. That Members note the information presented in the report and comment on it.

**REASONS FOR RECOMMENDATION**

3. To ensure members are aware of the impact on Council Tax collection of the changes to the policy around charges for empty properties and the introduction of the new Council Tax Support scheme.

**SUMMARY OF KEY POINTS**

4. **Background** Members are keen to be updated on Council Tax Collection this year particularly in light of the new introduction of the Council Tax Support scheme and changes to charges for empty properties as described below. A detailed report was issued to this committee in August, 2013 and December 2013 covering quarter one and two collection rates. This report updates the position as at quarter three.

**Council Tax Support**

Council Tax Benefit was abolished by the Welfare Reform Act 2012 and the Local Government Finance Act 2012 gave local authorities the power to create their own Council Tax Support schemes to replace Council Tax Benefit . This Council elected to adopt a scheme that replicated the Council Tax Benefit scheme and then reduced benefit entitlement for those of working age by 8.5%. Pensioners are unaffected by this change. This meant that 7,500 benefit claimants would have more Council Tax to pay this year than last year and some would be paying Council Tax for the first time.

**Empty Properties**

The Local Government Finance Act 2012 also gave local authorities the power to change

the exemptions for properties in their areas and replace with a system of locally determined discounts. The Council made the following changes to the charges for empty properties from April 2013

- The full Council Tax exemption for properties that are empty for less than six months was replaced with a 50% discount
- The full Council Tax exemption on empty properties that are undergoing major structural repair was replaced with a 50% discount for up to 12 months
- The 50% discount on properties that have been empty for longer than six months (or 12 months if undergoing structural repair) was abolished
- The 50% discount on second homes/furnished and unoccupied properties was abolished
- An additional Council Tax premium for properties than have been empty for over 2 years was applied. Owners of all properties that have been empty for over 2 years now have to pay 150% Council Tax for these properties

## 5. Key Council Tax Collection statistics

	Qtr 3 2013/14	Qtr 3 2012/13
In year collection	81.46%	83.17%
Council Tax Reminders	21,315	11,980
Council Tax Summonses	6,464	3,651
Council Tax Liability Orders	5,585	3,168

The changes made to Council Tax charges in 2013/14 increased the amount to be collected by c. £2.3million this year and these substantial increases in Council Tax net liability and workloads have been absorbed with no increase in staffing resources. This despite a near doubling in recovery action as evidenced by the above table. So far, this year the Council has collected £1.3m more in Council Tax than at the same point last year. So, although the overall Council Tax collection is down by 1.71% at the end of Quarter Three, the Council's yield in relation to Council Tax is far higher than in 2012/13.

Council Tax collection figures compared with overall collection targets are detailed below. This shows that collection is by and large operating as anticipated.

	In-year collection qtr 3 %	In – year target %	Overall collection target (i.e. over more than one year) %	Percentage collected to date against overall collection target %
2013/14	81.46	94.5	97	84
2012/13	83.17	97	98.2	84

6. Payment patterns for Council Tax are also changing. And the updated position is shown below The Council is seeing an increase in the numbers of payers spreading the cost of their Council Tax over longer periods i.e. 12 months, weekly or fortnightly see table below. The fortnightly direct debit option was introduced specifically to help those on fortnightly benefit payments budget to pay Council Tax.

<b>No. paying by direct debit</b>	<b>Qtr 3 2013/14</b>	<b>Qtr 2 2013/14</b>	<b>Qtr 3 2012/13</b>
Total number of net properties	36,922	36,922 *increase due to number of accounts now charged Council Tax following Council Tax Support implementation	30,366
Total number of accounts paying by direct debit	21,760	21,860	20,170
<ul style="list-style-type: none"> <li>• Over 10 months</li> <li>• Over 12months</li> <li>• Weekly</li> <li>• Fortnightly plan</li> </ul>	13,892 7,248 530 90	14,214 7,046 510 90	13,713 6,079 378 0
<b>No. cash transactions At the Post Office and Paypoint</b>	56,559	39,014	41,198

7. Future reports will continue to keep members updated on progress on Council Tax Collection.

**FINANCIAL IMPLICATIONS AND BUDGET PROVISION**

8. As detailed in the report

**POLICY IMPLICATIONS**

9. None.

**DETAILS OF CONSULTATION**

10.Councillor Mark Townsend – Executive Member for Resources and Performance Management.

**BACKGROUND PAPERS**

11.None

**FURTHER INFORMATION**  
**PLEASE CONTACT: C.Lee ext 7151**  
**ALSO:**