

**Council Tax Collection - Update****REPORT TO RESOURCES SCRUTINY COMMITTEE**

<b>DATE</b>	<b>03/12/2013</b>
<b>PORTFOLIO</b>	<b>Resources and Performance Management</b>
<b>REPORT AUTHOR</b>	<b>Caroline Lee</b>
<b>TEL NO</b>	<b>01282 477151</b>
<b>EMAIL</b>	<b>clee@burnley.gov.uk</b>

**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 covering quarter one collection rates. This report updates the position as at quarter two.

**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 2 2013/14	Qtr 2 2012/13
In year collection	55.22%	56.15%
Council Tax Reminders	15,544	8,346
Council Tax Summonses	5,117	2,903
Council Tax Liability Orders	3,395	2,181

The changes made to Council Tax charges increased the amount to be collected by c. £2.3million this year. So far, overall Council Tax collection is down by 0.93% at the end of Quarter Two. Eleven of the twelve Lancashire Districts are also experiencing reductions in their collection rates ranging from 0.2% to 2.6% for the same period. Council Tax reminders have almost doubled and much of this additional work is as a result of the implementation of the Council Tax Support scheme. There has been a 76% increase in summonses and 83% increase in liability orders when compared with the same period last year. The increase is mainly due to the fact that the new Council Tax Support scheme results in more households receiving a bill to pay than under the previous Council Tax Benefit scheme while other households need to pay more than last year. 92.5% of the **increase** in summonses so far relate to accounts that have some Council Tax Support allocated to them. Some of these accounts previously had nothing to pay. The additional Council Tax to collect for Council Tax Support cases compared with the Council Tax Benefit scheme for this Council is c. £500k (1.5% of the overall debt) and this explains why, despite the greatly increased recovery activity, that there has not been a stronger impact on the collection figures to date.

6. Payment patterns for Council Tax are also changing. 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. There are now more accounts for which collection work is required and who do not pay by direct debit. Direct debit would not necessarily be the most appropriate option for those who claim benefits and those who are in and out of work.

<b>No. paying by direct debit</b>	<b>Qtr 2 2013/14</b>	<b>Qtr 1 2013/14</b>	<b>Qtr 2 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	21,860	21,683	20,288
<ul style="list-style-type: none"> <li>• Over 10 months</li> <li>• Over 12months</li> <li>• Weekly</li> <li>• Fortnightly plan</li> </ul>	14,214 7,046 510 90	14,265 6,859 512 47	13,956 5,961 371 0
<b>No. cash transactions At the Post Office and Paypoint</b>	39,014	19,418	27,841

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. Helen Seechurn – Director of Resources  
Councillor Mark Townsend – Executive Member for Resources and Performance Management.

#### **BACKGROUND PAPERS**

11. None

#### **FURTHER INFORMATION**

**PLEASE CONTACT: C.Lee ext 7151**

**ALSO:**