

**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**FINANCE, INNOVATION and PROPERTY ADVISORY BOARD**

**21 June 2017**

**Report of the Director of Finance and Transformation**

**Part 1- Public**

**Matters for Information**

**1 REVENUES AND BENEFITS UPDATE REPORT**

**A report detailing recent developments in respect of council tax, business rates, council tax reduction and housing benefits.**

**1.1 Collection of council tax and business rates**

- 1.1.1 As at 31 March 2017, the final collection rate for council tax, for the year 2016/17, was 99.03%. This exceeds the target set for the financial year (98.9%). The final collection rate for 2015/16 was 98.87%.
- 1.1.2 As at 31 March 2017, the final collection rate for business rates, for the year 2016/17, was 99.19%. This is marginally below the target set for the financial year (99.6%). The final collection rate for 2015/16 was 99.43%.
- 1.1.3 To exceed 99% collection for both council tax and business rates is an excellent achievement and for the second year running, the council tax collection is the highest in Kent.
- 1.1.4 Since the introduction of the council tax reduction scheme in 2013/14, the working age taxpayers in receipt of support have been charged £5.9M. By the end of 2016/17, £5.2M has been collected, approximately 89%. This is significantly higher than was first envisaged and has helped with the overall collection rate. In respect of 2016/17, the collection rate for working age taxpayers improved by 2% (approximately £30,000) more than in 2015/16.
- 1.1.5 Previous year council tax arrears also reduced by £1.1M in the last financial year (compared to £1.25M in 2015/16).
- 1.1.6 I am also pleased to advise that the number of recovery notices issued overall in 2016/17 was 2% lower than in 2015/16 (see **ANNEX 1**). This has helped to reduce the cost of collection.
- 1.1.7 In respect of business rates, the collection target was narrowly missed despite collecting an additional £900,000 compared to 2015/16. Collection of business

rates is volatile, and the overall collection rate can be affected by factors affecting a small number of accounts.

- 1.1.8 The overall business rate arrears reduced by approximately £300,000 in the last financial year, leaving just over £700,000 uncollected in respect of all rates due since 1990.
- 1.1.9 As always, I can assure Members that every effort is being made to maintain high collection rates, and that we are doing all that is possible to collect the council tax and business rates that are due to the Council.
- 1.1.10 As at 31 May 2017, the collection rate for council tax stood at 17.54%. For the same period in the year 2016/17, the collection rate was 17.39%.
- 1.1.11 As at 31 May 2017, the collection rate for business rates stood at 21.25%. For the same period in the year 2016/17, the collection rate was 21.32%.

## 1.2 Spring Budget

- 1.2.1 In the Spring Budget, the Chancellor announced three schemes of relief would be made available to those ratepayers facing large increases as a result of the revaluation of business rates.
- Supporting Small Businesses
  - New Discretionary Relief Scheme
  - New Business Rate Relief Scheme for Pubs
- 1.2.2 As a General Election was called, only one scheme (New Discretionary Relief Scheme) has currently been approved for local authorities to administer; this means we are in a stalemate position with regards the other two schemes and it will be for the new Government to decide whether to continue with their implementation.
- 1.2.3 For Members' information, the new schemes are as follows.
- 1.2.4 Discretionary Relief Scheme: a £300M discretionary fund has been established over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation.
- 1.2.5 The intention is that every billing authority in England will be provided with a share of the £300M to support their local businesses. Billing authorities will be expected to use their share of the funding to develop their own discretionary relief schemes to deliver targeted support to the most hard-pressed ratepayers. The £300M will cover the four years from 2017/18:
- £175m in 2017/18 (TMBC share £338,000)

- £85m in 2018/19 (TMBC share £164,000)
- £35m in 2019/20 (TMBC share £68,000)
- £5m in 2020/21 (TMBC share £10,000)

1.2.6 A policy is currently being devised and I will report to Members when this has been done. The Council will be compensated through a Section 31 grant for the cost of relief awarded up to the maximum amount allocated.

1.2.7 Supporting Small Businesses: this scheme is to be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief.

1.2.8 To support these ratepayers, the supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers currently paying nothing or very small amounts are brought into paying something, or
- the matching cap on increases for small properties in the transitional relief scheme.

1.2.9 It is currently not possible to award this relief as mentioned above. However, an initial analysis suggests only a very small number of ratepayers will be eligible for this relief as and when the legislation is confirmed and the software supplier has amended the Revenues system. The Council will be compensated for the cost of granting the relief through a Section 31 grant from Government.

1.2.10 Support for Pubs: this scheme will be for 'pubs' that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1000 discount on their bill for 2017/18 only. DCLG's plans to publish a consultation on the operation of the relief scheme was postponed so it is not clear what properties may be eligible for this relief (wine bars, restaurants etc may be included).

1.2.11 It is currently not possible to award this relief as mentioned above. The Council will be compensated for the cost of granting the relief through a Section 31 grant from Government.

1.2.12 Further information regarding these schemes will be presented to Members of the Economic Regeneration Advisory Board on 6 July 2017.

### **1.3 Performance and Workload of the Benefits Service**

1.3.1 For the 2016/17 year, the average number of days to process housing benefit new claims was 15.4 and 4.7 for changes in circumstances. The national averages were 21 and 9 days.

- 1.3.2 Council tax reduction claims were processed on average in 15.1 and 5.7 days. The target for both housing benefit and council tax support performance for the year was 15 days and 6 days.
- 1.3.3 My Service processed 3,068 new claims and 51,480 changes in circumstances over the course of the year.
- 1.3.4 The number of households in receipt of housing benefit has fallen by 3% over the last year. The figure now stands at 6,285 households, with equal numbers of working age and pension age claims decreasing.
- 1.3.5 There has been a similar fall in the number of households receiving a council tax reduction. There are now 6,772 homes getting help.
- 1.3.6 Since the introduction of Universal Credit in the Borough in October 2015, the number of people claiming a council tax reduction who receive Universal Credit has been low. There are currently 57 households in this situation. Universal Credit is only available to single jobseekers, until further roll-out scheduled for Autumn 2018.
- 1.3.7 The number of households in the Borough affected by the benefit cap continues to rise. In November 2016, the new lower rate cap of £20,000 per annum took effect, impacting an additional 85 households on top of the existing 21 cases. Since then, numbers have risen to 123 households. Work is ongoing, together with landlords to engage with these families and find solutions.
- 1.3.8 The Discretionary Housing Payments (DHP) fund was fully spent in 2016/17. The total of £171,000 was used to assist 230 separate households. The Government contribution to our DHP fund has significantly increased to £284,000 for 2017/18, enabling greater support in particular for benefit cap cases and homelessness prevention. By the first week of June, over £50,000 has already been allocated for assistance.

## **1.4 Legal Implications**

- 1.4.1 Nil.

## **1.5 Financial and Value for Money Considerations**

- 1.5.1 The percentage of council tax and business rates collected during the year impacts on the Council's finances and, consequently, on the level of council tax for future years.

## **1.6 Risk Assessment**

- 1.6.1 Nil.

Background papers:

1. In respect of the collection of council tax and business rates, data held within Financial Services.

contact: Glen Pritchard  
01732 876146  
Andrew Rosevear  
01732 876143

Sharon Shelton  
Director of Finance and Transformation