

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

14 May 2014

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 COUNCIL TAX AND BUSINESS RATES UPDATE REPORT

A report detailing recent developments in respect of council tax and business rates.

1.1 Collection of council tax and business rates

1.1.1 As at 31 March 2014, the unaudited, final collection rate for council tax, for the year 2013/14, was 98.29%. This is marginally below the target set for the financial year (98.5%). The final collection rate for 2012/13 was 98.46%.

1.1.2 As at 31 March 2014, the unaudited, final collection rate for business rates, for the year 2013/14, was 99.53%. This is marginally below the target set for the financial year (99.6%). The final collection rate for 2012/13 was 99.71%.

1.1.3 The reduction in the council tax collection rate is due mainly, I believe, to the introduction of the council tax reduction scheme. Approximately 2,000 households paid council tax for the first time in the financial year 2013/14, having previously been in receipt of 100% council tax benefit. Although 77% of the council tax due from these households was eventually paid (a far higher amount than was originally predicted), the shortfall did affect the overall collection rate.

1.1.4 The difficult economic conditions also still continue to affect council taxpayers' ability to pay. In 2013-14, 21,500 reminders and 4,000 summonses were issued for non-payment, a 50% increase on the amount sent in 2012-13. This additional recovery work has increased the Revenue Team's workloads significantly, so to achieve a collection rate as high as this, is, in my opinion, an excellent achievement.

1.1.5 Although the 'in-year' council tax collection rate dropped slightly, I am pleased to advise that the collection of previous year council tax arrears improved in the last financial year, with approximately £710,000 collected (an increase of approximately £50,000 on the amount collected in 2012/13).

1.1.6 As always, I can assure Members that every effort is being made to maintain a high collection rate, and that we are doing all that is possible to collect the council

tax that is due to the Council. That being said, the change to the council tax reduction scheme for the 2014-15 and 2015-16 financial years, with eligible taxpayers paying at least 18.5% of the annual charge (compared to 8.5% in 2013-14) poses another significant challenge for the Revenue Team. It remains to be seen whether these taxpayers will budget for, and pay, this additional charge; if not, this may have a detrimental effect on the collection rate this financial year.

- 1.1.7 I shall update Members, as to the collection rates for 2014/15, as at 30 April 2014, for both council tax and business rates, on the evening of the meeting.

1.2 Legal Implications

- 1.2.1 Nil.

1.3 Financial and Value for Money Considerations

- 1.3.1 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.

1.4 Risk Assessment

- 1.4.1 Nil.

Background papers:

Nil

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