

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

17 July 2019

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 2019, the final collection rate for council tax, for the year 2018/19, was 98.91%. This exceeds the target set for the financial year (98.75%). The final collection rate for 2017/18 was 98.61%.
- 1.1.2 As at 31 March 2019, the final collection rate for business rates, for the year 2018/19, was 99.42%. This was below the target set for the financial year (99.6%). The final collection rate for 2017/18 was 99.69%.
- 1.1.3 I am very pleased to report that, once again, both of these collection rates are 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 £9.3M. By the end of 2018/19, £8.5M has been collected, approximately 91%. In respect of 2018/19, the collection rate for working age taxpayers fell by 0.5% compared to 2017/18.
- 1.1.5 Previous year council tax arrears also reduced by approximately £1.1M in the last financial year (compared to £790,000 in 2017/18).
- 1.1.6 Members will note that the number of recovery notices issued overall in 2018/19 was 11% lower than in 2017/18 (see **ANNEX 1**). I am hopeful that this downward trend will continue with the introduction of Citizen Access.
- 1.1.7 In respect of business rates, we have consistently collected over 99% since 2008/09. However, as I have mentioned before, 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 £120,000 in the last financial year, leaving just £75,000 uncollected in respect of all rates due since 1990. The work done in previous years has enabled us to maintain a very low level of arrears and we continue to be in a very strong position to maintain our excellent collection rate.
- 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 30 June 2019, the collection rate for council tax stood at 27.06%. For the same period in the year 2018/19, the collection rate was also 27.06%.
- 1.1.11 As at 30 June 2019, the collection rate for business rates stood at 30.59%. For the same period in the year 2018/19, the collection rate was 30.7%.

1.2 Performance and Workload of the Benefits Service

- 1.2.1 Over the 2018/19 financial year, the average number of days to process new claims for housing benefit and council tax reduction stood at 12.8. It took on average 2.1 days to process changes to existing claims. Our performance ranked amongst the best in the Country and has continued in this vein over the first quarter of the new financial year.
- 1.2.2 The overall number of households assisted with council tax reduction remains stable at 6605, showing a trend of a slight fall in pension age households and equivalent rise in working age.
- 1.2.3 However, with the introduction of the Universal Credit (UC) full service in November 2018, the housing benefit caseload has fallen from 6224 households to 5783 as at the 1 April 2019 and further to 5514 as of 1 July 2019. Of the total, currently 3392 households are working age.
- 1.2.4 The total expenditure of housing benefit across the Borough was a little under £35M last year a reduction of £0.5M. The cause of the lower expenditure is largely due to the annual 1% rent reductions imposed on social landlords.
- 1.2.5 Our Discretionary Housing Payment (DHP) fund was used in full during 2018/19, as with previous years. Careful budgeting meant the fund was exhausted in March 2019 with the new fund available from 1 April. Although a higher number of applications was received over the course of the year, a lower number of awards were made due to the decrease in budget from Government of almost £50,000. Despite demand far outstripping need, the budget for 2019/20 has been cut by a further £28,000 to bring the total fund to £208,000. Awards are made in line with the Council's policy. More information about when and how DHP is used, including our policy, can be found here: <https://www.tmbc.gov.uk/services/advice-and-benefits/benefits/discretionary-housing-payments-dhp>

- 1.2.6 Of the 365 households assisted with DHP in 2018/19, 160 of those awards were made to directly prevent homelessness by clearing rent arrears to stop evictions or provide rent in advance to move families into new homes. Other awards were made to generally alleviate poverty over a short term for households in need due to benefit cuts and various other unfortunate circumstances.
- 1.2.7 Universal Credit, as I have previously reported, was fully rolled out for the Borough in November 2018. Since then, working age residents needing financial help to pay rent must claim help through UC on-line. This applies to residents making new claims and a switch from housing benefit to UC can be triggered for existing housing benefit claimants according to certain triggers such as a partner moving in or out or some changes to tax credits.
- 1.2.8 Residents in temporary accommodation (i.e. those placed as homeless) and residents in supported accommodation (i.e. those needing some help to manage independent living) cannot claim UC to help with housing costs but must still claim housing benefit.
- 1.2.9 At some point prior to 2024 the DWP will announce plans to migrate our existing working age housing benefit caseload across to UC. The national plan has been delayed significantly but trials will start to take place for the conversion of cases in two Councils next year, with more information expected to follow soon after. Eventually we will be left to administer pension age housing benefit claims and those for all residents in supported or temporary accommodation, a number likely to be in the region of 2600 households in total. Just when this will happen we have yet to see, in the meantime we continue to provide the best service we can for the residents in the Borough and keep the Service as flexible as possible.

1.3 Shared Management Arrangement with Gravesham Borough Council (GBC)

- 1.3.1 Members are aware that we currently have a shared arrangement with GBC for the management of the Revenues and Benefits function. GBC have served notice that this arrangement will come to an end on 30 September.
- 1.3.2 I shall be considering the way forward in light of this and where appropriate will report to the General Purposes Committee to address any establishment needs.

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.

1.7 Equality Impact Assessment

1.7.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users at this point.

1.8 Policy Considerations

1.8.1 Community

1.8.2 Customer Contact

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