

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

21 July 2021

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 2021, the final collection rate for council tax, for the year 2020/21, was 97.88%. This was below the target set for the financial year (98%). The final collection rate for 2019/20 was 98.48%.
- 1.1.2 As at 31 March 2021, the final collection rate for business rates, for the year 2020/21, was 97.28%. This was below the target set for the financial year (98.5%). The final collection rate for 2019/20 was 99.43%.
- 1.1.3 The impact on our ability to recover unpaid debts was unprecedented last year, so it is a great achievement to have collected as much as we did. It is understood that council tax collection nationally was down on the previous year by 1 to 2%. and business rates collection down by anything up to 8%.
- 1.1.4 I am pleased to advise that the Magistrates' Courts have re-opened, and the first liability orders were obtained on 25 May. The next hearing is scheduled for 30 July; however, we have not been advised of any other hearings at present. We will continue to press the Magistrates' Court on this matter to ensure we are able to recover unpaid amounts in a timely manner.
- 1.1.5 Since the introduction of the council tax reduction scheme in 2013/14, the working age taxpayers in receipt of support have been charged £14.6M. By the end of 2020/21, £13.3M has been collected, approximately 91%. In respect of 2020/21, the collection rate for working age taxpayers had improved by 2% compared to 2019/20; this is undoubtedly due to the COVID-19 hardship fund which entitled these taxpayers to a £150 discount. With the discount reducing to £50 for 2021/22, there may be a negative impact on the amount we collect this year; however, early indications are favourable with the collection rates getting towards pre-Covid levels.

- 1.1.6 Despite not being able to undertake any significant recovery action, previous year council tax arrears reduced by approximately £925,000 in the last financial year (compared to £800,000 in 2019/20).
- 1.1.7 The number of recovery notices issued in 2020/21 is shown at **ANNEX 1**. With £100 costs being applied to a summons, Members will see that we lost a significant amount of income due to the Magistrates' Court being unable to offer us any hearing dates.
- 1.1.8 In respect of business rates, the 2020/21 financial year will surely go down in memory! New discounts were introduced along with umpteen grant schemes (mentioned in a separate report), always at short notice and with the expectation that payments would be made quickly. This was in addition to doing the 'normal' day job!
- 1.1.9 I am sure Members will agree with me that, with limited resource, we have achieved everything that was thrown at us and managed to support our local businesses through these extremely difficult times. It is also heartening to see that the majority of businesses that were not entitled to Government support still managed to maintain their business rate payments through the year, resulting in a very satisfactory collection rate.
- 1.1.10 With things hopefully returning to some sort of normality this year, I am hopeful that we can start to clawback the arrears and return to our historically high collection rates.
- 1.1.11 As at 30 June 2021, the collection rate for council tax stood at 27.02%. For the same period in the year 2020/21, the collection rate was 26.35% (27.06% in 2019/20).
- 1.1.12 As at 30 June 2021, the collection rate for business rates stood at 27.96%. For the same period in the year 2020/21, the collection rate was 26.82% (30.59% in 2019/20).

1.2 Relief Schemes

- 1.2.1 On 25 March, the Government announced plans to provide an additional business rates support package worth £1.5 billion to support business in England affected by Covid 19 but which were outside of the retail, hospitality and leisure sectors.
- 1.2.2 Details of the announcement are available at:
<https://www.gov.uk/government/news/business-rates-relief-boosted-with-new-15-billion-pot>.
- 1.2.3 At the time of writing this report, further details on the scheme had not been provided. A new policy and application process will be required once guidance has been received.

- 1.2.4 The Expanded Retail Discount that was introduced at the start of the pandemic has changed from 1 July 2021. Previously giving eligible businesses 100% relief, the amount has dropped to 66%; initial indications would suggest that businesses have managed to absorb this reduction in support but there may be some impact on collection for the remainder of this financial year.

1.3 Performance and Workload of the Benefits Service

- 1.3.1 New claims for housing benefit and council tax reduction are taking on average around 13 days to process, however most are dealt with between two and three working days. It is only those few needing further information or clarification where it may take longer.
- 1.3.2 The number of households receiving assistance with housing benefit continues to fall, now standing at 4229. This is a drop of 105 since 1 April 2021 and is primarily due to the numbers switching to Universal Credit. In March 2020 the number of households we help with housing benefit was down to 4950, 2900 of which were working age, the number of working age claims is now 2270.
- 1.3.3 Numbers of households getting help with council tax reduction has gradually reduced over the past 12 months following the peak in claims around the start of the pandemic. The number currently stands at 6700. Analysis shows there are potentially many households in the Borough that may have entitlement to council tax reduction but have not made claims. Work on this is ongoing, particularly now we have restarted recovery processes for council tax debt.
- 1.3.4 The number of discretionary housing payment applications continues to rise each month. Again, this is anticipated as debt recovery, particularly rent arrears, restarts and Government protections come to an end.

1.4 Temporary Accommodation Administration

- 1.4.1 As the numbers of households placed in temporary accommodation has increased over the last two years, the emphasis to find efficient ways to invoice and recover charges to these clients has become more apparent.
- 1.4.2 The recovery team within the Revenues & Benefits Service has taken on work from Exchequer and Housing Services to enable the end to end process to be handled by one team. The process has been streamlined, developing the use of IT, to enable the quick and accurate issue of invoices. The work started in March, coinciding with the Service's restructuring and is progressing well, further work is planned, together with the Housing Service, aimed at maximising our income recovery while safeguarding those vulnerable households.

1.5 Self Isolation Payments

- 1.5.1 The self isolation payment support scheme provides a fixed payment of £500 for anyone on a low income instructed to self isolate due to covid contact where the result would be a loss of pay through inability to work.
- 1.5.2 The scheme was recently extended to parents of children having to self isolate, where the parent could not work, having to stay home to look after a child.
- 1.5.3 Since the Scheme started in September 2020, we have received almost 1,000 applications. Numbers were low to start, peaked around December / January, then tailed off since March.
- 1.5.4 Over the last three weeks numbers started to rise, rapidly increasing once more. This does not come as a surprise. We anticipate numbers to continue growing, probably until rules around self isolation are relaxed, currently planned for August. Although funding for the administration of these payments is met by Government, resourcing the service to meet the fluctuation of demand proves challenging. Payment targets are three days from receipt of a completed application, which at times is difficult to meet. Due to the application criteria and access to verify benefit information, administration of the self isolation payments sits best with the team responsible for benefits payments. Assessment of payments is certainly helped by a knowledge of benefits, adding to the pressure of the team. Some temporary agency worker assistance has been used but again, this proves challenging over to the fluctuation of work.

1.6 Legal Implications

- 1.6.1 Nil.

1.7 Financial and Value for Money Considerations

1.8 Risk Assessment

- 1.8.1 Nil.

1.9 Equality Impact Assessment

- 1.9.1 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.

1.10 Policy Considerations

- 1.10.1 Community
- 1.10.2 Customer Contact

Background papers:

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

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