

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, REGENERATION AND PROPERTY SCRUTINY SELECT COMMITTEE

26 July 2022

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 30 June 2022, the collection rate for council tax stood at 27.3%. For the same period in the year 2021/22, the collection rate was 27.02%.

1.1.2 As at 30 June 2022, the collection rate for business rates stood at 36.99%. For the same period in the year 2021/22, the collection rate was 27.96%.

1.1.3 Although collection performance is currently above target, I am not expecting this trend to continue (specifically for council tax) in the latter half of this financial year due to the situation with rising energy payments and the general cost of living.

1.1.4 I have therefore reduced the collection target for council tax to 98% this year compared to 98.5% the year before. For business rates, the collection rate remains unchanged for 2022/23 at 98.5% due to a strong performance last year where the target was exceeded (98.9% was collected)

1.1.5 We will of course strive to exceed these amounts. But I have to be realistic in that, for many residents, council tax will not be their priority bill to pay. Businesses could also be affected as residents will have less disposable income to spend.

1.1.6 That being said, our collection rates are still well above average. In 2021/22, the national council tax rate was 95.9% and for business rates 95.5%. For Shire Districts, the rates were 97.2% and 98% respectively.

1.1.7 The level of take-up for direct debit plays a significant part in our ability to collect money, and this has been boosted further to the current level of 82% as a result of the energy rebate scheme.

1.1.8 The amount of arrears for previous year debts currently stands at £5.5M for council tax and £1.4M for business rates. These totals have increased significantly since 2020/21 when we were unable to take any action to recover debts; however,

we are working hard to reduce the levels (£1.4M for council tax and £1.2M for business rates in 2021/22).

1.2 Performance of Benefits Service

- 1.2.1 The average number of days to pay housing benefit and council tax reduction applications was 16.3 as at 1 July. Changes in circumstances take on average 2.6 days. The number of new claims processed is relatively small due to the shift to Universal Credit. The Council remains responsible for applications to housing benefit for pension age households, temporary accommodation and supported accommodation, while new claims for 'mainstream housing support' has transferred to Universal Credit. The claim types remaining with the Council represents a lower proportion of overall numbers but by nature have a far greater work complexity. With this in mind, the performance indicators will show a decline in performance compared to historical results as we work through a reset in levels, it's a similar picture nationally.
- 1.2.2 The number of households paid housing benefit continues to significantly drop. Again, mostly due to the transfer to Universal Credit. Numbers have fallen by 20% over the last two years. On 1 July the total number of households getting help with housing benefit was 3762, almost exactly half working age and half pension age. Pilot sites are underway across the country trialling managed migration of the existing working age housing benefit caseload to Universal Credit. Government ambition remains that nationally the transition from housing benefit to Universal Credit will be completed by the end of 2024.
- 1.2.3 The number of households receiving help with council tax was 6513 on 1 July, 2403 of these were pension age. Again, the number of households receiving help is reducing, which has been the trend since introduction of local council tax reduction schemes in 2013. There was an understandable spike of new claims during the pandemic but numbers are now back to lower than pre-pandemic times.

1.3 Legal Implications

- 1.3.1 none

1.4 Financial and Value for Money Considerations

- 1.4.1 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.

1.5 Risk Assessment

- 1.5.1 Failure to collect council tax or business rates in a timely and efficient manner could put the Council's finances under pressure. As the Billing Authority, TMBC

has to pay Preceptors in accordance with an agreed schedule regardless of whether collection is on track.

- 1.5.2 Delays in processing benefit claims or changes of circumstances could place claimants in difficult financial circumstances. Equally, delays in processing changes of circumstances could put the Council's own finances at risk if overpayments are made as a result and become irrecoverable at a later date.

1.6 Policy Considerations

1.6.1 Community

1.6.2 Customer Contact

Background papers:

LG Futures Collection rates for Council Tax and NNDR
in England 2021 to 2022

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