

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Thursday, 13 June 2019
Report Subject	Council Tax Collection Rates
Cabinet Member	Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Scrutiny Members with an operational update on the latest year-end council tax collection rates following the setting of the annual Council budget for 2019/20.

The latest statistical analysis shows that despite financial challenges faced by the Council to manage reductions in the grants received from Central Government, the Council is maintaining strong collection levels and the council tax service continues to work with residents by making it easier for residents to pay their bills, access information and especially support those who experience payment difficulties.

In the financial year 2018/19, the Council maintained an 'in-year' collection level at 98.2% of Council Tax in the year it fell due which is well above all national averages. The latest collection figure maintains performance at the same level as the previous year despite the increase in Council Tax charges for 2018/19.

RECOMMENDATIONS

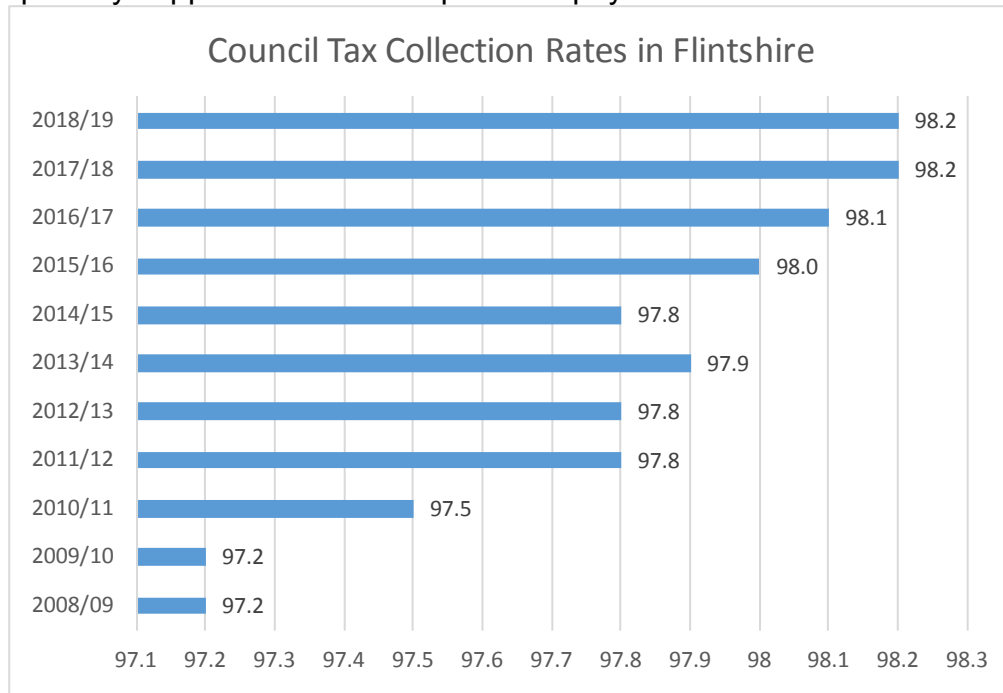
1	To note the latest Council Tax collection levels and the supporting information.
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REPORT DETAILS

1.00	EXPLAINING THE COUNCIL TAX COLLECTION LEVELS
1.01	Local authorities are responsible for the billing and collection of Council Tax. Council Tax is also the main source of locally raised income by the Council to partly fund the cost of running Council services.
1.02	Before the start of each financial year, and throughout the year, local authorities issue Council Tax bills to householders who are subject to Council Tax on domestic properties. Each Council Tax bill is calculated by applying the appropriate band charges then applying discounts, exemptions and disregards in appropriate cases.
1.03	The efficient billing, collection and recovery is crucial to the financial stability of the Council and officers frequently monitor collection levels to ensure recovery systems and processes are working effectively.
1.04	As a key performance indicator, Welsh Government also publish an annual statistical release that analyses the amount of council tax that Welsh local authorities collect in each financial year that the council tax falls due. This measure is commonly referred to as the 'in-year' collection rates. In other words it is how much the local authority collected by 31 March of the council tax as a percentage of the amount they would have collected if everyone had paid the full amount for which they were liable.
1.05	<p>A hyperlink to the latest statistical release for Welsh council tax collection rates in 2017/18 is provided in section 6 of this report.</p> <p>Because the statistical release includes data for individual authorities, it enables the Council to measure its own collection performance against other local authorities in Wales.</p>
1.06	In the latest audited figures published by the Welsh Government for 2017/18, it shows the Council, with the support of local residents, collected 98.2% of Council Tax in the year it fell due. This is well above the national average of 97.4% and continues to place Flintshire as one of the highest performing Councils in Wales.
1.07	Although the 0.8% difference in collections between Flintshire and the Welsh average during 2017/18 might appear to be insignificant in percentage terms in monetary terms it equates to the recovery of an additional £700k of critical income.
1.08	The next national statistical release for 2018/19 collection rates will be published by Welsh Government in June 2019 but the latest calculations show that during 2018/19 the Council Tax service in Flintshire maintained 'in-year' collection levels at 98.23%. This has been achieved despite the financial challenges faced by the Council to manage significant reductions in the grants received from Central Government, the need to increase Council Taxes to maintain services and the continued rollout of Universal Credit – all of which can have an impact on the ability to collect Council Tax on-time.

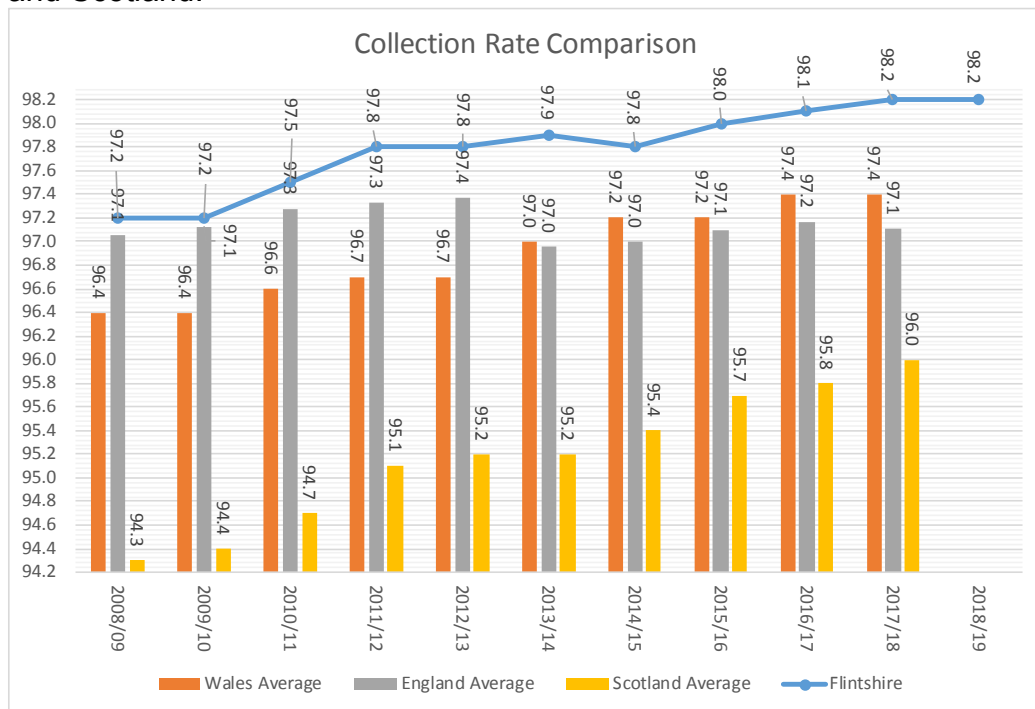
1.09

The table below shows the ‘in-year’ collection rates that have been achieved for each year over the past 10 years. The table illustrates a position of continued improvement as the Council Tax service continues to develop and enhance service standards by making it easier for residents to pay their bills, access information about discounts and exemptions but especially support those who experience payment difficulties.



1.10

The table below also illustrates how Flintshire’s ‘in-year’ collection rates compare with the Welsh average, including the average across England and Scotland.



1.11

In financial terms, achieving a 98.23% ‘in-year’ collection level during 2018/19, meant that £83.7m out of a total collectable amount of £85.3m was successfully recovered ‘in-year’.

1.12	Some households struggle to meet their payment obligations and so not all Council Tax is collected 'in-year'. After factoring in £80k of debt that was written off in respect of 2018/19 charges, £1.4m of arrears were outstanding as at 31 st March 2019 in respect of the 2018/19 charges.																																																																								
1.13	The Council continues to collect arrears owing from 2018/19 as quickly as possible in conjunction with the collection of the current 'in-year' charges. Most taxpayers who owe arrears typically enter into longer term payment agreements to pay off arrears and to take account of personal circumstances. For those arrear balances relating to the tax year 2018/19, as at the time of writing this report, these have reduced by £180k (i.e. £1.40m to £1.22m) since 31 st March 2019.																																																																								
1.14	<p>In addition to this, as at the 31st March 2019, a total of £2.7m was recorded as being the total outstanding in respect of all previous financial years, including £1.40m that was owing from 2018/19 as at 31/3/19. Total arrears have now reduced from £2.7m to £2.2m as at the time of writing this report. This equates to a reduction of £0.5m since April 2019.</p> <p>Robust recovery procedures and measures are in place to recover all sums through a range of enforcement measures where appropriate, including attachment of earnings orders, attachment of benefit orders, bailiff action, charging orders, and voluntary payment agreements.</p>																																																																								
1.15	<p>The table below provides a useful comparison with other local authorities in Wales on the collection of arrears across all years up to 2017/18. This demonstrates that not only does Flintshire have one of the best 'in-year' collection levels but it also has one of the lowest levels of arrears as a comparison with the annual collectable amount.</p> <table border="1" data-bbox="435 1189 1286 2067"> <thead> <tr> <th data-bbox="435 1189 770 1395">Local Authority</th> <th data-bbox="770 1189 903 1395">Total 'in-year' collectable amount £ thousands</th> <th data-bbox="903 1189 1038 1395">Total Arrears outstanding (all years) at 31/03/18 £ thousands</th> <th data-bbox="1038 1189 1286 1395">Total Arrears outstanding (all years) against 'in-year' collectable amounts (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="435 1395 770 1435">Vale of Glamorgan</td> <td data-bbox="770 1395 903 1435">73,724</td> <td data-bbox="903 1395 1038 1435">2,156</td> <td data-bbox="1038 1395 1286 1435">2.9%</td> </tr> <tr> <td data-bbox="435 1435 770 1476">Flintshire</td> <td data-bbox="770 1435 903 1476">79,554</td> <td data-bbox="903 1435 1038 1476">2,722</td> <td data-bbox="1038 1435 1286 1476">3.4%</td> </tr> <tr> <td data-bbox="435 1476 770 1516">Pembrokeshire</td> <td data-bbox="770 1476 903 1516">56,698</td> <td data-bbox="903 1476 1038 1516">1,967</td> <td data-bbox="1038 1476 1286 1516">3.5%</td> </tr> <tr> <td data-bbox="435 1516 770 1556">Monmouthshire</td> <td data-bbox="770 1516 903 1556">61,415</td> <td data-bbox="903 1516 1038 1556">2,805</td> <td data-bbox="1038 1516 1286 1556">4.6%</td> </tr> <tr> <td data-bbox="435 1556 770 1597">Powys</td> <td data-bbox="770 1556 903 1597">78,835</td> <td data-bbox="903 1556 1038 1597">3,651</td> <td data-bbox="1038 1556 1286 1597">4.6%</td> </tr> <tr> <td data-bbox="435 1597 770 1637">Cardiff</td> <td data-bbox="770 1597 903 1637">162,352</td> <td data-bbox="903 1597 1038 1637">8,142</td> <td data-bbox="1038 1597 1286 1637">5.0%</td> </tr> <tr> <td data-bbox="435 1637 770 1677">Neath Port Talbot</td> <td data-bbox="770 1637 903 1677">65,435</td> <td data-bbox="903 1637 1038 1677">3,411</td> <td data-bbox="1038 1637 1286 1677">5.2%</td> </tr> <tr> <td data-bbox="435 1677 770 1718">Caerphilly</td> <td data-bbox="770 1677 903 1718">63,236</td> <td data-bbox="903 1677 1038 1718">3,300</td> <td data-bbox="1038 1677 1286 1718">5.2%</td> </tr> <tr> <td data-bbox="435 1718 770 1758">Denbighshire</td> <td data-bbox="770 1718 903 1758">49,549</td> <td data-bbox="903 1718 1038 1758">2,654</td> <td data-bbox="1038 1718 1286 1758">5.4%</td> </tr> <tr> <td data-bbox="435 1758 770 1798">Wrexham</td> <td data-bbox="770 1758 903 1798">62,700</td> <td data-bbox="903 1758 1038 1798">3,392</td> <td data-bbox="1038 1758 1286 1798">5.4%</td> </tr> <tr> <td data-bbox="435 1798 770 1839">Rhondda Cynon Taf</td> <td data-bbox="770 1798 903 1839">102,050</td> <td data-bbox="903 1798 1038 1839">5,777</td> <td data-bbox="1038 1798 1286 1839">5.7%</td> </tr> <tr> <td data-bbox="435 1839 770 1879">Conwy</td> <td data-bbox="770 1839 903 1879">62,063</td> <td data-bbox="903 1839 1038 1879">3,604</td> <td data-bbox="1038 1839 1286 1879">5.8%</td> </tr> <tr> <td data-bbox="435 1879 770 1919">Bridgend</td> <td data-bbox="770 1879 903 1919">71,423</td> <td data-bbox="903 1879 1038 1919">4,163</td> <td data-bbox="1038 1879 1286 1919">5.8%</td> </tr> <tr> <td data-bbox="435 1919 770 1960">Gwynedd</td> <td data-bbox="770 1919 903 1960">68,922</td> <td data-bbox="903 1919 1038 1960">4,189</td> <td data-bbox="1038 1919 1286 1960">6.1%</td> </tr> <tr> <td data-bbox="435 1960 770 2000">Ceredigion</td> <td data-bbox="770 1960 903 2000">40,320</td> <td data-bbox="903 1960 1038 2000">2,510</td> <td data-bbox="1038 1960 1286 2000">6.2%</td> </tr> <tr> <td data-bbox="435 2000 770 2040">Swansea</td> <td data-bbox="770 2000 903 2040">110,190</td> <td data-bbox="903 2000 1038 2040">7,028</td> <td data-bbox="1038 2000 1286 2040">6.4%</td> </tr> <tr> <td data-bbox="435 2040 770 2067">Isle of Anglesey</td> <td data-bbox="770 2040 903 2067">37,492</td> <td data-bbox="903 2040 1038 2067">2,680</td> <td data-bbox="1038 2040 1286 2067">7.1%</td> </tr> </tbody> </table>	Local Authority	Total 'in-year' collectable amount £ thousands	Total Arrears outstanding (all years) at 31/03/18 £ thousands	Total Arrears outstanding (all years) against 'in-year' collectable amounts (%)	Vale of Glamorgan	73,724	2,156	2.9%	Flintshire	79,554	2,722	3.4%	Pembrokeshire	56,698	1,967	3.5%	Monmouthshire	61,415	2,805	4.6%	Powys	78,835	3,651	4.6%	Cardiff	162,352	8,142	5.0%	Neath Port Talbot	65,435	3,411	5.2%	Caerphilly	63,236	3,300	5.2%	Denbighshire	49,549	2,654	5.4%	Wrexham	62,700	3,392	5.4%	Rhondda Cynon Taf	102,050	5,777	5.7%	Conwy	62,063	3,604	5.8%	Bridgend	71,423	4,163	5.8%	Gwynedd	68,922	4,189	6.1%	Ceredigion	40,320	2,510	6.2%	Swansea	110,190	7,028	6.4%	Isle of Anglesey	37,492	2,680	7.1%
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	Newport	62,377	4,582	7.3%
	Carmarthenshire	90,322	6,968	7.7%
	Torfaen	39,919	3,184	8.0%
	Blaenau Gwent	28,574	4,090	14.3%
	Merthyr Tydfil	25,190	4,000	15.9%
		1,492,340	86,975	

2.00	RESOURCE IMPLICATIONS
2.01	The collection of Council Tax is a statutory function and the efficient collection is critical to the funding and delivery Council services, including the public services delivered by the other precepting organisations (Town and Community Councils and The Office of the Police & Crime Commissioner for North Wales).

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	None.

4.00	RISK MANAGEMENT
4.01	Officers carefully track and monitor collection performance on a monthly basis and the results feed into corporate monitoring through the Councils Corporate Performance Management reporting processes.
4.02	In cases where enforcement of the liability order through taking control of goods is unsuccessful and the taxpayer is not prepared to pay or co-operate with the Council, one of the options is for the Council to apply to the Magistrates Court for a means enquiry to be held in order to determine whether the taxpayer is guilty of 'wilful refusal' or 'culpable neglect' of not paying Council Tax. Ultimately this can lead to taxpayers being imprisoned for non-payment. This is commonly known as committal.
4.03	From April 2019, Welsh Government removed the use of committal as a recovery tool as it was viewed by Welsh Government as being out-dated and unfair. As justification for the removal of committal, Welsh Government also referenced the collection rates in Scotland being 'similar' to those in Wales. The average Council Tax collection rates in Scotland for 2017/18 were 96.0%, compared to an average of 97.4% for Wales and 98.2% for Flintshire.
4.04	The financial implications for the Council are significant. If, for example, Flintshire's 98.23% 'in-year' collection level fell to the Welsh average of 97.4% the loss of income would be £700k. If Flintshire's collection levels fell to the 96.0% Scottish average (i.e. a reduction of 2.2%), the loss of income would be £1.8m.

4.05	The key risks centre around ensuring maintaining cash-flow and maintaining collection levels and current working practices and recovery processes currently ensure this is consistently achieved.
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5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> National Council Tax Collection Statistics for Wales: https://gov.wales/council-tax-collection-rates-april-2017-march-2018 National Council Tax Collection Statistics for England: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/743732/Collection_Rate_Statistics_Release_June_2018_-_Revised_2.pdf National Council Tax Collection Statistics for Scotland: https://www.gov.scot/publications/council-tax-collection-statistics-2017-18-9781788519847/pages/4/ <p>Contact Officer: David Barnes, Revenues Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk</p>

7.00	GLOSSARY OF TERMS
7.01	<p>Council Tax: a local charge (or charges) set by the Council in order to collect sufficient revenue to meet their budget and the precepts issued by the precepting authorities. It is calculated based on the council tax band assigned to the dwelling.</p> <p>Council Tax Arrears: unpaid council tax that, in the opinion of the Council, can still be collected.</p> <p>Council Tax ‘in-year’ collection rates: The in-year collection rate is the amount of council tax due for the financial year that was received by 31 March of the year in question shown as a percentage of the net collectable debit in respect of that year's council tax. In other words it is how much the local authority collected by 31 March of the council tax as a percentage of the amount they would have collected if everyone liable had paid what they were supposed to.</p> <p>Precepting Organisations: Precepting authorities do not collect Council Tax directly, but instruct a billing authority to do it on their behalf by setting a precept.</p>