

**REPORT TO:** Corporate Policy and Performance Board

**DATE:** 2 November 2021

**REPORTING OFFICER:** Strategic Director Enterprise, Community & Resources

**PORTFOLIO:** Resources

**SUBJECT:** Collection Fund Progress Report

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1. To provide an update on the Council's Collection Fund position on council tax and business rates.

**2.0 RECOMMENDATION: That the latest position regarding the Collection Fund be noted.**

### **3.0 SUPPORTING INFORMATION**

#### **Council Tax Position Statement as at 30 September 2021**

3.1 The 2021/22 council tax net collectible debit (the billed amount) is £69.512m, to date £37.940m of this has been collected which results in a collection rate of 54.58%, up by 0.69% on the same period last year.

3.2 Comparing the in-year collection rate to the same period last year is arguably misleading due to the number of payment deferral plans which were agreed due to the impact of the Covid pandemic. Last year the Council had agreed to approximately 4,500 deferral plans allowing the taxpayer to switch their payment plan from 10 payments commencing in April to instead start from June.

3.3 To allow for a more meaningful comparison we can instead compare the collection rate to the same period in 2019 which shows a decrease of 0.47% to the collection rate. No payment deferral plans (directly as a consequence of the Covid pandemic) have been agreed to in the current year.

3.4 As well as in-year collections the Council also actively pursues council tax debt from previous years. For the year to date the Council has collected £1.116m of old year debt. This enables the Council to reach the target council tax collection rate used in setting the Council's net budget. For a number of years the target council tax collection rate has been 97% but was reduced to 96% for the current year (2021/22) due to the unknown impact of the pandemic on the likelihood of increased bad debt.

3.5 Table A below shows the impact and importance of collection of arrears. This compares the forecast collection rate to the actual in-year collection rate and

collection rate to date. It shows that in each year from 2013/14 whilst what has been collected in-year is less than the forecast target continued recovery has meant the target figure has been achieved for all years to 2018/19.

**Table A – Arrears Collection Rate**

	% Forecast Collection Rate	% Collected In-Year	% Collected to 30 September 2021
2013/14	97.93	95.82	99.00
2014/15	96.50	95.47	98.84
2015/16	96.50	95.21	98.58
2016/17	97.00	95.04	98.26
2017/18	97.00	94.62	97.67
2018/19	97.00	94.75	97.22
2019/20	97.00	94.57	96.43
2020/21	97.00	94.12	95.35

### **Council Tax Reduction Scheme**

- 3.6 At the start of the Covid pandemic there was a concern that working age applications for the local council tax reduction scheme (CTRS) would increase on the cessation of the furlough scheme put in place by Government to protect workers. Early on in this process the Council were projecting the cost of a 35% increase to working age claimants, reflecting the peak position of council tax claimants in 2012. The latest available information shows that this isn't the case and numbers over the period have been more stable than at first forecast
- 3.7 The number of working age claimants as at 01 April 2020 was 7,474, claimant total as at 30 September 2021 is 7,955, an increase of 481 or 6.4%.
- 3.8 The cost to the Council of applying discounts through the council tax reduction scheme is currently £10.594m which equates to 13.22% of the gross debit value, compared to 13.11% as at 01 April 2020.

### **Business Rates Position Statement as at 30 September 2021**

- 3.9 The 2021/22 business rates net collectible debit (the billed amount) is £57.623m, to date £31.554m of this has been collected which results in a collection rate of 54.76%, up by 1.16% on the same period last year.
- 3.10 Similar to council tax a higher number of payment plan deferral schemes were put in place during 2020/21 which makes comparing collection rates from this year to last a little less meaningful. Comparing the current in-year collection rate to 2019 shows the collection rate is down by 2.64%. There are no obvious reasons for this and it is envisaged the differential between the two will be reduced as the year progresses.
- 3.11 In the current year the amount of aged debt collected for business rates amounts to £0.969m

## **Covid19 – Business Rate Reliefs**

- 3.12 At the beginning of the pandemic Government announced an extension to the business rate relief scheme for sectors including retail, leisure, hospitality and nurseries. This provided 100% rate relief to all businesses within the sector regardless of their rateable value. The value of these additional reliefs to Halton businesses in 2020/21 amounted to £14.057m. The Council received a grant payment from Government to reimburse the reliefs provided.
- 3.13 In the current year Government have continued to support businesses from the same sectors albeit capped for larger businesses, 100% relief was provided for the period April 2021 to June 2021. From 01 July 2021 relief has been reduced to 66% for the remainder of the year. The approximate value to Halton businesses is £5.383m. Again the Council will receive this funding directly from Government.

## **Collection Fund Recovery Procedures**

- 3.14 From January 2021 the Council's recovery procedures had fully recommenced after a period of restrictions. Warrington Magistrates Court had reopened on a virtual basis which once again allowed the Council to summon debtors to Court to obtain liability orders. This has helped where necessary the Council re-engage fully with enforcement agencies and pursue attachment to earnings and benefits.

## **4.0 Financial Implications**

- 4.1 As at 31 March 2021 the council tax balance sheet position showed the Council had a gross surplus position of £1.8m (to be shared with major preceptors). In setting the 2021/22 budgets the Council approved use of £0.4m of the Collection Fund surplus in balancing the overall budget.
- 4.2 As at 31 March 2021 the Business Rates position showed the Council had a gross deficit position of £19.7m. This excludes grant of £14.4m received from Government to apply 100% rate relief to small businesses and the retail, leisure and hospitality sector during 2020/21. The resulting deficit balance of £5.3m can be spread over the next 3 years. Further to this, Government are committed to compensating Council's for 75% of losses on the Collection Fund, which is estimated at £2.9m.
- 4.3 For the year to 31 March 2022 it is currently forecast the income generated from council tax and business rates will be in line with budgeted expectations.

## **5.0 Implications for the Council's Priorities**

- 5.1 Children and Young People in Halton
- 5.2 Employment, Learning and Skills in Halton
- 5.3 A Healthy Halton
- 5.4 A Safer Halton
- 5.5 Halton's Urban Renewal
- 5.6 The financial implications outlined in the report could potentially have a detrimental impact on funding services to deliver the priorities.

## **6.0 Risk Analysis**

- 6.1 The report is based on latest available information and therefore subject to change throughout the year depending on how the economy continues to recover post the Covid pandemic.

## **7.0 Equality and Diversity Issues**

- 7.1 There are none.

## **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

- 8.1 There are no background papers under the meaning of the Act.