



Welfare Reform Sub-Committee – 8 August 2013

Council Tax Support – First quarter performance

Purpose of report: To inform members of the effects of implementing the local Council Tax Support (CTS) scheme and the council tax technical reforms on workloads, collection performance and related matters.

Attachment(s)

Appendix A – Council Tax Reminders and Summonses issued

1.0 Background

- 1.1 From 1 April 2013, local councils became responsible for administering CTS locally under the terms of their individual schemes.
- 1.2 The scheme for East Northamptonshire is based on 91.5% of council tax liability and was approved by Full Council on 7 January 2013.
- 1.3 The adoption of this scheme meant that over 2000 households in East Northamptonshire, which had not had to pay council tax previously, received council tax bills for the first time in 2013.
- 1.4 To mitigate the financial impact of CTS this council also resolved to maximise income from owners of empty properties by removing exemptions and applying a premium to long-term empty properties as provided for by the council tax technical reforms legislation.

2.0 First quarter performance 2013

- 2.1 The number of CTS applications received in quarter 1 is broadly comparable to previous years despite the implementation of the new CTS scheme.
- 2.2 Council tax collection performance is 0.09% down on the same period last year however this is likely to be a symptom of the economic downturn rather than the result of the CTS scheme and/or Technical Reforms. This is equal to roughly £36,000 or a full year's council tax for around 25 households which is broadly in line with our expectations.
- 2.3 A proactive and sustained promotional campaign has resulted in high levels of direct debit take-up among those CTS customers who have not previously had to pay. Already, around 22% of the new payers have signed up for direct debit.
- 2.4 Officers are monitoring collection performance closely and appendix A details the numbers of reminders and summonses that have been issued for non-payment. It can be seen that the numbers of reminders issued is reducing each month. The table also shows that the number of summonses issued to CTS and empty property charge customers is low and is also falling.
- 2.5 There has, however, been an increase in the overall number of summonses issued to council tax payers from 1027 in the first quarter of 2012 to 1868 for the same period this year. This has a significant impact on the workload of the Recovery team who deal with the initial response from debtors and the consequential increase in the number of cases dealt with at court.
- 2.6 This report deals with the first three months of 2013/14. The CTS scheme for 2014/15 and any further updates will be presented to the Welfare Reform Sub-Committee in September 2013

3.0 Customer feedback

- 3.1 There was, as anticipated, a considerable response from council tax payers when the council tax bills were sent out in March. The response was, however, less than expected and this is attributed to the work that was done in advance of 1 April to make our customers aware of the impending changes.
- 3.2 Three letters were received from MPs on their constituent's behalf regarding the 50% premium for long-term empty properties. We responded to these individually, explaining the reasoning behind our policy and the changes that have occurred.
- 3.3 Two empty property owners contacted us about the Technical Reforms changes, asking us to review our policy and consider whether a short-term exemption should be applied before the full charge becomes due.
- 3.4 We are receiving an increasing number of enquiries from CTS applicants who have an overlap with their tenancies. This situation arises when a tenant needs to move to a smaller property because of the new 'under-occupancy' rules. They may find themselves with an additional council tax bill for an immediately due amount that is greater than their annual council tax liability for their main home. This is because they cannot claim council tax benefit for an unoccupied property.
- 3.5 This issue of tenancy overlaps will need to be considered when determining the local CTS scheme for 2014/15. Based on the charges for a band A property in Rushden, and assuming that around 10% of CTS claimants will be affected, it is estimated that the cost to the council of addressing 3.4 above would be around £20,000.

4.0 Financial implications

- 4.1 This report is for information so there are no financial implications at this stage. However, the risk of any financial implications arising will be closely monitored during 2013/14.
- 4.2 The table below shows the initial financial forecasting and an estimate of quarter 1 collection performance.

Option	Budget assumption	70% collection	Q1 2013/14
Maximum raised from Council Tax exemptions and discounts	783,271.	548,289	207,567
CTS scheme based on 91.5% of Council Tax liability	211,429	148,000	56,029
Removal of Second Adult Rebate scheme	9,675	6,772	2,564
Total	1,004,375	703,061	266,160
+ DCLG Transition Grant	109,654	109,654	27,414
Overall Total	1,114,029	812,715	293,574

NB – If current collection performance is maintained, year end collection rate is likely to exceed the 70% forecast.

4.3 It was agreed with the County Council that £15000 pa for two years would be allocated to each district and borough council across Northamptonshire to support implementation of the changes and maximise collection. For 2013/14, ENC is still considering how best to utilise these funds.

5.0 Equality and Diversity implications

5.1 An Equality and Diversity impact assessment will be carried out prior to the implementation of any changes to the existing CTS scheme or changes to empty property discounts.

6.0 Legal implications

6.1 This report is for information so there are no legal implications at this stage.

7.0 Recommendation

7.1 That the contents of this report be noted.

Legal	Power: Welfare Reform Act 2012 and Local Government Finance Act 2012				
	Other considerations:				
Background Papers:					
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Date: 23 July 2013					
CFO		MO		CX	

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Appendix A

Council Tax Support and Empty Property charge – Reminders and summonses – First quarter 2013

	Total cases	1st Reminder	as %	2nd Reminder	as %	Summons	as %
APRIL							
CTS new payers	2128	879	41	0	0	0	0
CTS other	3635	289	8	0	0	0	0
100% Empty property charge	846	163	19	0	0	0	0
150% Empty property charge	118	44	37	0	0	0	0
MAY							
CTS new payers	2355	290	12	104	4	256	11
CTS other	3333	96	3	52	2	50	2
100% Empty property charge	615	64	10	33	5	43	7
150% Empty property charge	113	2	2	3	3	6	5
JUNE							
CTS new payers	2420	196	8	133	5	108	4
CTS other	3259	37	1	45	1	10	0
100% Empty property charge	618	52	8	24	4	1	0
150% Empty property charge	110	2	2	6	5	1	1

Empty properties – The reduction in the number of 100% charge empty properties between April and May 2013 is due to a number of customers contacting us and claiming an exemption (such as housing associations claiming exemption under charitable status) and some customers informing us that they have moved into the property.

Reminders – If an instalment is unpaid, we send a reminder. If it is then paid and a subsequent instalment is unpaid, we send a second reminder. After 2 reminders, if a further instalment is unpaid the customer loses the instalment facility and will be summonsed if the full outstanding balance is not paid. If we send a reminder and it is not paid, we send a summons. It is likely that many of the customers who received reminders in April paid the outstanding amount immediately. Those who did not will have received a summons in May.