

North Lanarkshire Council Report

Finance and Resources Committee

approval noting

Ref EK/PD

Date 27/11/19

Payment of Local Taxation & Benefit Update

From Elaine Kemp, Head of Financial Solutions

Email kempe@northlan.gov.uk

Telephone 01698 302408

Executive Summary

This report provides an update on the payment performance for Council Tax and Non Domestic Rates and the administration of welfare benefits and Council Tax Reduction Scheme as at 31 October 2019.

- Current year collection of Council Tax at end of October was 64.4% up 0.1% at the same point last year.
- Non Domestic Rates collection as at 31 October 2019 was 65.4%, 0.1% lower in comparison with last year.
- Comparing 2019/20 to 2018/19 at the end of October performance for speed of processing benefit applications and changes has significantly improved in line with expectations.
- SWF spend at current levels will exceed the Scottish Government allocation. The priority level has been assessed and it is now necessary to move the priority to high most compelling to ensure spend is in line with budget at year end.

Recommendations

Members are asked to note the report.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (21) Continue to identify and access opportunities to leverage additional resources to support our ambitions

1. Background

- 1.1 The report compares collection performance for Council Tax and Non Domestic Rates to the previous year, speed of benefit processing for new applications and changes and details Discretionary Housing Payment and Scottish Welfare Fund spend for the year.

2. Report

2.1 Council Tax

- 2.1.1 Graph 1 below shows the cash amount collected within the initial billing year, in respect of Council Tax for the last ten years. As at 1 October 2019 the collection rate was 64.4% of the net Council Tax payable. This is slightly up by 0.1% from last year's collection level at a comparable point within the financial year.

Graph 1



- 2.1.2 This is a statutory PI however it does not reflect the overall collection rate of Council Tax which has a greater bearing on the Councils finances.
- 2.1.3 The Council when setting its revenue budget and the level of income to be raised from Council Tax determines a level of collection which will be ultimately met. After a period of increasing collection rates this has stabilised at a composite level of 97.0% up until the introduction of the Council Tax Reduction Scheme (CTRS). Since 2015/16 it has been set at 96.3% for the period 2015/16 to 2017/18 and 95.4% for 2018/19. This reduction is due to the impact of the ending of the council tax freeze which means that more people have effectively been required to contribute to paying all or an increased element of the council tax bill.
- 2.1.4 Over the period 1993/94 to 2008/09 the total level of council tax received by the Council has exceeded this 97% level ranging from 97.20% to 98.43%. From 2009/10 until 2018/19 the value collected ranges from 94.46% to 96.98%.
- 2.1.5 At this stage in the financial year it is anticipated that there will be a break even position across the council tax product. This will be monitored and any change reported to Committee.

2.2 Non Domestic Rates

2.2.1 Non Domestic Rates collection as at 31 October 2019 was 65.4%, 0.1% lower than at the same point last year.

2.3 Benefits Update

2.3.1 The data below highlights the Statutory Performance Indicator which measures both the speed of Processing of both new claimants and changes in circumstances for Housing Benefit. The average figure is based on the latest information published by DWP.

April 2019 – October 2019		Table	
Process	2019/20	2018/19	Scottish Quarter 1 Average 2019/20
New Claims	18	26	17
Change of Circumstances	8	12	6

2.3.2 The Year to date speed of processing for both new applications and change of circumstances for April to October has improved significantly against last year, in line with expectations.

2.3.3 Processing performance for quarter 1 last year was impacted by the move to Universal Credit (UC) Full Service by Job Centres in North Lanarkshire. This change contributed to a higher level of changes being notified to the Council with an increase in the length of time to verify and complete the processing of the change. Improved automation of changes has contributed to improving the overall speed of processing statistics.

2.3.4 The roll out of UC has impacted the number of new claims being received for Housing Benefit. Applications received for Housing Benefit, to the second quarter, have declined from 1,906 in 2018/19 to 871 in 2019/20. CTRS claims processed during the same period was 3,365 against 4,999 last year. However, although the Housing Benefit new applications caseload is reducing overall the workload has remained consistent due to the requirement to administer CTRS applications and administration of UC change of circumstances affecting CTRS claims. From 2018/19 to 2019/20 changes notified by DWP for UC claimants has risen from 21,099 to 36,954. This will continue to increase as the Universal Credit caseload continues to increase.

2.4 Council Tax Reduction Scheme

2.4.1 From 1 April 2013 Council Tax Benefit was replaced with the Council Tax Reduction Scheme. As at 31 October 2019 a total of £23.037m had been awarded. Given the changing nature between the CTRS and the amount of the Council Tax product billed to individual households as previously commented upon in section 2.1 earlier the Council set a notional budget of £22.300m in respect of awards for 2019/20. Although awards are higher than this the overall impact on the 2019/20 Council Tax product which also includes other factors such as household numbers and percentage collection is, showing a breakeven position for the year to date.

2.5 Discretionary Housing Payments

- 2.5.1 From 1 April 2017 funding for DHP has been devolved to Scottish Government. This funding is made up from both the Scottish Government's commitment to fully fund the implications of the Bedroom Tax and an additional sum available for other reasons such as the Benefit cap and the restrictions on Local Housing Allowance rates.
- 2.5.2 At 31 October 2019 the total of both that paid to date and those committed over the remainder of the financial year in respect of Bedroom Tax was £4.256m.
- 2.5.3 In addition the Council also receives £0.655m in respect of non-bedroom tax related issues. As at 31 October 2019, £0.356m has been paid or committed from the fund.

2.6 Scottish Welfare Fund

- 2.6.1 The Council has operated the full roll-out of the Scottish Governments Scottish Welfare Fund since 1 April 2016.
- 2.6.2 As at 31 October 2019 8,601 awards were made. 6,921 relate to Crisis Grants and 1,680 relate to Community Care Grants. Those applications not proceeding to an award are 3,053 in respect of Crisis Grants and 626 in respect of Community Care Grants.
- 2.6.3 The level of funding has been reducing to reflect the agreed distribution formulae with a reduction in core funding from £2.775m in 2017/18 to £2.616m in 2018/19 and in administration grant from £0.402m in 2017/18 to £0.387m. This level of funding remains the same for 2019/20.
- 2.6.4 As at 31 October 2019 we have spent £1.628m (or 62.2 %) of the annual award budget of £2.616m. At current spend levels this would lead to an overspend of the sums allocated by Scottish Government. The current priority setting level for the fund is "High". The Service has reviewed the priority setting and have recommended "High Most Compelling" to ensure grants awarded are in line with the funds allocated by Scottish Government.

3. Equality and Diversity

3.1 Fairer Scotland Duty

No impact.

3.2 Equality Impact Assessment

Not Required.

4. Implications

4.1 Financial Impact

No impact.

4.2 HR/Policy/Legislative Impact

No impact.

4.3 Environmental Impact

No impact.

4.4 **Risk Impact**

No impact.

5. **Measures of success**

5.1 Continuous improvement year on year in processing times and collection rate.

6. **Supporting documents**

6.1 N/A

A handwritten signature in black ink, appearing to read 'Elaine Kemp', written in a cursive style.

Elaine Kemp
Head of Financial Solutions