

**BABERGH DISTRICT COUNCIL**

**FROM:** Head of Customer Services

**REPORT NUMBER:** **H185**

**TO:** OVERVIEW AND SCRUTINY  
(COMMUNITY SERVICES)  
COMMITTEE

**DATE OF MEETING:** 3 February 2009

**NON-DOMESTIC RATE COLLECTION - PERFORMANCE**

**1. PURPOSE OF REPORT**

- 1.1 On 18 November 2008, Overview and Scrutiny (Stewardship) Committee reviewed the Council's quarterly performance. The percentage of Non-Domestic Rates (NDR) collected in the year was slightly below target. A report was requested outlining the position in more detail and highlighting what steps are being taken to recover the shortfall and improve collection rates.

**2. RECOMMENDATION**

- 2.1 That the action being taken to improve the collection of Non-Domestic Rates is noted.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The amount of NDR to be collected for 2008/009 was estimated at the start of the year (£18,582,230) and a schedule of payments to Central Government was agreed for the year. If collection were to fall significantly this could impact on the Council's cash flow position.

**4. RISK MANAGEMENT**

- 4.1 This report is most closely linked with the Council's Significant Business Risk No. 7: Financial, Performance and Risk Management. Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Seriousness Impact</b>	<b>or</b>	<b>Mitigation Measures</b>
The economic downturn results in NDR liability not being paid on time.	Significant	Marginal		Continue to closely monitor collection, highlight relief and offer payment arrangements

**5. KEY INFORMATION**

- 5.1 At 5 January 2009, NDR collection stands at 93.91%. To meet the collection target of 99.2%, a further £980,917 needs to be collected by 31 March 2009.

5.2 An analysis of the position as at 5 January 2009 is shown in the table below:

<b>Debt Stage</b>	<b>Value £</b>
Bill	£723,115
Reminder	£330,145
Summons	£0
7-Day letter	£51,797
Bailiff	£58,568
Returned from bailiff	£22,396
<b>Total</b>	<b>£1,186,024</b>

- 5.3 It is anticipated that the majority of debts at bill stage will continue to be paid as normal. Around £185k is scheduled for collection by Direct Debit and there is no reason to suggest that those ratepayers, or indeed those making their own arrangements, will default on their payment schedule in significant numbers. Some impact will emerge from the economic downturn but at this point the most likely incidence of non-payment will be in relation to unoccupied premises liable for Non Domestic Rate for the first time.
- 5.4 Ratepayers have been identified for virtually all premises liable for unoccupied rate for the first time and the majority of accounts are being paid, although in some cases payment will not be complete by the 31<sup>st</sup> March 2009. The highest risk of non-collection relates to 14 accounts where enforcement action is underway and 4 accounts where liability is in dispute. The total debt for those accounts amounts to £63,124, which represents around 0.32% of the 2008/09 total debt to be collected.
- 5.5 Officers are focusing their attention on ratepayers who have already received a reminder earlier in the year, or are likely to receive a reminder for the first time, regularly reviewing accounts by value of the debt outstanding and making contact with the ratepayer concerned. Although this approach is labour intensive and only sustainable for short periods it should ensure that payments are made promptly and improve the rate of collection. The contact also allows officers to deal with any issues directly related to the economic downturn and ensures that the ratepayer is aware of any relief or assistance to which they may be entitled.
- 5.6 Since September a further 63 businesses are now receiving small business rate relief for the first time, increasing the overall total to 1039 (41.5% of accounts).
- 5.7 Requests for an amendment or extension to existing payment schedules in order to manage the impact of the economic downturn are dealt with on merit, on a case-by-case basis, in accordance with the Council's Debt Management Strategy and Policy.
- 5.8 Summonses continue to be issued as normal and, where appropriate, the resulting liability order is passed to the Council's bailiffs for more rigorous enforcement activity.
- 5.9 As regards debts returned from the Council's bailiffs, given the relatively small proportion of overall debt involved and the low likelihood of successful recovery, officer time is better directed on those debts at reminder stage.
- 5.10 It is felt that these actions, combined with instalments falling due in February and March being paid as normal will lead to an improvement in the current collection rate by 31<sup>st</sup> March. The current forecast outturn is 99%.

5.11 Although collection is down compared to the same period last year, benchmarking results with a number of similar authorities show that Babergh is out-performing them at Quarter 2.

Non-domestic rates collection statistics 2008/09*				
	30/06/08	30/09/08	31/12/08	31/03/09
<b>Ashford</b>	31.80%	60.97%		
<b>Babergh</b>	29.09%	61.26%		
<b>Braintree</b>	30.83%	58.81%		
<b>Malvern Hills</b>	29.03%	58.83%		
<b>South Kesteven</b>	32.41%	60.19%		
<b>Taunton Deane</b>	32.57%	59.75%		
<b>Wychavon</b>	29.44%	59.23%		

Figures do **not** include DD extract for the 1st of the following month  
\*Based on old BVPI 10

6. **BACKGROUND PAPERS REFERRED TO**

None.

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