

# Report of the Strategic Director Corporate Resources to the meeting of the Corporate Overview & Scrutiny Committee to be held on 9 February 2023

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## **Subject:**

**Council Tax and Business Rates Collection**

## **Summary statement:**

**This report examines performance in and challenges for Council Tax and Business Rates collection.**

**The majority of those liable for Council Tax pay as billed. Actions taken to collect Council Tax are not intended to create undue financial hardship, and the council seeks to support those in most need. Some do avoid payment and action may be taken in these cases.**

**Performance on collection is showing signs of improvement after the detrimental impact of the pandemic but some of this is due to the impact of government funded relief schemes to support residents and businesses which were applied in 2022/23.**

**The new Business Rates Rating List comes into force on 1 April 2023. The report examines this and sets out an approach to encouraging early engagement by residents in Council Tax collection.**

## **EQUALITY & DIVERSITY:**

**The Council Tax Reduction scheme provides for a reduction in Council Tax for bill payers on a low income or low wage, and supports the council's equality duty to support low-income households.**

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**Overview & Scrutiny Area:**  
**Corporate**

## 1. SUMMARY

- 1.1. The majority of those liable for Council Tax pay as billed. Actions taken to collect Council Tax are not intended to create undue financial hardship, and the council seeks to support those in most need. Some do avoid payment and action may be taken in these cases.
- 1.2. Performance on collection is showing signs of improvement after the detrimental impact of the pandemic but some of this is due to the impact of government funded relief schemes to support residents and businesses which were applied in 2022/23.
- 1.3. The new Business Rates Rating List comes into force on 1 April 2023. The report examines this and sets out an approach to encouraging early engagement by residents in Council Tax collection.

## 2. BACKGROUND

### Council Tax

- 2.1. Council Tax is raised on an annual basis, following the budget setting process, for all households in the Bradford District. It is then collected over the course of the financial year following issue of the bill. Taxpayers are offered a range of methods of payment and dates on which they can pay. Direct Debit is the preferred option and Direct Debit payment dates are the 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 25<sup>th</sup> or 28<sup>th</sup> of each month and can be paid over 10 or 12 months.
- 2.2. The Council Tax Reduction (CTR) scheme helps low-income households reduce their bill by providing means tested support. The scheme for working age households is locally set, whilst that for pension-age claimants is a nationally prescribed scheme.
- 2.3. There are other discounts and exemptions that reduce the bill, the most common one being the 25% Single Occupier Discount. Council Tax is charged on both occupied and unoccupied properties and premiums are applied to long term empty properties.

### Business Rates

- 2.4. Business Rates (also known as National Non Domestic Rates) are set by the government. The basic rates bill is determined by multiplying the rateable value of a property by the 'multiplier'. The Rateable Value of business properties across the District are determined by the Valuation Office Agency (VOA) - an Executive Agency of His Majesty's Revenue and Customs. The multiplier is expressed in pence per pound of rateable value and is set by the government. So, for example, if a business has a rateable value of £100,000 and the multiplier is 51.2p, the annual Business Rates liability would be £51,200 before any reliefs or exemptions are applied. The multiplier rates have been frozen since 2021/22 at 51.2p for the Non-Domestic Rating Multiplier and 49.9p for the Small Business Non Domestic Rating Multiplier and will remain at these levels in 2023/24.
- 2.5. Various reliefs, both mandatory and discretionary, are available that reduce Business Rates liability. These reliefs include Small Business Rates Relief, Charitable Relief and Rural Rate Relief.

- 2.6. In 2013, the government partially localised the Business Rates system. As a result, the council retains 49% of Business Rates collected, 50% is paid to the government, and 1% is paid to the West Yorkshire Fire Authority.

### 3. COUNCIL TAX COLLECTION

- 3.1. A key measure of Council Tax collection performance is the in-year collection rate; that is, the amount of Council Tax collected in the year for which it was raised. Whilst this is quite a weak measure, which takes no account of the differing demographics or deprivation of each area, local Council Tax Reduction schemes, local exemptions and premiums or the eventual collection rate, it is used nationally to compare council performance and is set out below in Table 1. Bradford continues to be in the bottom quartile on this measure along with other large authorities such as Liverpool, Manchester and Birmingham. A more meaningful measure for Local Authorities is the eventual collection levels. This figure is not widely reported but is detailed in Table 2. This table shows the rates from 2014/15, and the amounts that still remain outstanding as at the end of December 2022. On-going efforts ensure that all the Council Tax that is collectable is collected - although it can take several years to achieve this in some cases. Efforts continue to collect outstanding amounts, for example, through an agreed repayment plan or through an attachment to earnings or benefits but this can take some time.

**Table 1 - Council Tax Collection Rates – In year collection**

Billing Year	No. of Households	Council Tax Liability	% Collection at 31 Dec	In year collection at 31 <sup>st</sup> March
2022/23	221,329	£272m	75.11%	-
2021/22	220,130	£259m	75.25%	94.4%
2020/21	219,294	£242m	74.83%	94.2%
2019/20	219,042	£240m	75.18%	94.0%
2018/19	217,847	£227m	75.17%	93.9%
2017/18	216,385	£205m	75.50%	94.2%

**Table 2 - Council Tax Eventual Collection Rates by year**

Year of Charge	% Collected as at end Dec 22	Outstanding Debt as at end Dec 22
2014/15	98.1%	£140,907
2015/16	98.0%	£286,783
2016/17	97.7%	£521,607
2017/18	97.7%	£919,871
2018/19	97.4%	£1,694,191
2019/20	97.4%	£3,358,170
2020/21	97.1%	£5,294,484
2021/22	96.0%	£9,604,889

NB: The table demonstrates how collection activity continues after the end of the financial year to which the debt relates and achieves similar collection rates over time.

- 3.2. The in-year collection rate has been fairly consistent over the past few years, despite increases in the number of households paying Council Tax and the increase in the amount payable.
- 3.3. The Council Tax Reduction (CTR) scheme provides financial help to low income households. There are 29,200 working-age CTR claimants as at 31 December 2022. Our CTR scheme means that working age households will always have something to pay and collection from these low-income households is often challenging. The current scheme parameters are that a minimum 30% of a Council Tax Band A charge has to be paid. Those in higher bands will have more to pay. This means that a working age household on full CTR would be paying at least £367 per year. Given that deductions from benefit payments are £16.75 per month, if this payment method is used it means that an arrears situation will occur as payments taken via attachment of benefits will not meet current year's liability. This is not desirable for either the taxpayer or the council. An attachment of benefits can only be sought if the council has obtained a Liability Order in the Magistrate's Court and this incurs additional costs for the resident, currently £70.
- 3.4. There have been some further reductions to bills for CTR claimants in recent years and these are set out in Table 3 below. In December 2022, the government announced the Council Tax Support Fund which offered further funding for CTR claimants in 2023/24 which will reduce their Council Tax liability by £1.1m. Guidance around this payment is different to previous allocations and discussions are currently taking place as to how any excess funding is to be used. It is likely, at the time of writing this report, that all CTR recipients will receive a modest top up of the £25 core scheme allocation to £30 in total.

**Table 3 - Additional funding to support those in receipt of Council Tax Reduction by year**

<b>Year</b>	<b>Scheme</b>	<b>Amount awarded to CTR claimants</b>	<b>Funding</b>
2020/21	COVID Hardship Grant	Up to £150	£5.8m
2021/22	Local Council Tax Support Grant	Up to £100	£3.8m
2022/23	No government scheme – council funded	Up to £50	£1.8m
2023/24	Council Tax Support Fund	Up to £25	£1.1m

- 3.5. The government's Council Tax Energy Rebate Scheme was in operation from April 2022 to November 2022. This was a national scheme set by the government that used Council Tax records to identify eligible households, collect payment preferences and issue payments. Essentially, the core scheme delivered up to £150 to households with a Council Tax band of between A and D at the 1 April 2022. The discretionary scheme delivered further payments to low income households as defined in our local scheme; this included a top up to those in receipt of CTR to £175 and enabled payment to new CTR claimants during the course of the year. The administration of payments to over 219,000 households in the district diverted resources that would have been directed to collection activity in the first quarter of 2022/23. The recovery timetable was also delayed as a result of prioritisation of the Council Tax Energy Rebate scheme so reminder processes that would normally commence in April were delayed until June. Despite the team working to catch up this activity, this meant that there was less time in the year to encourage and support payments.
- 3.6. However, while most taxpayers chose to have their Council Tax Energy Rebate payment paid directly to their bank account or via Post Office voucher, some opted to have the rebate paid directly to their Council Tax account. Those who did not claim Council Tax Energy Rebate at all, had their Council Tax accounts credited to ensure the funding was delivered to all who were eligible for it. This meant that £2.6m was added to the collection fund for this year in respect of Council Tax Energy Rebate.
- 3.7. Homes that have been unoccupied and substantially unfurnished for at least two years are subject to a Council Tax premium charge. The premium charge is in addition to the usual Council Tax charge that applies to the property. From April 2021, the premium charges are;
- 100% for homes empty at least 2 years, but less than 5 years
  - 200% for homes empty at least 5 years, but less than 10 years
  - 300% for homes empty at least 10 years

**Table 4 - Empty property premium charge & collection**

Collection Year	Number of Dwellings	Premium charge	Liability	£ collected at 31/12	% collected at 31/12
2021/22	138	300%	£735,864	£484,113	65.79%
	245	200%	£1,031,358	£622,108	60.32%
	943	100%	£2,597,466	£1,476,683	56.85%
<b>Totals 2021/22</b>	<b>1,326</b>		<b>£4,364,688</b>	<b>£2,582,904</b>	<b>59.18%</b>
2022/23	138	300%	£746,117	£458,148	61.4%
	238	200%	£1,054,850	£583,160	55.3%
	858	100%	£2,323,549	£1,337,803	57.6%
<b>Totals 2022/23</b>	<b>1,234</b>		<b>£4,124,515</b>	<b>£2,379,112</b>	<b>57.7%</b>

- 3.8. The application of increased premium charges means that there is more to collect per property. Collection from owners of empty properties and collection in respect of periods when properties were empty can be more difficult and prone to more enquiries and disputes about the charge. Legal processes to recover charges from empty properties are often lengthier as the owner may be more difficult to trace and as a consequence in-year collection rates are lower.
- 3.9. Premium charges were not introduced to raise more Council Tax, but as an opportunity to dis-incentivise owners leaving properties vacant and support efforts to reduce the number of empty properties across the district. The numbers of properties subject to a premium charge are reducing, there were 1,469 properties in 2018, the current number is 1,234.
- 3.10. In the Levelling-up and Regeneration bill, currently progressing through parliament, the government proposes to allow local authorities to amend the 100% empty premium so it can be applied after 1 year, and also to introduce a discretionary premium on second homes (i.e. empty and furnished properties) of 100%. These proposals are likely to come into force from April 2024, if 12 months' notice has been given to the taxpayer. The council will consider whether it wishes to exercise this discretionary option once the bill receives Royal Assent.
- 3.11. Ensuring that Council Taxpayers pay as billed or make arrangements with the council to pay their bill helps minimise the build-up of Council Tax arrears; which is beneficial for both the Council Taxpayer and the council. The council has developed a good working relationship with Citizens Advice, and we continue to follow the Citizens Advice 'Council Tax Protocol' for low income households. We have also recently formed a partnership with the Money Adviser Network to act as a referral point for customers who need budget and debt advice. Where customers present with multiple debt problems they will be encouraged to allow a referral to take place. This will help the customer and allows us to tailor our collection approach accordingly, e.g. by allowing them extra time to formulate a payment plan.
- 3.12. To help taxpayers avoid the build-up of arrears, prevent court costs, and to identify alternative means of support if necessary, we urge them to contact the council as soon as they begin to struggle with payments. Early engagement provides greater scope for support and better enables households to manage their finances. A customer facing Council Tax Commitment has been devised and which will be published on the council's website. All members of the Council Tax team will be made aware of the commitment which emphasises the joint responsibility of both the taxpayer and the council to establish the required level of payment. A draft copy is detailed at Appendix 1.
- 3.13. Every effort is made to engage with and to support those struggling to pay their Council Tax bill. Pre action processes have been put in place to further encourage engagement and reduce the need for formal recovery action. Our pre-action processes use a software solution that makes contact with customers through automated voice messages, text messages and email. In addition, the system provides real time, accurate, data about responses to the contact; something that could not be monitored previously. This data helps us to better understand who has reacted to our messages, what contact method is most effective and when and

signpost those who have asked for further help etc. The contact represents additional engagement activity over and above existing statutory procedures and provides more opportunities for customers to be alerted about missed payments. In many cases this will avoid the need for court costs to be added to their accounts.

**Table 5: Numbers of statutory reminders/proactive contact**

	Non statutory emails/text/voice messages	Statutory reminders	Statutory summonses
<b>2020/21</b>	37,908 ( <i>commenced Oct 2020</i> )	36,504	2,763
<b>2021/22</b>	136,067	80,658	23,210
<b>2022/23</b>	56,846	65,941	29,921

NB: Fewer court dates were made available to the council by the Magistrate's Court in 2021/22 than in 2022/23.

- 3.14. There are other sources of help that might be available to assist Council Taxpayers during the current cost of living crisis, for example Household Support Grant funding, government cost of living payments and support with utility costs. All outgoing correspondence provides links to the help and support available for residents including [www.costoflivingbradford.co.uk](http://www.costoflivingbradford.co.uk) and we discuss additional support needed and signpost as appropriate during telephone calls and face to face contact with residents.

### **BUSINESS RATES COLLECTION**

- 3.15. The key measure of performance is the in-year collection rate (Table 6). Whilst this is used nationally to compare the council's performance, it takes no account of the differing socio-economic demographics of each area. More important is the eventual collection level (Table 7), although this figure is not widely reported. While all Businesses Rates that can be collected will be collected over time, increasing in-year collection improves the council's cash flow.

**Table 6: Business Rates Collection rates by year**

Billing Year	Business Rates Liability	% Collection at 31 Dec	In year collection at 31 March
2022/23	£131m	82.38%	Target for year set at 96%
2021/22	£118m	77.31%	95.59%
2020/21	£86m	66.79%	90.33%
2019/20	£141m	79.03%	97.54%
2018/19	£141m	79.03%	97.94%

**Table 7 – Business Rates Eventual Collection Rates by year**

Year of Charge	% Collected as at end Dec 22	Outstanding Debt as at end Dec 22
2014/15	99.91%	£104,871
2015/16	99.90%	£112,076
2016/17	99.84%	£180,334
2017/18	99.75%	£321,938
2018/19	99.43%	£712,040
2019/20	98.87%	£1,340,732
2020/21	97.51%	£1,653,788
2021/22	97.37%	£2,340,326

NB: The table demonstrates how collection activity continues after the end of the financial year to which the debt relates and achieves similar collection rates over time.

3.16. Comparing collection rates with previous years should be treated with caution. There are a number of factors that can affect both the amount to be collected and the amount collected not only in the current year, but also across previous years.

- New developments and business closures will affect the amount of Business Rates charged. Consequently, the amount to be collected at the start of a year is likely to be a different amount than at the end of the year
- Successful appeals against rateable values will reduce, in year, the amount of Business Rates to be collected; and, if backdated, will affect the previous years' 'to be collected' figure
- The introduction, reduction and closure of Business Rates support schemes affects the amount to be collected in each year
- There was no pro-active collection activity in 2020/21 and in the first half of 2021/22 due to the pandemic and the Business Rates Team was fully occupied with the administration of grant payments. This year we have progressed with collection activity although this has been limited due to the availability of court time and the application of the COVID Additional Relief Fund (CARF).

3.17. In 2020/21, the Expanded Retail Discount (ERD) scheme provided eligible businesses with a 100% discount on their Business Rates bill. The scheme was continued for 2021/22, although the amount of relief was less; 100% discount for three months with the discount then reduced to 66% for the remainder of the year subject to a cash cap of £105,000 per business. In 2022/23 the Retail, Hospitality and Leisure Business Rates Relief scheme was introduced which supported the same business sectors offering a 50% and cash cap of £110,000 per business. As a consequence of the ERD scheme, the council had significantly less Business Rates to collect during 2020/21 and 2021/22 than in previous years, see Table 6 (above). The council was reimbursed in full for the cost of the ERD scheme.

3.18. The COVID Additional Relief Fund (CARF) was introduced by the government to support those businesses affected by the pandemic but who were ineligible for other support funding available through Business Rates such as Retail, Leisure and Hospitality Relief. The government introduced this relief as many businesses had



approached the VOA to request reductions in their rateable values because of the detrimental impact of the pandemic prompting the government to consider alternative means of support. In March 2022, the council received £10.4m of funding to develop a local scheme to support these businesses. This relief was to apply to the 2021/22 financial year only. The Local Authority was required to spend the funding allocation by 30 September 2022. The council scheme was based upon rateable value limits and excluded national and public sector organisations. A change to primary legislation, the Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021 was required to remove the legal right of businesses to appeal their rateable values to the VOA on Material Change of Circumstances grounds due to the impact of COVID. Following this change to the law, which came into force on 15 December 2021, the guidance for the CARF scheme was issued and confirmation of funding to Local Authorities released. This meant that the support for 2021/22 bills was applied in 2022/23. In cases where businesses had already paid the full balance for 2021/22, the 2022/23 was credited, reducing the sum payable in this financial year. When the scheme came to an end, 99.5% of the funding had been spent supporting 2,414 businesses.

- 3.19. The upturn in performance as at the end of December 2022 is due in part to the application of CARF awards against the 2021/22 accounts and any credits applied to 2022/23 so does not indicate an increase in businesses' ability to pay following the lifting of restrictions which impacted business activities.
- 3.20. The council always aims to support businesses when they are facing financial difficulties. The collection strategy of the council is to ensure that monies are collected in a timely manner at the same time as supporting businesses particularly in the current context. Consequently, a more considered approach to collection has been taken; many businesses have been contacted earlier in the recovery process to discuss their arrears. The Business Rates and Economic Development Teams work closely to ensure that businesses face challenges are helped in a co-ordinated way and where the availability of wider support can be signposted.
- 3.21. The government introduced a number of grant schemes to support businesses affected by restrictions imposed in response to COVID 19 during 2020/21 and 2021/22. These schemes, administered by the council, were tailored to different businesses and circumstances. In total £223m in grants has been paid to support local businesses. The level of error was reported last year to the Audit and Governance Committee and the rate of error and fraud was deemed to be below 1% (0.8%). The audit and assurance undertaken by BEIS has not identified any concerns about how the team managed the process. While the Business Grants Schemes to support businesses ended on 31 March 2022, resources on the Business Rates Team have been required throughout 2022/23 to support legacy administration of the scheme and the on-going and extensive reconciliation process with the Department for Business, Energy and Industrial Strategy (BEIS).
- 3.22. Formal collection and recovery action resumed in May 2022. Where businesses are genuinely struggling to pay their arrears, the council endeavours to make appropriate repayment arrangements. The council utilises additional methods to contact businesses at an early stage to encourage payment through the use of a multi-media tool to prompt payment. The aim of this is to front load contact, encouraging payment to pay the council or notify the team that the business is

struggling to pay at an early stage. Methods used here include text messaging and email contacts to prompt payment or to seek help and advice. The data is illustrated in Table 8.

**Table 8: Numbers of statutory reminders/proactive contact**

	Non statutory emails/text/voice messages	Statutory reminders	Statutory summonses
<b>2020/21</b>	0	0	0
<b>2021/22</b>	0	5,462	2,421
<b>2022/23</b>	4,711	6,031	1,885

- 3.23. The district may see more business failures as the country emerges from the pandemic compounded by the current economic crisis. It is too early to say what this will mean for Bradford, but we have seen an impact for example with the closure of Debenhams in the Broadway Centre.
- 3.24. The calculation of Business Rates arrears is quite complex. For example, some or all of an 'outstanding debt' can be negated by a successful appeal. This could mean the council having to make refunds, backdated over a number of years. This impacts not only debt collection, but also on the council's budget position. Consequently, the council makes provision for fluctuations in rateable values as a result of appeals in its Budget process. In 2022/23 successful appeals by the major supermarkets have resulted in retrospective adjustments in liability (some from 2010) resulting in credits totalling £2.8m.

### Revaluation

- 3.25. Historically, non-domestic properties have been re-valued every five years; the most recent revaluation came into effect in 2017. The rateable value of some properties can change significantly during this five-year period. When revaluation comes into effect, transitional relief is also provided to limit the change to the amount a business has to pay.
- 3.26. The next revaluation is now scheduled to come into effect from April 2023 based on rateable values as at April 2021, and legislation has been introduced to put future revaluations on a three-year cycle. Transitional relief will apply to ensure that any increases in rateable value are phased in over the 3-year period.
- 3.27. Previously, the cost of phasing in increases in rateable value has been found from phased reductions in rateable value for those business whose rateable value has dropped as a result of a revaluation. This will not be the case from April 2023 and those businesses seeing a reduction in their rateable value will receive the full benefit of that from April 2023 rather than benefiting from the change incrementally over the life of the rating list. The government had originally planned to apply a supplement of 3.3p payable on all relevant hereditaments (properties) in the final year of the scheme plans to fund the cost of removing phased reductions in rateable value but have changed course on this. The supplement will not go ahead and following the relevant changes to the legislation to allow for this, the cost will instead be funded by the Exchequer.

- 3.28. The draft rating list for 2023 has now been published alongside a rates calculator available on gov.uk to help ratepayers estimate what their new Business Rates bills will be from 1 April 2023. This can be found at [www.gov.uk/find-business-rates](http://www.gov.uk/find-business-rates)
- 3.29. The new rating list is still in draft form until it goes live on 1 April 2023. Detailed data is set out in Appendix B. The headline information is that of the district's 19,777 properties as at November 2022, 12,569 will be subject to an increase in rateable value, 6,291 a reduction in rateable value and there will be no change for 914 properties. There has been a 16% growth in rateable value for industrial properties, 8% drop in rateable value for offices and a 14% drop in rateable value in the retail sector. While the projections show an increase yield in Business Rates of £3.3m, many of these increases will be subject to appeal from 1 April 2023 and so the ultimate increase is likely to be less than this.
- 3.30. At the Autumn Statement 2022, the Chancellor announced that a new Supporting Small Business (SSB) relief scheme will be introduced that will cap bill increases at £600 per year for any business losing eligibility for Small Business Rates Relief (SBRR) or Rural Rate Relief (RRR) at the 2023 revaluation. This will ensure that no small business faces a bill increase greater than £50 per month for 2023/24 as a result of losing eligibility for SBRR or RRR. The scheme will also provide support for those previously eligible for the current SSB scheme and facing large increases in 2023/24 but in those cases, for one year only. The scheme will be funded by the government through s31 grants to Local Authorities.
- 3.31. Further changes are planned to support the implementation of a three yearly cycle for revaluations. These include:
- Requiring ratepayers to notify the VOA of changes to the occupier or physical property characteristics and to provide rent and lease information to the VOA
  - Changes to the appeals process, i.e., to remove the Check stage from the Check, Challenge, Appeal from the outset of the 2026 list
  - To ensure all Challenges are cleared within the life of the list and introduce a 3-month window for submission of Challenges from the outset of the 2026 list
  - Introduction of guidance and measures to increase transparency on valuations including on rating principles, class specific valuation approach and rental evidence
  - Introduction of a compliance regime including penalties for non-compliance

### Business Rates Review

- 3.32. The government carried out a fundamental review of the Business Rates system and operation and reported findings in October 2021 in its final report. The report set out, alongside plans to offer more frequent revaluations, a commitment to digitalise Business Rates. The initial scope of the plans is to join up existing tax data with Business Rates data held across government to:
- Better target Business Rates policy, including reliefs, in the future by

- having access to more comprehensive data
  - Ensure better compliance
  - Provide a better experience of the Business Rates and wider tax system for businesses, including the ability to better understand and review their tax liabilities in one place
- 3.33. The government published a consultation on policy and IT design options over the period July to September 2022 to deliver its commitment to digitalise Business Rates but has yet to report on findings. It is important to note that the government's digitalisation plans will not affect the on-going responsibility of Billing Authorities to administer the system including the billing, collection and enforcement of Business Rates and making decisions on the award of relief to businesses.
- 3.34. The government will introduce a new relief to support investment in property improvements. This Investment Relief will provide 100% relief from the impact of higher bills for occupiers where eligible improvements to an existing property increase the rateable value over a 12-month period. The scheme will start in 2024 and will be reviewed in 2028.
- 3.35. At the Autumn Budget 2021, the government announced 2 measures to support green investment and the decarbonisation of buildings. The first was an exemption for eligible plant and machinery used in onsite renewable energy generation and storage, such as rooftop solar panels, wind turbines and battery storage used with renewables and electric vehicle charging points. The second was a 100% relief for eligible low-carbon heat networks that have their own rates bill. The measures were both intended to be introduced from 2023 but the government brought forward the start date to April 2022. The regulations exempting relevant plant and machinery are The Valuation for Rating (Plant and Machinery) (England) (Amendment) Regulations 2022 and the low carbon heat network relief can be awarded under section 47 of the Local Government Act 1988. Eligible businesses will have the relief backdated to April 2022 and the cost of awarding the relief will be funded by the government.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

- 4.1. The council's 2021/22 in- year collection rates were 94.4% for Council Tax and 95.59% for Business Rates in 2021/22; collection of arrears will continue.
- 4.2. Some debt will always be uncollectable due to factors such as untraceable taxpayers, deaths, bankruptcy, insolvency and where the Magistrates have chosen to remit a debt.
- 4.3. The new Business Rates Rating List comes into force on 1 April 2023. The report examines this and sets out an approach to encouraging early engagement by residents in Council Tax collection.
- 4.4. Historically, Bradford receives less Business Rates income than anticipated. This has mainly been due to successful appeals against rateable values being higher than provided for, leading to refunds backdated over a number of years.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1. Any delay in recovering Council Tax does increase the long term risk of lower collection rates. We have seen delays in our recovery timetables during the pandemic and more recently whilst administering the governments Energy Rebate Scheme. The timetable is now back on track.
- 5.2. Any growth in the CTR caseload creates pressure on the Collection Fund. This is of course, reliant on the national and local economy.
- 5.3. Planning for the consequences of successful Business Rate appeals is already built into the council's Budget process. A prudent approach is taken when considering the likely impact of appeals which is monitored to ensure that the council's reserves policy continues to meet the council's financial planning needs.

## **6. LEGAL APPRAISAL**

- 6.1 A Council Tax Reduction (CTR) scheme is made under section 13A (2) Local Government Finance Act (LGFA) 1992 - and applies to (a) Persons whom the authority considers to be in financial need, or (b) Persons in classes consisting of persons whom the authority considers to be, in general, in financial need. The legislation also requires the council to consider, annually, whether it wishes to revise its Council Tax Support scheme.
- 6.2 Discretion to set Council Tax Premiums is made under Section 11B of the Local Government Finance Act 1992.
- 6.3 The Local Government Finance Act 1988 gives authority to the council, as the Billing Authority administer the billing and collection of Business Rates.

## **7 OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

The CTR scheme provides for a reduction in Council Tax for bill payers on a low income or low wage, and supports the council's equality duty to support low-income households

### **7.2 SUSTAINABILITY IMPLICATIONS**

Rate relief schemes help to support the sustainability and growth opportunities of small businesses. New green reliefs support the sustainability agenda.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

None within the context of this report

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

None within the context of this report

### **7.5 HUMAN RIGHTS ACT**

None within the context of this report

**7.6 TRADE UNION**

None

**7.7 WARD IMPLICATIONS**

None within the context of this report

**7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS  
(for reports to Area Committees only)**

N/A

**7.9 IMPLICATIONS FOR CHILDREN AND YOUNG PEOPLE**

The provision of both working-age and pension-age Council Tax Reduction schemes benefits low income households

The council currently supports Care Leavers who live in the district up the age of 25 by means of an exemption from Council Tax if they live alone. A discount of up to 50% is allowed if they are aged under 25.

**7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

N/A

**8. NOT FOR PUBLICATION DOCUMENTS**

None

**9. OPTIONS**

N/A

**10. RECOMMENDATIONS**

That this committee notes, and gives its view on, progress in the collection of Council Tax and Business Rates.

**11. APPENDICES**

- Appendix 1: Council Tax Commitment - draft
- Appendix 2: Summary of the Draft Rating List for 1 April 2023

**12. BACKGROUND DOCUMENTS**

- City of Bradford Metropolitan District Council CTR scheme
- Local Government Finance Act 2012
- Executive Report: Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018, 4 December 2018
- Levelling Up and Regeneration Bill
- Local Government Finance Act 1988
- Corporate Overview & Scrutiny Committee Report: Business Rate Collection, 7 February 2022
- The Rating (Coronavirus) and Directors Disqualification (Dissolved Companies) Act 2021
- Business Rates Review Final Report HM Treasury October 2021
- The Non Domestic (Chargeable Amounts) (England) Regulations 2022
- The Valuation for Rating (Plant and Machinery) (England) (Amendment) Regulations 2022





## **COUNCIL TAX COLLECTION COMMITMENT**

Bradford Council recognises the impact of the current cost of living crisis and that some of the district's most vulnerable households will have increasing difficulties in paying their Council Tax, alongside other household bills.

We are committed to working with our Council Tax payers and partners to collect and recover Council Tax in a fair and reasonable manner.

Our commitment is underpinned by 6 Key Principles

- We will make it easy to pay
- We will communicate clearly and in plain English
- We will work with you to try and prevent financial problems
- We will identify and support vulnerable residents
- We will use fair and robust collection methods
- We will treat all Taxpayers fairly and with respect

### **1. We will make it easy to pay**

We will promote and encourage payment by Direct Debit wherever possible. This includes offering a wide range of payment dates to suit different budgets and pay deadlines. We offer 4 different payment dates for Direct Debit payers; these are 5<sup>th</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 25<sup>th</sup> or 28<sup>th</sup> of the month and payment over 10 or 12 months. Our website contains details of how to set up a Direct Debit.

[www.bradford.gov.uk/council-tax/payments-arrangements-and-balances/pay-your-council-tax-bill/](http://www.bradford.gov.uk/council-tax/payments-arrangements-and-balances/pay-your-council-tax-bill/)

If Direct Debit is not an option, we will ensure that you can pay at any time of the day or night at your convenience offering a range of online and telephone payment options. For non- Direct Debit payers, payment dates are the 5<sup>th</sup> or 15<sup>th</sup> of the month.

*What can Council Taxpayers do?*

*You can consider making payments by Direct Debit, and if this is not possible, use an alternative payment method to ensure payments reach us on time.*

### **2. We will communicate clearly and in plain English**

We will issue bills accurately and on time. All of our communications will be in plain English and contain details of how and when to pay and how you can ask for help if you need it.

We will take every opportunity to collect up to date telephone numbers and email addresses from you so that we can contact you to help negotiate payments and let you know when payments are overdue.



We will encourage you to self-serve wherever possible because it is the quickest and easiest way to manage your account.

We use text messages and emails to encourage payment as well as more formal reminders to help you pay on time.

*What can Council Taxpayers do?*

*Let us know about any changes affecting your bill as soon as you can, ideally using our self-service forms on the council's website. Please reply quickly when we ask you for more information.*

[www.bradford.gov.uk/council-tax/tell-us-about-a-change-of-address-and-other-changes/change-of-circumstances-that-may-affect-your-council-tax-bill/](http://www.bradford.gov.uk/council-tax/tell-us-about-a-change-of-address-and-other-changes/change-of-circumstances-that-may-affect-your-council-tax-bill/)

### **3. We will work with you to try and prevent financial problems**

We work closely with other agencies such as Citizens Advice to help you access independent and accredited debt advice if you need it. For example, we have signed the Citizens Advice Debt Protocol which encourages fair methods of collection and are a Money Adviser Network referral partner.

We will always encourage early engagement and try to avoid adding costs to accounts, if we can.

We work with Welfare and Debt Advice partners in the Voluntary and Community Sector to make sure our residents can access necessary help and support.

We follow correct processes designed to support those in debt and struggling such as the Debt Respite Scheme (Breathing Space).

We will work with you and these agencies in specific cases, and will be willing to negotiate payments at any point in the process and/or withhold action for a short period of time to allow for an affordable and sustainable payment plan to be arranged.

*What can Council Taxpayers do?*

*Let us know if you are struggling to pay so we can discuss how best we can help you.*

*If you have any difficulty paying and feel that you would benefit from independent advice, contact the Council Tax team who can explain what is available.*

### **4. We will identify and support vulnerable residents**

We will ensure that all staff involved in Council Tax collection are aware of the help available for those who are vulnerable. The council takes vulnerability very seriously. If you are or someone you are acting on behalf of is vulnerable, our definition is shown below, then we can help you.

*A vulnerable customer is one who is by virtue of their personal situation, personal characteristics, or the conduct of creditors and their agents is unable to **understand**,*

## ***engage or participate in the recovery process***

We will ensure that residents experiencing financial difficulties are given advice on welfare benefits, the CTR scheme and other discounts and exemptions and wider financial support to help improve your income and prevent a worsening situation. This information will be provided on the council's website and other documents we send you [www.bradford.gov.uk/council-tax/council-tax/](http://www.bradford.gov.uk/council-tax/council-tax/)

### *What can Council Taxpayers do?*

*Please read the information and updates that we send and claim any help you are entitled to that may increase your income and/or reduce your Council Tax bill.*

## **5. We will use fair and robust collection methods**

Early in the collection process, we will contact you through a range of methods to encourage payment. This includes by voice, text or email message to ask you to make payment or contact us as well as via the statutory reminder process. When statutory notices are issued, they may lead to costs being added to the Council Tax account so it is important to contact us as soon as possible if you are struggling to pay.

Costs are added to Council Tax accounts to cover the costs of collecting and recovering Council Tax from those who pay late or who do not pay. By adding costs, it avoids raising the overall amount of Council Tax for those who do pay as required. We do not add costs without going through the correct legislative process. We cannot cancel costs if recovery notices have been issued correctly as these costs have already been incurred.

We will advise residents through all the stages of recovery action about the help and support available and also about the consequences of non-payment.

We will ensure that action taken at the late stages of the recovery process is proportionate and reasonable and that appropriate support and advice is provided.

We will ensure that those who can pay, do pay, using court action and other appropriate enforcement actions where needed.

Enforcement is a necessary and important part of the council's activity as uncollected Council Tax results in higher Council Tax in the future. Additionally, when Council Tax is unpaid or paid late there is a financial impact on the council which may affect the services the council is able to deliver.

### *What can Council Taxpayers do?*

*If you have any difficulty paying, you should get in touch immediately to discuss your account. If we contact via a voice, text or email message it is important that we get a response. Any concerns about the validity of our contact can be checked via the council's website or by calling our team on the telephone number on the bill.*

## **6. We will treat all taxpayers fairly and with respect.**

Our team will always treat you politely, professionally and with respect. We want you to contact us as soon as possible if you are struggling to pay and will be non-judgemental and will maintain confidentiality.

We will ensure our residents have the information they need to access our service

We are committed to ensuring that our residents are not discriminated against on the grounds of age, disability, gender reassignment, race, religion/belief, pregnancy and maternity, sexual orientation, sex, marriage and civil partnership and low income/low wage.

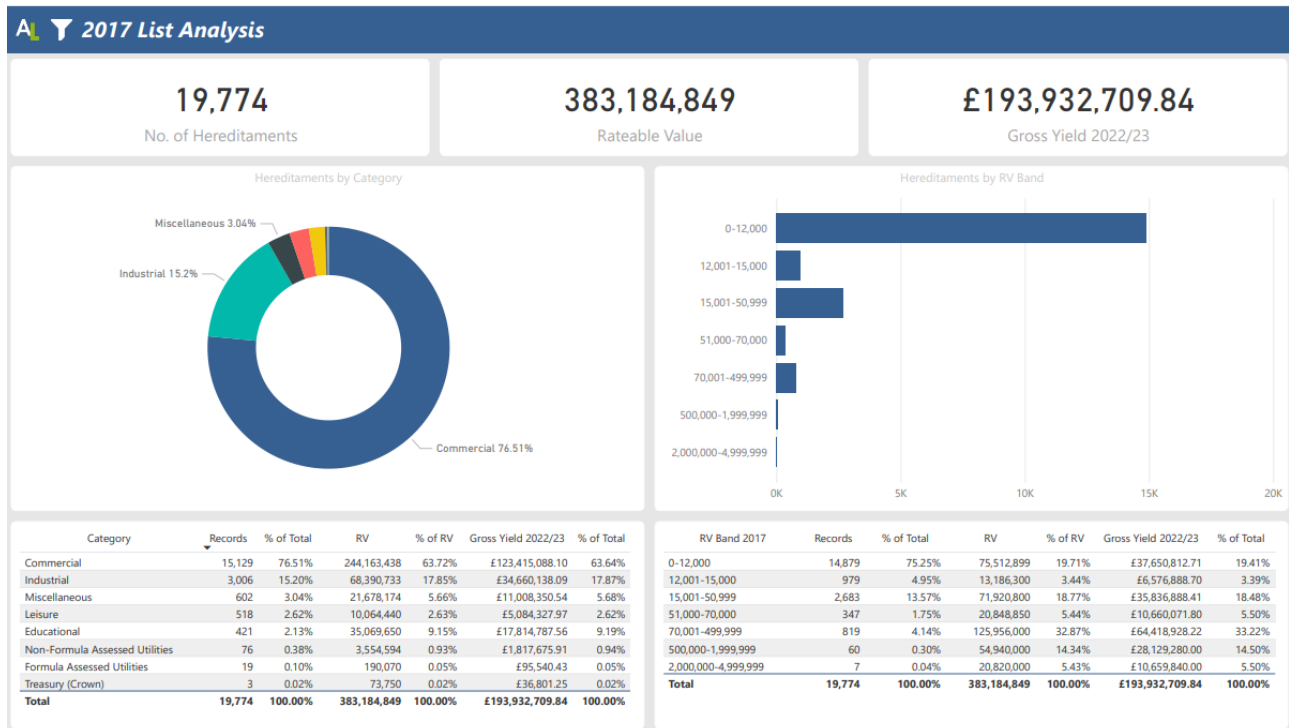
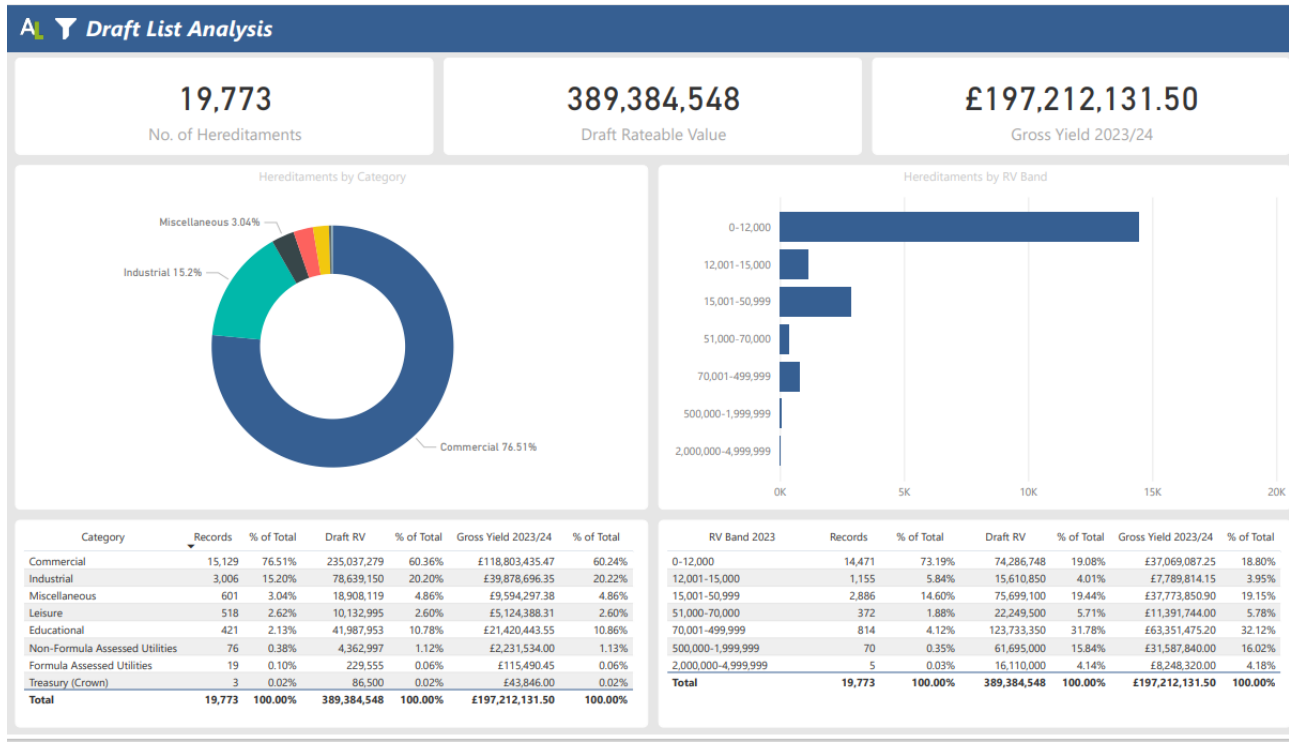
We will follow the council's Equality and Diversity Policy  
[Bradford Council's Equality Objectives | Bradford Council](#)

*What can Council Taxpayers do?*

*Engage with the Council Tax team positively when we contact you to work together to agree payment options.*

**Please contact us if you are struggling to pay so we can offer help.**

**Summary of the new Draft Rating List as of November 2022.**



# AL Draft List Comparison

12,569

RV Increases

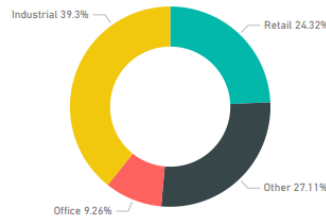
914

No RV Change

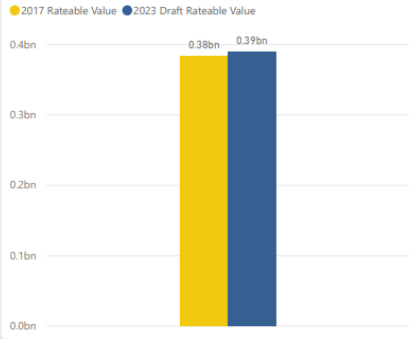
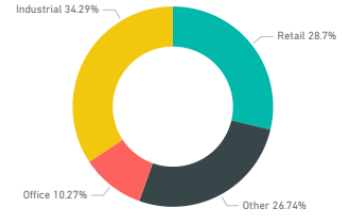
6,291

RV Reductions

Draft Rateable Value by Sector



2017 Rateable Value by Sector



Sector	Draft RV	2017 RV	RV Difference	% Change	Gross Yield 2023/24	Gross Yield 2022/23	Yield Difference	% Change
Industrial	153,036,185	131,398,883	21,637,302	16.47%	£77,563,311.82	£66,522,937.19	£11,040,374.63	16.60%
Office	36,066,260	39,343,059	-3,276,799	-8.33%	£18,158,998.24	£19,805,293.72	-£1,646,295.48	-8.31%
Other	105,568,348	102,464,297	3,104,051	3.03%	£53,622,988.70	£51,934,583.72	£1,688,404.98	3.25%
Retail	94,713,755	109,978,610	-15,264,855	-13.88%	£47,866,832.75	£55,669,895.21	-£7,803,062.47	-14.02%
<b>Total</b>	<b>389,384,548</b>	<b>383,184,849</b>	<b>6,199,699</b>	<b>1.62%</b>	<b>£197,212,131.50</b>	<b>£193,932,709.84</b>	<b>£3,279,421.66</b>	<b>1.69%</b>

RV Band 2023	Draft RV	2017 RV	RV Difference	% Change	Gross Yield 2023/24	Gross Yield 2022/23	Yield Difference	% Change
0-12,000	74,286,748	77,907,699	-3,620,951	-4.65%	£37,069,087.25	£38,909,681.10	-£1,840,593.85	-4.73%
12,001-15,000	15,610,850	14,802,200	808,650	5.46%	£7,789,814.15	£7,386,213.34	£403,600.81	5.46%
15,001-50,999	75,699,100	74,427,400	1,271,700	1.71%	£37,773,850.90	£37,201,786.45	£572,064.45	1.54%
51,000-70,000	22,249,500	21,563,800	685,700	3.18%	£11,391,744.00	£10,940,053.19	£451,690.81	4.13%
70,001-499,999	123,733,350	120,528,750	3,204,600	2.66%	£63,351,475.20	£61,630,015.76	£1,721,459.44	2.79%
500,000-1,999,999	61,695,000	60,125,000	1,570,000	2.61%	£31,587,840.00	£30,784,000.00	£803,840.00	2.61%
2,000,000-4,999,999	16,110,000	13,830,000	2,280,000	16.49%	£8,248,320.00	£7,080,960.00	£1,167,360.00	16.49%
<b>Total</b>	<b>389,384,548</b>	<b>383,184,849</b>	<b>6,199,699</b>	<b>1.62%</b>	<b>£197,212,131.50</b>	<b>£193,932,709.84</b>	<b>£3,279,421.66</b>	<b>1.69%</b>

Source: Analyse Local: Bradford Draft List Comparison Report