

<b>Approved By:</b> Charles Garbett, Treasurer	<b>Classification of Paper:</b> Not protectively marked.....
---	---

<b>Report to PCC</b>	<b>Report reference number</b> PCC/0049/13
<b>Date of Decision</b> <b>Date of Report:</b> 07 November 2013	<b>Area of County/Stakeholders affected</b> <i>County wide, not including Southend or Thurrock</i>
<b>Title of report: Contribution to district council tax billing authorities</b>	
<b>Report by:</b> Charles Garbett	
<b>Enquiries to Charles Garbett</b> Tel: 01245 291612; email <a href="mailto:charles.garbett@essex.pnn.police.uk">charles.garbett@essex.pnn.police.uk</a>	

**1. Purpose of report**

- 1.1. To decide whether to continue with or terminate the agreement with district billing authorities for 2014/15 onwards.

**2. Recommendations**

- 2.1. The PCC is recommended to terminate the agreement with district council tax billing authorities.

**3. Benefits of Proposal**

- 3.1 The PCC will have an additional estimated £323,000 to spend during 2014/15 on essential policing services and crime reduction initiatives within the billing (i.e. district council) authorities' area.
- 3.2 It is recognised that district councils may have to make alternative arrangements to maintain their collection performance without the police contribution. However, it is envisaged that the monies to be spent in the

[NOT PROTECTIVELY MARKED]

district council areas will have a positive impact on crime reduction in the respective areas.

#### **4. Background and proposal**

4.1 From the financial year 2013/14 the Government reduced its funding of council tax benefits from 100% of payments to 90%. As a consequence, it was anticipated that additional resources would be required by billing authorities to collect council tax from people affected by the change. Without the additional resources the police share of the overall loss on collection of council tax was estimated at £2,144,202, not just for residents affected by the change in council tax benefits.

4.2 An 'Agreement' was entered into between precepting authorities (County Council, Police and Fire Services) whereby the impact of the Government change would be mitigated. The collection of council tax is a district and unitary council function and the cost of collecting council tax is met by these councils.

4.3 The agreement had three elements of support from the PCC largely to district councils for 2013/14:

- i) £73,562 to support their council tax collection functions, either in the employment of additional staff or services.
- ii) £18,184 to the hardship fund in order to help maintain the level of council tax payments
- iii) 25% of additional council tax raised through a range of technical changes, such as increasing the income from second homes. At the time of writing this report the 25% contribution amounted to £187,998.
- iv) A contribution to the County Council for the administration of the hardship fund amounting to £6,359.

4.4 In total the PCC is estimated to contribute £286,103 to district councils in return for higher council tax receipts.

4.5 As at the end of September 2013, the half year point, the actual performance of council tax receipts collected enabled an estimate to be made of the expected full year performance. This showed the police share of the original estimated loss on collection of council tax at £1,659,934, which is £484,268 less than the estimated loss on collection of £2,144,202 before the police contribution. It must be emphasised that this is the overall loss on collection and not the specific group affected by changes in council tax benefits.

4.6 In addition, the 'technical' changes introduced by billing authorities, in particular:

- i) Reducing/removing the second home discounts

[NOT PROTECTIVELY MARKED]

[NOT PROTECTIVELY MARKED]

- ii) Reducing the unoccupied property discounts for furnished holiday lets and unfurnished and unoccupied accommodation
- iii) Increasing the empty homes premium for properties that remain empty for more than 2 years

The additional police share of council tax as a result of the above changes amounts to an estimated gain of £751,991 for the financial year 2013/14.

- 4.7 The above package of measures included in the agreement with district councils is summarised below:

**Table 1: Cost/benefit arising from the Agreement**

Estimated financial gain arising from the agreement:	£k
- Council tax collection	484
- Technical changes	<u>752</u>
Total income	<u>1,236</u>
Estimated financial loss arising from the agreement:	£k
- 25% of technical gain	188
- Other contribution as outlined in paragraph 4.3 above	<u>98</u>
Total cost	<u>286</u>
Net gain	950

- 4.8 The police contribution of £74k to support the council tax collection is in addition to contributions from the County Council of £585k, fire authority of £35k and the billing authorities themselves of £114k, amounting to a grand total of £808k. Districts have invested in a mixture of staff and processes in order to enhance the collection performance.
- 4.9 The Agreement is for three years with an option for each party to terminate by giving notice each year by 30<sup>th</sup> November for the Agreement to end on the following 31 March. If the Agreement continues the percentage contribution by police for the technical changes increasing is as follows:

Financial Year 2014/15 30%

Financial Year 2015/16 35%

The impact of the above increases, all other things being equal, will be an additional cost of £37k in 2014/15 amounting to a total contribution of £323k and a further £37k in 2015/16 amounting to a total contribution of £360k.

- 4.10 The consequences of the police terminating the Agreement are an estimated saving of £323k. The police share of the collection of council tax would remain unchanged but the district councils may reduce their spending on council tax collection without financial support from police.

[NOT PROTECTIVELY MARKED]

- 4.11 It is understood that the County Council and Fire Service intend to continue with their agreements with the district councils.

## **5. Police and Crime Plan**

- 5.1. The performance of district councils in collecting council tax impacts on the level of council tax receipts which are a significant funding source needed to support the Police and Crime Plan.

## **6. Police Operational Implications**

- 6.1 There are no Police operational implications.

## **7. Financial Implications**

- 7.1 Terminating the Agreement and saving £323k for 2014/15 would allow further initiatives to be funded as a contribution towards reducing crime in addressing the areas of focus within the Police & Crime Plan.
- 7.2 However, the increased level of council tax receipts arising from the additional investment by precepting authorities may not be maintained if the police contribution is withdrawn.

## **8. Legal Implications**

- 8.1 The PCC has the legal discretion to either continue or terminate the Agreement with district councils.

## **9. Staffing and other resource implications**

- 9.1 There are no staffing implications for the PCC but it is recognised that district councils may have employed collection fund staff.
- 9.2 It is important to acknowledge that each partnership arrangement is assessed on its own merits and, in the event of termination at any point, this should not affect other partnership work either planned or in place.

## **10. Equality and Diversity implications**

- 10.1 Not applicable.

## **11. Background papers**

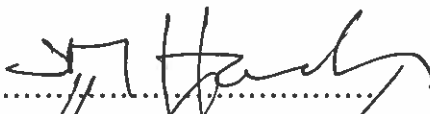
- 11.1 Please click on the link below to access a copy of the Agreement..




Council Tax Sharing Agreement.pdf

**Report Approval**

The report will be signed off by the Chief Executive and CFO and the PCC Solicitor where legal implications arise.

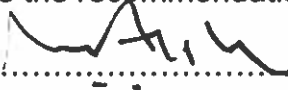
Chief Executive/M.O ..... 

Chief Financial Officer ..... 

PCC Legal Advisor ..... (As necessary)

**Decision**

I agree the recommendations to this report

..... 

**PCC/Deputy PCC**

I do not agree the recommendations to this report because

.....  
.....  
.....  
.....  
.....

.....

**PCC/Deputy PCC**

**Publication**

[NOT PROTECTIVELY MARKED]

**Reasons for non-publication** (*state 'None' if applicable*)

.....  
.....  
.....  
.....  
.....  
.....

.....  
Signed/Print name

Report for publication

**YES**

**NO**

If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

[NOT PROTECTIVELY MARKED]