

## **Council Tax Referendum**

### **Operational Issues**

#### **Budget Report – Executive February 2020**

The main recommendation in the report is for setting an excessive level of Council Tax.

The report includes details of how the anticipated extra income will be allocated. This will be on Climate Emergency initiatives that are above of the Council's core recurring Budget.

The report covers how the cost of the referendum will be paid for. Assuming the vote is in favour of the increase, it will be possible for this to be funded from the additional council tax income from the excessive increase.

The report addresses the issues if the vote is not in favour of the increase. It would be imprudent not to include these details in the report, and should be included as a potential risk which could have a major impact on the Council's finances.

#### **Costs**

Financially, the costs to the Council will include:-

The cost of the referendum (estimated £300k).

The cost of re-billing (estimates £200k). These costs will need to include the costs of:-

- Software changes
- Printing and postage of bills
- Additional staff costs to answer telephones, billing, recovery etc.
- Staff overtime

#### **Impact upon Service**

The Council Tax service may be impacted for months. Whilst the Council may be able to set substitute council tax relatively quickly, it could be some months before new bills can be sent out.

The main delay and cost is likely to be the software provider writing the software. In the days of Council Tax Capping (1990's and early 2000's) when several authorities were impacted each year, it is understood bills were often not issued until the Autumn.

With the delay in new bills being sent, this is likely to impact the service in several ways. Whilst these will undoubtedly have a cost to the Council, this will be more of an opportunity cost which it is not possible to easily quantify: -

- Increased correspondence and telephone contacts from council tax payers. Council tax has been subject to significant processing delays in recent years. In recent months there have been significant improvements. However, this has taken substantial effort by the whole team. If the correspondence levels do increase, it may be many years before processing times return to an acceptable level. Additional staff are likely to be sought to help manage this.
- Complexities in calculating the raising bills for those having a change in circumstance over this period.
- In addition to Council Tax, the impact on Council Tax Reduction (council tax benefit), and the calculations of awards will need to be updated. This would also result in more contact from our CTR recipients, who are often the more vulnerable.
- Potential delays to recovery processes will in due course result in increased arrears. This in turn will increase the eventual level of write-offs. Again, there are likely to be additional costs here.

### **Numbers going to bailiffs and the impact on the most vulnerable**

Over the last 3 financial years c.2,000 Council Tax cases have been passed to the Council's Enforcements Agents; with an excessive increase to the Council Tax this could place further hardship on a number of customers and increase this figure. If the vote in the referendum was unsuccessful, this could cause a huge delay on recovery and prevent legal action from being taken until much later in the financial year, this could result in cases not being passed to the Enforcement Agents until the following financial year, when customers are then also having to pay their current liability. On the most vulnerable customers, the impact of this would be hugely negative.

### **Impact of phone service demand on the rest of the organisation's customers**

During normal main billing time (March & April) Revenues & Benefits already receive the highest number of calls, and have the largest percentage of unanswered calls (15-21%). Should the vote be unsuccessful, it is expected that this level would continue for the period until new revised bills could be issued. As highlighted previously, if this took until the Autumn, this could mean 6-7 months of increased calls and high percentages of unanswered calls, resulting in a very poor customer experience. During these busy periods, customers who have been unable to get through on the Council Tax or Benefits line have resorted to using other departments contact numbers within the Council, who then have their lines tied up with calls they cannot transfer due to phone lines being constantly full.

### **The 85% cap means that the most vulnerable will have to use their living cost income to meet the extra council tax**

Benefit rates have been frozen now since 2016 in addition to various caps placed on the total benefits that can be received, but during that time Council Tax has continued to increase annually placing an added burden to these customers. Those on maximum Council Tax Reduction will be due to pay 15%

of any increase in Council Tax (with pensioners still eligible for up to 100% reduction). The DWP have announced that there will be a 1.7% increase to benefits from April 2020, however the outcome of the impending general election could have an effect on this. A single person over 25 on JSA would currently receive £73.10 a week and on an average Band D would pay £278.36 (15%) Council Tax. In 2020 JSA could increase to £74.35, however with the proposed excessive Council Tax increase, their Council Tax liability would increase to £296.32 (15%) (subject to final council tax increases by all preceptors giving a weekly increase of 34p, this equates to a third of their potential benefit increase solely on Council Tax.

### **Cost of likely additional temporary staff needed to meet extra demand**

An untrained temporary member of staff would cost around £500+vat per week to employ. An experienced and pre-trained member of temporary staff would command nearer £900+vat a week. Based on the assumed increases in workload it could be very conservatively anticipated that at least 2 extra staff for dealing with phone calls (this would allow us to increase the number of lines coming in to the department) and at least 3 extra staff for the back office Revenues Team to deal with all correspondence and the associated recovery issues would be required. At these rates, additional staff for 6 months would cost in the range £65k-£117k.

### **Potential health and well-being impact on staff dealing with queries should the vote be lost**

As Council Tax is a very emotive subject, the reaction to the proposed increase, the referendum and the outcome of the referendum would be huge. Complaints and opinions from tax payers would be constant and this will have a negative effect on staff. Morale and motivation would be greatly challenged when faced with this level of increase in negative contacts, potentially this would lead to higher sickness levels. During busiest times, currently reduced numbers of staff are allowed to be on Annual Leave, however it would be unfair to impose this for a longer period, yet in order to meet the increased work volumes, this would be a consideration that would have to be made, again causing a negative impact on the staff in the department.

Having a large backlog in correspondence in recent years has been very demoralising for staff; the team have been pleased to see the more recent improvements that they have achieved. The expected increase in correspondence and potential backlog in correspondence will have a negative impact on staff.