

SUBJECT:	INCOME AND ARREARS MONITORING
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	CLAIRE MOSES, REVENUES AND BENEFITS MANAGER (SHARED SERVICE)

1. Purpose of Report

- 1.1 To update Members on the position with regard to amounts of monies owed to the City Council as at 1st April 2018, (and Business Improvement District levy to the end of June 2018).

2. Executive Summary

- 2.1 This update is provided to Members of this Committee each year once all figures have been collated.
- 2.2 The report summarises the in-year collection of Council Tax, Business Rates, the Business Improvement District (BID) levy, Housing Rents, Former Tenant Rent Arrears, Sundry Debtors and Housing Benefit Overpayments to the 31st March 2018, and sets out the arrears brought forward position at 1st April 2018, (BID to the end of June 2018).

3. Background

- 3.1 2017/18 continued to provide challenges for the Revenues and Benefits service, particularly with ongoing impacts of welfare reforms – which included continuation of Universal Credit rollout in Lincoln (albeit to a relatively small client group at this stage). Also, many citizens are facing financial difficulties – and our team remains committed to helping alleviate such issues wherever possible, but also there is the need to make every effort to ensure recovery of monies is maximised. Officers aim to agree realistic and affordable repayment schedules, to help avoid undue financial hardship to customers.

4. Council Tax Collection

- 4.1 The Council Tax net collectable debit for 2017/18 after Council Tax Support, discounts and exemptions had been granted was £38,639,453. This is an increase of £1,416,160 from 2016/17.
- 4.2 Total payments received in respect of 2017/18 were £38,090,851. This is an increase of £1,966,164 from 2016/17.
- 4.3 Council Tax arrears brought forward from all previous years at 1st April 2017 totalled £3,229,713. By 31st March 2018 these arrears decreased to £2,063,692.

- 4.4 The table below shows comparisons between 2016/17 and 2017/18 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

Council Tax	2016/17	2017/18	Increase/ (Decrease)
Collection Rate	97.09%	97.17%	0.08%
Arrears @ 1 st April (Value)	£3,229,713	£4,523,063	£1,293,350
Arrears @ 1 st April (Cases)	12,558	13,520	962

- 4.5 The new arrears figure of £4,523,063 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2017 as set out in 4.3 above, the Council Tax due in 2017/18 and not collected, court costs raised in 2017/18 and still unpaid, and other adjustments made in 2017/18 in respect of previous years.
- 4.6 In terms of the amount of Council Tax written-out during the financial year 2017/18 (which could be outstanding Council Tax from any financial year), the figure was £241,629. This compares to £109,080 written-out during 2016/17 and £65,623 in 2015/16. Officers acknowledge the write-outs have increased for 2016/17, however, due to the write-out process, it may be possible that write-outs identified in one financial year, may not get signed off until the next financial year, and so, the figure will fluctuate.
- 4.7 It is important to note that just because a debt has been written-out, this does not mean it cannot be written back on and collected if new information has come to light.
- 4.8 Officers have undertaken comparisons of collection rate to deprivation statistics and rankings. There is a strong correlation between the two sets of figures and it is possible to set a line of best fit using an exponential function. This suggests that City of Lincoln are collecting 1.6% more Council Tax in per year than could reasonably be expected and gives a ranking outcome of 20th.

When comparing collection rates nationally, City of Lincoln's collection rate is ranked 204th out of 326 billing authorities.

5. Business Rates Collection

- 5.1 The Business Rates net collectable debit for 2017/18 after empty voids, charity entitlements and other reliefs had been granted was £43,813,019. This is a decrease of £290,336 from 2016/17.
- 5.2 Total payments received in respect of 2017/18 were £44,309,559. This is an increase of £450,537 from 2016/17. Collection is above the net debit due to a large payment from one of the accounts. When reporting total payments, all payments received are taking into account, however, for the purposes of reporting collection, accounts in credit are ignored (which this account was). Due to the large increase in collectable debt, the total number of payments received for 2017/18 has also increased significantly from 2016/17.

- 5.3 Business Rates arrears brought forward from all previous years at 1st April 2017 was £627,673. By the 31st March 2018 these arrears had decreased to £460,422
- 5.4 The table below shows comparisons between 2016/17 and 2017/18 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

Business Rates	2016/17	2017/18	Increase/ (Decrease)
Collection Rate	99.43%	98.87%	(0.56%)
Arrears @ 1 st April (Value)	£627,673	£1,109,376	£481,703
Arrears @ 1 st April (Cases)	217	271	54

- 5.5 The new arrears figure of £1,109,376 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2018 as set out in 5.3 above, the Business Rates due in 2017/18 and not collected, the balance of court costs raised in 2017/18 and still unpaid and any other adjustments made in 2016/17 in respect of previous years.
- 5.6 Although City of Lincoln's in-year collection rate decreased, this was mainly due to some large rateable value schedules coming back from the Valuation Office Agency in March 2018 which were input by officers increasing the debit due considerably – without a realistic expectation of payment coming in during the current financial year (i.e. 2017/18).
- 5.7 When comparing collection rates nationally, City of Lincoln's collection rate is ranked 108th out of 326 billing authorities.
- 6.1 Members will be aware that the Authority is responsible for the administration and collection of the BID Levy.
- 6.2 The BID financial year runs from July to June and the figures given below represent collection up to the end of June 2018.
- 6.3 The 2017/18 net collectable debit raised in respect of the Levy was £391,728.
- 6.4 A comparison of in-year collection rates between the BID financial years ending 30th June 2017 and 30th June 2018 shows a significant increase in collection and is shown in the table below:

Year ending 30 th June 2017	99.33%	Increase/ (Decrease) 0.63%
Year ending 30 th June 2018	99.96%	

7. Housing Rents Collection

- 7.1 The net Housing Rent debit for 2017/18 (collectable rent) excluding Housing Benefits and other adjustments was £15,422,836 of which 98.48% was collected. This is a reduction of 0.77% on 2016/17 collection of 99.25%.
- 7.2 For administration purposes, Housing Rent Arrears are split between 'current' and 'former' tenants. The table below shows comparisons between 2016/17 and 2017/18 in respect of in-year collection rate, arrears brought forward and number of arrears cases.

Housing Rents	2016/17	2017/18	Increase/ (Decrease)
Collection Rate	99.25%	98.48%	(0.77%)
Arrears @ 1 st April (Value)	£1,600,099	£1,467,323	(£132,776)
- Current	£738,086	£574,427	(£163,659)
- Former	£862,013	£892,896	£30,883
Arrears @ 1 st April (Cases)	1,042	2,093	1,051

8. Sundry Debtors Collection

- 8.1 A total of 10,095 new debtor accounts were raised in 2017/18 amounting to £10,849,455 in cash terms.
- 8.2 The table below shows comparisons between 2016/17 and 2017/18 in respect of arrears brought forward and number of arrears cases.

Sundry Debtors	2016/17	2017/18	Increase/ (Decrease)
Arrears @ 1 st April (Value)	£1,876,212	£2,522,762	£646,550
Arrears @ 1 st April (Cases)	3,253	3352	99

There were 588 Sundry debt invoices which were raised in March 2018 which were not due recovery action until the beginning of April 2018 had an outstanding balance on 31st March 2018 of £907,165. The collection rate for 2017/18 was 82.78% - this is a decrease from 2016/17 of 7.36%.

Former tenant arrears collection for 2017/18 was 24.25% - this is the same as 2016/17.

9. Housing Benefit Overpayments Collection

- 9.1 The balance of outstanding Housing Benefit Overpayments as at 1st April 2018 was

£4,219,349 and compares to £4,081,522 at 1st April 2017, an increase of £137,827.

9.2 A total of £1,797,723 in Housing Benefit overpayments was raised in 2017/18. Total credits received in 2017/18 were £1,565,479 – this includes cash payments, direct deductions from ongoing benefit, payments from our collection agents, underlying entitlement and payments via attachments from the Department for Work and Pensions (DWP) and employers.

9.3 The total number of cases with a debt outstanding in the Debtors system at the 1st April 2018 was 3,885.

The table below shows comparisons between 2015/16 and 2016/17 in respect of arrears brought forward and number of arrears cases in the Debtors system.

Housing Benefit Overpayments	2016/17	2017/18	Increase/ (Decrease)
Arrears @ 1 st April (Value)	£4,081,522	£4,219,349	£137,827
Arrears @ 1 st April (Cases)	3,885	3,885	No change

9.4 A specific project has been in place to tackle Housing Benefit overpayments and has implemented some key improvements to processes, recovery action and collection performance. For example, collection in 2017/18 was 81.81%, collection in 2016/17 was 76.38% - an improvement of 5.43%.

9.5 Effective collection and recovery arrangements are in place with a wide range of techniques being utilised. Officers have implemented a Housing Benefit Overpayment Recovery action plan, which was implemented from 18 June 2018 and has already produced significantly positive results.

Key information is broken down as follows and shows the position as at 1 July 2018:-

	Outcome	Comments
✓	Total value of outstanding overpayments has decreased by £58,211	Total overpayments at 1 June 2018 were £4,180,532 – this has now reduced to £4,122,320
✓	Number of overpayments at *clawback stage have increased from 1,664 to 1,715	Staff training has been positive – staff are setting clawbacks at first point of contact with customers
✓	Value of overpayments at this stage have decreased by £63,086	Staff training has been positive - clawback values are higher, with staff undertaken income and expenditure assessments to ascertain appropriate level

✓	Number of overpayments at sundry debtors (invoice) less than 4 months old has decreased by 57	Successful introduction of cut-off of 4 months – anything older than this will go to the HBOP recovery team for action. Workload adjusted for member of staff undertaking this work – to ensure they can concentrate on these debts, and these debts only.
✓	Value of overpayments at this stage has decreased by £47,203	As above
x	Number of overpayments at sundry debtor over 4 months old has increased by 61	The 4 month cut-off has resulted in more debts coming across to the HBOP team. Within these debts, also includes: - <ul style="list-style-type: none"> ✓ The debt recovery service action whereby, 247 cases have been successfully identified for attachment of earnings. As a result of this, once in place, the level of recovery will be much higher than the local authority could have recovered. ✓ Old system (Civica) overpayments are being reviewed
x	Value of overpayments at this stage has increased by £52,088	As above Once the attachment of earnings starts, this figure will be expected to reduce.

***Clawback is where an overpayment can be recovered by reducing ongoing Housing Benefit entitlement**

10. Strategic Priorities

- 10.1 Let's reduce inequality: The Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to and through providing money/debt advice. A Fair Collection and Debt Recovery Policy is in place.

11. Organisational Impacts

- 11.1 Financial: Prompt and efficient recovery of amounts due to the Council helps to ensure that income receivable is collected in order to finance critical services.

11.2 Legal Implications including Procurement Rules: There are no direct legal implications from this report.

12. Risk Implications

12.1 A Risk Register is in place for the Revenues and Benefits shared service.

13. Recommendation

13.1 Members are asked to note the contents of this report.

Key Decision Yes/No

Do the Exempt Information Categories Apply? Yes/No

Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply? Yes/No

How many appendices does the report contain? None

List of Background Papers: None

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