

SUBJECT:	INCOME AND ARREARS MONITORING
DIRECTORATE:	CHIEF EXECUTIVE AND TOWN CLERK
REPORT AUTHOR:	MARTIN WALMSLEY, HEAD OF SHARED REVENUES AND BENEFITS

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 2019, (and Business Improvement District levy to the end of June 2019).

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 2019, and sets out the arrears brought forward position at 1st April 2019, (BID to the end of June 2019).

3. Background

- 3.1 2018/19 continued to provide challenges for the Revenues and Benefits service, not least of which was the continuing rollout of Universal Credit in Lincoln as well as the cumulative effect of welfare reforms and the general economic climate. Officers with the responsibility of collecting monies due to the Council are mindful of individuals' and businesses' personal circumstances and whilst appreciating the importance of collecting monies due, also need to ensure this is balanced with realistic payment arrangements to try and mitigate the risk of undue financial hardship wherever possible and appropriate.

4. Council Tax Collection

- 4.1 The Council Tax net collectable debit for 2018/19 after Council Tax Support, discounts and exemptions had been granted was £41,767,829. This is an increase of £2,568,610 from 2017/18.
- 4.2 Total payments received in respect of 2018/19 were £40,383,019. This is an increase of £2,292,168 from 2017/18.
- 4.3 Council Tax arrears brought forward from all previous years at 1st April 2018 totalled £6,305,831. By 31st March 2019 these arrears decreased to £3,026,804.

- 4.4 The table below shows comparisons between 2017/18 and 2018/19 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

Council Tax	2017/18	2018/19	Increase/ (Decrease)
Collection Rate	97.17%	96.76%	(0.41%)
Arrears @ 1 st April (Value)	£6,305,831	£5,175,548	(£1,130,283)
Arrears @ 1 st April (Cases)	13,520	14,874	1,354

- 4.5 The new arrears figure of £5,175,548 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2018 as set out in 4.3 above, the Council Tax due in 2018/19 and not collected, court costs raised in 2018/19 and still unpaid, other adjustments made in 2018/19 in respect of previous years, and excludes credits.
- 4.6 In terms of the amount of Council Tax written-out during the financial year 2018/19 (which could be outstanding Council Tax from any financial year), the figure was £152,609. This compares to £241,629 written-out during 2017/18 and £109,080 in 2016/17.
- 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 is received. During 2018/19, £4,560 was written back on.
- 4.8 Officers have undertaken comparisons of collection rate to deprivation statistics and rankings. This analysis suggests that City of Lincoln are collecting 1.5% more Council Tax in-year than could reasonably be expected and gives a ranking outcome of 29th. Under the same comparisons, City of Lincoln are currently 8th in the ranking of District authorities (last year 9th).

When comparing overall in-year collection rates nationally, City of Lincoln's outturn figure is ranked 228th out of 326 billing authorities.

5. Business Rates Collection

- 5.1 The Business Rates net collectable debit for 2018/19 after empty voids, charity entitlements and other reliefs had been granted was £44,459,008. This is an increase of £645,989 from 2017/18.
- 5.2 Total payments received in respect of 2018/19 were £44,374,975. This is an increase of £65,416 from 2017/18.
- 5.3 Business Rates arrears brought forward from all previous years at 1st April 2018 was £1,109,376. By the 31st March 2019 these arrears had decreased to £308,484.
- 5.4 The table below shows comparisons between 2017/18 and 2018/19 in respect of; in-

year collection rate, arrears brought forward and number of arrears cases.

Business Rates	2017/18	2018/19	Increase/ (Decrease)
Collection Rate	98.87%	99.81%	0.94%
Arrears @ 1 st April (Value)	£1,109,376	£1,095,823	(£13,553)
Arrears @ 1 st April (Cases)	271	198	(73)

- 5.5 The new arrears figure of £1,095,823 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2019 as set out in 5.3 above, the Business Rates due in 2018/19 and not collected, the balance of court costs raised in 2018/19 and still unpaid, any other adjustments made in 2018/19 in respect of previous years, and excludes credits.
- 5.6 As with Council Tax, 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 is received. During 2018/19, £1,199 was written back on.
- 5.7 When comparing collection rates nationally, City of Lincoln's collection rate is ranked 5th out of 326 billing authorities.

6. Business Improvement District (BID) Levy Collection 2018/19

- 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 2019.
- 6.3 The 2018/19 net collectable debit raised in respect of the Levy was £398,176.
- 6.4 A comparison of in-year collection rates between the BID financial years ending 30th June 2018 and 30th June 2019 is shown in the table below. Although a reduction in in-year collection, the outturn performance is still a very positive achievement by exceeding 99%, also reflecting only a £3,464 reduction in in-year collection compared to the year ended 30th June 2018.

Year ending 30 th June 2018	99.96%	Increase/ (Decrease) (0.87%)
Year ending 30 th June 2019	99.09%	

7. Housing Rents Collection

- 7.1 The net Housing Rent debit for 2018/19 (collectable rent) excluding Housing Benefits and other adjustments was £13,920,459 of which 97.54% was collected. This is a reduction of 0.94% on 2017/18 collection of 98.48%.
- 7.2 For administration purposes, Housing Rent Arrears are split between 'current' and 'former' tenants. The table below shows comparisons between 2017/18 and 2018/19 in respect of: in-year collection rate, arrears brought forward and number of arrears cases.

Housing Rents	2017/18	2018/19	Increase/ (Decrease)
Collection Rate	98.48%	97.54%	(0.94%)
Arrears @ 1 st April (Value)	£1,467,323	£1,681,905	£214,582
- Current	£574,427	£737,513	£163,086
- Former	£892,896	£944,392	£51,496
Arrears @ 1 st April (Cases)	2,093	2,308	215

- 7.3 The most prevalent reason behind the increase in current tenant arrears was the full service rollout of Universal Credit (UC) and its impact on Housing officers' work and on tenants. At the end of March 2019, there were 1,128 tenants claiming UC, of which 806 were in arrears. 52% of total arrears were people claiming UC (£380,029). It is anticipated that the number of UC claimants will continue to increase in an upward trajectory in the 2019/20 financial year.
- 7.4 Former tenant arrears collection for 2018/19 was 23.58% - a slight reduction from the 2017/18 figure of 24.25%.

8. Sundry Debtors Collection

- 8.1 A total of 11,493 new debtor accounts were raised in 2018/19 amounting to £105,339,653 in cash terms.
- 8.2 The table below shows comparisons between 2017/18 and 2018/19 in respect of arrears brought forward and number of arrears cases.

Sundry Debtors	2017/18	2018/19	Increase/ (Decrease)
Arrears @ 1 st April (Value)	£2,522,762	£2,144,535	(£378,228)
Arrears @ 1 st April (Cases)	3,352	3,678	326

- 8.3 Sundry debt invoices to the value of £8.89m were raised in March 2019, with

expectation that some of these would not be paid in year (i.e. in 2018/19). The collection rate for 2018/19 was 98.58% - this is an increase from 2017/18 of 15.8%.

9. Housing Benefit Overpayments Collection

9.1 The balance of outstanding Housing Benefit Overpayments as at 1st April 2019 was £3,973,125 and compares to £4,219,349 at 1st April 2018, a decrease of £246,224.

9.2 A total of £1,178,298 in Housing Benefit overpayments was raised in 2018/19. Total credits received in 2018/19 were £1,182,763 – this includes card 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 2019 was 3,428.

The table below shows comparisons between 2017/18 and 2018/19 in respect of arrears brought forward and number of arrears cases in the Debtors system.

Housing Benefit Overpayments	2017/18	2018/19	Increase/ (Decrease)
Arrears @ 1 st April (Value)	£4,219,349	£3,973,125	(£246,224)
Arrears @ 1 st April (Cases)	3,885	3,860	(25)

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 2018/19 was 100.38%, in 2017/18 the equivalent performance measure was 81.81% - an improvement of 18.57%. Officers have worked in partnership with Department for Work and Pensions (DWP) in relation to analysing processes and implementing changes from June 2018, which have assisted in achieving these improvements.

10. Strategic Priorities

10.1 Let's reduce inequality: The Revenues and Benefits Service has a key role in reducing poverty and disadvantage; by ensuring residents receive the benefits they are entitled to, providing money/debt advice, as well as collecting monies due to the Council in line with a Fair Collection and Debt Recovery Policy.

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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