

<b>SUBJECT:</b>	<b>INCOME AND ARREARS MONITORING</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE</b>
<b>REPORT AUTHOR:</b>	<b>MARTIN WALMSLEY, HEAD OF SHARED REVENUES AND BENEFITS</b>

## **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 1<sup>st</sup> April 2020, (and Business Improvement District (BID) levy to the end of June 2020).

## **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 31<sup>st</sup> March 2020, and sets out the arrears brought forward position at 1<sup>st</sup> April 2020, (BID to the end of June 2020).
- 2.3 As figures in this report relate to the end of March 2020 (other than the BID levy), this means that the full and extended impacts of Covid-19 had not yet become fully apparent. Due to factors such as elements of recovery being put 'on hold' in the subsequent months, it is likely that figures for 2020/21 will look very different – with economic challenges on taxpayers and businesses likely to have a real impact on officers' ability to recover monies in as prompt manner as would have been the case in previous years.

## **3. Background**

- 3.1 2019/20 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, as well as the impacts of Covid-19 in the latter part of the financial year.

## **4. Council Tax Collection**

- 4.1 The Council Tax net collectable debit for 2019/20 after Council Tax Support, discounts and exemptions had been granted was £44,334,821. This is an increase of £2,566,992 from 2018/19.
- 4.2 Total payments received in respect of 2019/20 were £42,900,788. This is an increase of £2,517,769 from 2018/19.

4.3 Council Tax arrears brought forward from all previous years at 1<sup>st</sup> April 2019 totalled £5,175,548. By 31<sup>st</sup> March 2020 these arrears decreased to £3,474,427.

4.4 The table below shows comparisons between 2018/19 and 2019/20 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

<b>Council Tax</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase/ (Decrease)</b>
Collection Rate	96.76%	96.77%	0.01%
Arrears @ 1 <sup>st</sup> April (Value)	£5,175,548	£5,749,749	£574,201
Arrears @ 1 <sup>st</sup> April (Cases)	14,874	14,871	(3)

4.5 The new arrears figure of £5,749,749 brought forward represents; the balance of arrears outstanding from previous years at 31<sup>st</sup> March 2019 as set out in 4.3 above, the Council Tax due in 2019/20 and not collected, court costs raised in 2019/20 and still unpaid, other adjustments made in 2019/20 in respect of previous years, and excludes credits.

4.6 In terms of the amount of Council Tax written-out during the financial year 2019/20 (which could be outstanding Council Tax from any financial year), the figure was £206,855. This compares to £152,609 written-out during 2018/19.

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 2019/20, £15,395 was written back on.

## **5. Business Rates Collection**

5.1 The Business Rates net collectable debit for 2019/20 after empty voids, charity entitlements and other reliefs had been granted was £44,549,447. This is an increase of £90,439 from 2018/19.

5.2 Total payments received in respect of 2019/20 were £44,308,107. This is a decrease of £66,868 from 2018/19.

5.3 Business Rates arrears brought forward from all previous years at 1<sup>st</sup> April 2019 was £1,095,823. By 31<sup>st</sup> March 2020 these arrears had decreased to £371,662.

5.4 The table below shows comparisons between 2018/19 and 2019/20 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

<b>Business Rates</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase/ (Decrease)</b>
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Collection Rate	99.81%	99.46%	(0.35%)
Arrears @ 1 <sup>st</sup> April (Value)	£1,095,823	£1,076,584	(£19,239)
Arrears @ 1 <sup>st</sup> April (Cases)	198	103	(95)

5.5 The new arrears figure of £1,076,584 brought forward represents; the balance of arrears outstanding from previous years at 31<sup>st</sup> March 2020 as set out in 5.3 above, the Business Rates due in 2019/20 and not collected, the balance of court costs raised in 2019/20 and still unpaid, any other adjustments made in 2019/20 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 2019/20, £17,326 was written back on.

## 6. Business Improvement District (BID) Levy Collection 2019/20

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 2020.

6.3 The 2019/20 net collectable debit raised in respect of the Levy was £413,321.

6.4 A comparison of in-year collection rates between the BID financial years ending 30<sup>th</sup> June 2019 and 30<sup>th</sup> June 2020 is shown in the table below. Although a reduction in in-year collection, the outturn performance is still a very positive achievement, particularly in light of the last four months of the BID year (March to June 2020) being under the climate of Covid-19 'lockdown'. Only £11,217 was outstanding as at 30<sup>th</sup> June 2020.

Year ending 30 <sup>th</sup> June 2020	97.29%	Increase/ (Decrease) (2.67%)
Year ending 30 <sup>th</sup> June 2019	99.96%	

## 7. Housing Rents Collection

7.1 The net Housing Rent debit for 2019/20 (collectable rent) excluding Housing Benefits and other adjustments was £15,207,509 of which 97.77% was collected. This is an increase of 0.23% on 2018/19 collection of 97.54%.

- 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.

<b>Housing Rents</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase/ (Decrease)</b>
Collection Rate	97.54%	97.77%	0.23%
Arrears @ 1 <sup>st</sup> April (Value)	£1,681,905	£1,794,240	£112,335
- Current	£737,513	£825,238	£87,725
- Former	£944,392	£969,002	£24,610
Arrears @ 1 <sup>st</sup> April (Cases)	2,308	2,346	38

- 7.3 Income collection continued to be challenging with the further roll out of Universal Credit and the 53 week rent year leaving our Universal Credit claimants with an approximate shortfall of £90,000 between claimant's entitlement in Housing Element and the rent due. Despite this, officers still managed to exceed target and achieve 100% collection rate excluding arrears/credit brought forward (97.77% including arrears/credits brought forward).

Arrears at the end of March were 2.87% which was ahead of the 3.65% target.

- 7.4 Former tenant arrears collection for 2019/20 was 13.69% at the end of February 2020 – unfortunately due to technical reasons the required report could not be run at the end of March 2020, therefore the outturn figure is not currently available. (2018/19 outturn was 23.58%).

## **8. Sundry Debtors Collection**

- 8.1 A total of 11,563 new debtor accounts were raised in 2019/20 amounting to £18,025,866 in cash terms.
- 8.2 The table below shows comparisons between 2018/19 and 2019/20 in respect of arrears brought forward and number of arrears cases.

<b>Sundry Debtors</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase/ (Decrease)</b>
Arrears @ 1 <sup>st</sup> April (Value)	£2,144,535	£2,502,273	£357,738
Arrears @ 1 <sup>st</sup> April (Cases)	3,678	3,771	93

Sundry debt invoices to the value of £899,768 were raised in March 2020, with expectation that some of these would not be paid in year (i.e. in 2019/20). The

collection rate for 2019/20 was 91.04% - this is a decrease from 2018/19 of 7.54%, - however 2019/20 in-year collection is 8.26% higher than in 2017/18 – demonstrating the fluctuating nature of this type of debt.

## 9. Housing Benefit Overpayments Collection

9.1 The balance of outstanding Housing Benefit Overpayments as at 1<sup>st</sup> April 2020 was £3,573,112 and compares to £3,973,125 at 1<sup>st</sup> April 2019, a decrease of £400,013.

9.2 A total of £1,508,349 in Housing Benefit overpayments was raised in 2019/20. Total credits received in 2019/20 were £1,591,558 – 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 1<sup>st</sup> April 2020 was 2,866.

The table below shows comparisons between 2018/19 and 2019/20 in respect of arrears brought forward and number of arrears cases in the Debtors system.

<b>Housing Benefit Overpayments</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Increase/ (Decrease)</b>
Arrears @ 1 <sup>st</sup> April (Value)	£3,973,125	£3,573,112	(£400,013)
Arrears @ 1 <sup>st</sup> April (Cases)	3,885	2,866	(1,019)

## 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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