

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 2022, (and Business Improvement District (BID) levy to the end of June 2022).

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 2022, and sets out the arrears brought forward position at 1st April 2022, (BID to the end of June 2022).

2.3 The impacts of Covid-19 have, understandably, been significant with regard to impacting on collecting monies due to the Council – with many businesses and taxpayers suffering financial hardship. This in turn impacts on officers' ability to recover monies in as prompt manner as would have been the case in previous years.

3. Background

3.1 2021/22 was another year of significant challenges for the Revenues and Benefits service, mainly due to the Covid-19 pandemic, as well as other matters affecting residents' incomes with rising prices of energy, fuel, food etc.

4. Council Tax Collection

4.1 The Council Tax net collectable debit for 2021/22 after Council Tax Support, discounts and exemptions had been granted was £47,790,772. This is an increase of £2,728,406 from 2020/21.

4.2 Total payments received in respect of 2021/22 were £44,923,761 This is an increase of £2,211,848 from 2020/21.

4.3 For the financial year 2021/22, in-year collection is down by 0.78%, compared to

2020/21. 2021/22 in-year collection is 94.00%, compared to 94.78% in 2020/21. The impacts of Covid-19 on residents' incomes has continued, making collection of Council Tax a balance of the importance of collecting monies due in a prompt manner, whilst making repayment arrangements where applicable and appropriate so that undue financial hardship to taxpayers is avoided.

Therefore, in the aforementioned climate, as well as with the increased costs of living, this reduced level of collection is not unexpected. Whilst every effort is being made to collect monies due, this is a real challenge and is likely to remain so for the immediate future.

4.4 The circumstances as set out in paragraph 4.3 (above) has also impacted on the level of arrears. Council Tax arrears brought forward on 1st April 2021 and 1st April 2022 are shown below:

Council Tax	Brought-forward 1st April 2021	Council Tax	Brought-forward 1st April 2022	Increase/Decrease
Value of accounts in credit for the years before 2019/20	-£1,012,223	Value of accounts in credit for the years before 2020/21	-£956,769	Decrease £55,454
Value of accounts in debit for the years before 2019/20	£4,241,814	Value of accounts in debit for the years before 2020/21	£3,428,880	Decrease £812,934
Value of accounts in credit in 2019/20	-£900,943	Value of accounts in credit in 2020/21	-£128,991	Decrease £771,952
Value of accounts in debit in 2019/20	£3,319,167	Value of accounts in debit in 2020/21	£1,709,461	Decrease £1,609,706
Overall credits brought forward into the 2020/21	-£1,913,166	Overall credits brought forward into the 2021/22	-£1,955,231	Increase £42,065
Overall debits brought forward into 2020/21	£7,560,980	Overall debits brought forward into 2021/22	£9,067,724	Increase £1,506,744
Number of arrears cases	34,790	Number of arrears cases	25,658	Decrease 9,132

The balance of debits brought forward into 2021/22 was £4,241,814 and this reduced to £3,428,880 by 31st March 2022, a reduction of £812,934.

The balance of credits brought forward into 2021/22 was £1,012,223, which reduced to £956,769. Some of this reduction will be due to refunds, but otherwise these credits will have been offset against the 2021/22 debit.

4.5 The new arrears figure of £9,067,724 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2021 as set out in 4.4 above, the Council Tax due in 2021/22 and not collected, court costs raised in 2021/22 and still unpaid, other adjustments made in 2021/22 in respect of previous years, and excludes any credits held.

4.6 In terms of the amount of Council Tax written-out during the financial year 2021/22

(which could be outstanding Council Tax from any financial year), the figure was £268,228. This compares to £182,156 written-out during 2020/21.

- 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 2021/22, £9,018 was written back on.

5. Business Rates Collection

- 5.1 The Business Rates net collectable debit for 2021/22 after empty voids, charity entitlements and other reliefs had been granted was £34,939,946. This is an increase of £16,419,697 from 2020/21. 2021/22 is not wholly comparable to 2020/21 due to a reduction in Expanded Retail Discount (ERD).
- 5.2 Total payments received in respect of 2021/22 were £35,816,640. This is an increase of £17,488,076 from 2020/21. The key reason again for this, was the reduction in award of ERD due to changes in the rules relating to this.
- 5.3 Business Rates arrears brought forward from all previous years at 1st April 2021 was £797,858. By 31st March 2022, these arrears had decreased to £232,909.
- 5.4 The table below shows comparisons between 2020/21 and 2021/22 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

Business Rates	2020/21	2021/22	Increase/ (Decrease)
Collection Rate	98.97%	98.45%	(0.52%)
Arrears @ 1 st April (Value)	£880,831	£797,858	(Decrease £82,973)
Arrears @ 1 st April (Cases)	94	258	Increase 164

The slight reduction in collection is not wholly unexpected with regard to the economic climate during 2021/22 due to Covid-19, but also due to the reduction of ERD from 100% relief to 66% from 1st July 2021 (up to 31st March 2022).

- 5.5 The new arrears figure of £232,909 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2021 as set out in 5.3 above, the Business Rates due in 2021/22 and not collected, the balance of court costs raised in 2021/22 and still unpaid, any other adjustments made in 2021/22 in respect of previous years, and excludes credits.
- 5.6 In terms of the amount of Business Rates written-out during the financial year 2021/22 (which could be outstanding Business Rates from any financial year), the figure was £139,416. This compares to £180,736 written-out during 2020/21.
- 5.7 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 2021/22, £19,204 was written back on.

6. Business Improvement District (BID) Levy Collection 2020/21

- 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 2022.
- 6.3 The 2021/22 net collectable debit raised in respect of the Levy was £417,094.
- 6.4 A comparison of in-year collection rates between the BID financial years ending 30th June 2021 and 30th June 2022 is shown in the table below.

Year ending 30 th June 2022	97.37%	increase 5.68%
Year ending 30 th June 2021	91.69%	

7. Housing Rents Collection

- 7.1 The net Housing Rent debit for 2021/22 (collectable rent) excluding Housing Benefits, Universal Credit and other adjustments was £28,688,341 of which 100.18% was collected. This is an increase of 0.72% on 2020/21 collection of 99.46%.
- 7.2 For administration purposes, Housing Rent Arrears are split between 'current' and 'former' tenants. The table below shows comparisons between 2020/21 and 2021/22 in respect of: in-year collection rate, arrears brought forward and number of arrears cases.

Housing Rents	2020/21	2021/22	Increase/ (Decrease)
Collection Rate (including arrears/credits b/f)	97.60%	97.07%	(0.53%)
Collection Rate (excluding arrears/credits b/f)	99.46%	100.18%	0.72%
Arrears @ 1 st April (Value)	£1,985,838	£2,002,314	£16,476
- Current	£1,060,439	£1,042,420	(£18,019)
- Former	£925,399	£959,894	£34,495
Arrears @ 1 st April (Cases)	2,440	2,490	50

- 7.3 Tenancy Services continue to focus on rent collection and income maximisation for tenants and are committed to reducing the arrears whilst sustaining tenancies.

Year collection as of the end of March 2022 stood at 100.18%, an improvement from 99.46% at the end of the previous year. This mean that all of the rent charge was collected and overall, a reduction overall in arrears from £1,060,439 to £1,042,420, a reduction of £18,019.

Arrears as a % of the debit stood at 3.63% as of the end of March, compared to 3.74% the previous year, an improvement of 0.09%.

Evictions have also remained at a low level with 10 being carried out in 2021/22 compared to 87 in 2018/19, 38 in 2019/20 and 0 in 2020/21. A commitment to sustaining tenancies whilst maximising the income to the authority has been demonstrated and a Tenancy Sustainment Team is now in post to continue this work.

- 7.4 Former tenant arrears collection for 2021/22 was 29.42%.

8. Sundry Debtors Collection

- 8.1 A total of 11,714 new debtor accounts were raised in 2020/21 amounting to £14,390,333 in cash terms.

- 8.2 The table below shows comparisons between 2020/21 and 2021/22 in respect of arrears brought forward and number of arrears cases.

Sundry Debtors	2020/21	2021/22	Increase/ (Decrease)
Arrears @ 1 st April (Value)	£3,522,367	£4,557,447	Increase £1,035,080
Arrears @ 1 st April (Cases)	4,291	4,801	Increase 510

Sundry debt invoices to the value of £2,330,415 were raised in March 2022, with expectation that some of these would not be paid in year (i.e., in 2021/22). The collection rate for 2021/22 was 84.05% - this is a decrease from 2020/21 of 0.79%. The issue of raising large invoices towards the end of the financial year has been an ongoing problem for collection as these invoices are not due to be paid for approximately 28 days and businesses do not generally pay as soon as they get the bill. Therefore, raising an invoice in March 2022 would generally mean that this is not paid before 1st April 2022.

9. Housing Benefit Overpayments Collection

- 9.1 The balance of outstanding Housing Benefit Overpayments as at 1st April 2022 was £2,661,801 and compares to £3,153,505 at 1st April 2021, a decrease of £491,704.

- 9.2 A total of £591,882 in Housing Benefit overpayments was raised in 2021/22. Total credits received in 2021/22 were £992,963 – 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 2022 was 1,416.

The table below shows comparisons between 2020/21 and 2021/22 in respect of arrears brought forward and number of arrears cases in the Debtors system.

Housing Benefit Overpayments	2020/21	2021/22	Increase/ (Decrease)
Arrears @ 1 st April (Value)	£3,153,505	£2,661,801	(£491,704)
Arrears @ 1 st April (Cases)	2,201	1,416	(785)

10. Strategic Priorities

- 10.1 Let's reduce all kinds of 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

Lead Officer: Martin Walmsley, Head of Shared Revenues and Benefits,
Telephone 01522 873597