

<b>SUBJECT:</b>	<b>INCOME AND ARREARS MONITORING</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>MARTIN WALMSLEY, ASSISTANT DIRECTOR – 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 2023, (and Business Improvement District (BID) levy to the end of June 2023).

## **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 2023, and sets out the arrears brought forward position at 1<sup>st</sup> April 2022, (BID to the end of June 2023).
- 2.3 The impacts of Covid-19 and also cost of living challenges, understandably, have been significant in terms of collection 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. Officers are committed to making realistic payment arrangements, aiming to avoid undue exceptional hardship to residents and businesses wherever possible.

## **3. Background**

- 3.1 2022/23 was another year of significant challenges for the Revenues and Benefits service, with ongoing impacts from the Covid-19 pandemic, as well as other matters relating to the cost-of-living affecting residents' incomes with rising prices of energy, fuel, food etc.

## **4. Council Tax Collection**

- 4.1 The Council Tax net collectable debit for 2022/23 after Council Tax Support, discounts and exemptions had been granted was £50,746,703. This is an increase of £2,955,931 from 2021/22.
- 4.2 Total payments received in respect of 2022/23 were £47,776,833. This is an increase of £2,853,072 from 2021/22.

4.3 For the financial year 2022/23, in-year collection is up by 0.15%, compared to 2021/22. 2022/23 in-year collection is 94.15%, compared to 94.00% in 2021/22. Although performance has not yet returned to pre-pandemic levels of collection, to increase this in-year collection rate is a positive achievement in light of the significant impacts of the well-documented cost of living challenges locally and nationally.

4.4 Council Tax arrears brought forward on 1<sup>st</sup> April 2022 and 1<sup>st</sup> April 2023 are shown below:

Council Tax	Brought-forward 1 <sup>st</sup> April 2022	Council Tax	Brought-forward 1 <sup>st</sup> April 2023	Increase/ (Decrease)
Value of accounts in credit for the years before 2021/22	-£956,769	Value of accounts in credit for the years before 2022/23	-£1,188,958	Increase £232,189
Value of accounts in debit for the years before 2021/22	£3,428,880	Value of accounts in debit for the years before 2022/23	£2,449,046	Decrease (£979,834)
Value of accounts in credit in 2021/22	-£128,991	Value of accounts in credit in 2022/23	-£677,654	Increase £548,543
Value of accounts in debit in 2021/22	£1,709,461	Value of accounts in debit in 2022/23	£1,385,539	Decrease (£323,922)
Overall credits brought forward into 2022/23	-£1,955,231	Overall credits brought forward into 2023/24	-£1,866,612	Decrease (£88,619)
Overall debits brought forward into 2022/23	£9,067,724	Overall debits brought forward into 2023/24	£7,271,866	Decrease (£1,795,858)
Number of arrears cases	25,658	Number of arrears cases	14,070	Decrease (£11,588)

The balance of debits brought forward into 2022/23 was £3,428,880 and this decreased to £2,449,046 by 31<sup>st</sup> March 2023, a decrease of £979,834.

The balance of credits brought forward into 2022/23 was £956,769, which increased to £1,188,958.

4.5 The new arrears figure of £7,271,866 brought forward represents; the balance of arrears outstanding from previous years at 31<sup>st</sup> March 2023 as set out in 4.4 above, the Council Tax due in 2022/23 and not collected, court costs raised in 2022/23 and still unpaid, other adjustments made in 2022/23 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 2022/23 (which could be outstanding Council Tax from any financial year), the figure was £159,253. This compares to £268,228 written-out during 2021/22.

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 2022/23, £10,643 was written back on.

## 5. Business Rates Collection

- 5.1 The Business Rates net collectable debit for 2022/23 after empty voids, charity entitlements and other reliefs had been granted was £42,045,257. This is an increase of £7,105,311 from 2021/22. 2022/23 is not wholly comparable to 2022/23 due to a reduction in Expanded Retail Discount / Retail, Hospitality and Leisure Relief.
- 5.2 Total payments received in respect of 2022/23 were £41,705,944. This is an increase of £5,889,304 from 2021/22. The key reason again for this, was the reduction in award of Retail, Hospitality and Leisure Relief (previously Expanded Retail Discount) due to changes in the rules relating to this.
- 5.3 Business Rates arrears brought forward from all previous years at 1<sup>st</sup> April 2022 was £797,858. By 31<sup>st</sup> March 2023 these arrears had increased to £976,970.
- 5.4 The table below shows comparisons between 2021/22 and 2022/23 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

<b>Business Rates</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Increase/ (Decrease)</b>
Collection Rate	98.45%	99.19%	0.74%
Arrears @ 1 <sup>st</sup> April (Value)	£797,858	£976,970	Increase £179,113
Arrears @ 1 <sup>st</sup> April (Cases)	258	329	Increase 71

The increase in in-year collection is positive – particularly in light of the economic climate and significant challenges for businesses over the last three years, also due to the Retail Hospitality and Leisure Relief of 50% in 2022/23 (Expanded Retail Discount was 100% from 1<sup>st</sup> April 2021 to 30<sup>th</sup> June 2021, then 66% from 1<sup>st</sup> July 2021 to 31<sup>st</sup> March 2022).

- 5.5 The new arrears figure of £976,970 brought forward represents; the balance of arrears outstanding from previous years at 31<sup>st</sup> March 2022 as set out in 5.3 above, the Business Rates due in 2022/23 and not collected, the balance of court costs raised in 2021/22 and still unpaid, any other adjustments made in 2022/23 in respect of previous years, and excludes credits.
- 5.6 In terms of the amount of Business Rates written-out during the financial year 2022/23 (which could be outstanding Business Rates from any financial year), the figure was £26,278. This compares to £139,416 written-out during 2021/22.
- 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 2022/23, £398.24 was written back on.

## 6. Business Improvement District (BID) Levy Collection 2022/23

- 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 2023.
- 6.3 The 2022/23 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 30<sup>th</sup> June 2022 and 30<sup>th</sup> June 2023 is shown in the table below. Collection remained high, with the slight decrease being partly due to a number of BID account payer changes in June 2023.

Year ending 30 <sup>th</sup> June 2023	97.21%	Decrease (0.16%)
Year ending 30 <sup>th</sup> June 2022	97.37%	

## 7. Housing Rents Collection

- 7.1 The net Housing Rent debit for 2022/23 (collectable rent) excluding Housing Benefits, Universal Credit and other adjustments was £30,185,668 of which 99.91% was collected. This is a decrease of 0.27% on 2021/22 collection of 100.18%.
- 7.2 For administration purposes, Housing Rent arrears are split between 'current' and 'former' tenants. The table below shows comparisons between 2021/22 and 2022/23 in respect of: in-year collection rate, arrears brought forward and number of arrears cases.

Housing Rents	2021/22	2022/23	Increase/ (Decrease)
Collection Rate (including arrears/credits b/f)	97.07%	96.88%	(0.19%)
Collection Rate (excluding arrears/credits b/f)	100.18%	99.91%	(0.27%)
Arrears @ 1 <sup>st</sup> April (Value)	£2,002,314	£2,038,070	£35,756
- Current	£1,042,420	£1,031,048	(£11,372)
- Former	£959,894	£1,007,022	£47,128
Arrears @ 1 <sup>st</sup> April (Cases)	2,490	2,530	40

- 7.3 Tenancy Services continues 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 2023 stood at 99.91%, a decrease from 100.18% at the end of the previous year. There was an overall reduction in arrears from £1,042,420 to £1,031,048, a reduction of £11,372.

Arrears as a % of the debit stood at 3.40% as of the end of March, compared to 3.63% the previous year, an improvement of 0.23%.

Evictions increased to 18 being carried out in 2022/23 compared to 10 being carried out in 2021/22 and 0 in 2020/21. The increase in evictions was due to a number of cases that were on hold during the Covid-19 period being processed.

- 7.4 Former tenant arrears collection for 2022/23 was 25.64% (compared to 2021/22 29.42%).

## 8. Sundry Debtors Collection

- 8.1 A total of 11,916 new debtor accounts were raised in 2022/23 amounting to £15,316,565 in cash terms.
- 8.2 The table below shows comparisons between 2021/22 and 2022/23 in respect of arrears brought forward and number of arrears cases.

<b>Sundry Debtors</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Increase/ (Decrease)</b>
Arrears @ 1 <sup>st</sup> April (Value)	£4,557,447	£3,030,184	Decrease (£1,527,263)
Arrears @ 1 <sup>st</sup> April (Cases)	4,801	4,974	Increase 173

Sundry debt invoices to the value of £1,182,880 were raised in March 2023, with expectation that some of these would not be paid in year (i.e. in 2022/23). The collection rate for 2022/2023 was 87.50% - this is an increase from 2021/22 of 3.45%. 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 2023 would generally mean that this is not paid before 1<sup>st</sup> April 2023.

## 9. Housing Benefit Overpayments Collection

- 9.1 The balance of outstanding Housing Benefit Overpayments as at 1<sup>st</sup> April 2023 was £2,458,831 and compares to £2,661,801 at 1<sup>st</sup> April 2022, a decrease of £202,970.
- 9.2 A total of £614,787 in Housing Benefit overpayments was raised in 2022/23. Total credits received in 2022/23 were £704,467 – 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 2023 was 1,287.

The table below shows comparisons between 2021/22 and 2022/23 in respect of arrears brought forward and number of arrears cases in the Debtors system.

<b>Housing Benefit Overpayments</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Increase/ (Decrease)</b>
Arrears @ 1 <sup>st</sup> April (Value)	£2,661,801	£2,458,831	(£202,970)
Arrears @ 1 <sup>st</sup> April (Cases)	1,416	1,287	(129)

## **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** No

**Do the Exempt Information Categories Apply?** No

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

**How many appendices does the report contain?** None

**List of Background Papers:** None

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