

SUBJECT: INCOME AND ARREARS MONITORING

DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK

REPORT AUTHOR: MARTIN WALMSLEY, ASSISTANT DIRECTOR – 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 2024, (and Business Improvement District (BID) levy to the end of June 2024).

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 2024, and sets out the arrears brought forward position at 1st April 2024, (BID to the end of June 2024).
- 2.3 The impacts of Covid-19 and also ongoing 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 in recent years. 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 2023/24 was another year of significant demands for the Revenues and Benefits service, with ongoing impacts from cost of living challenges affecting residents' incomes with rising prices of energy, fuel, food etc.

4. Council Tax Collection

- 4.1 The Council Tax net collectable debit for 2023/24 after Council Tax Support, discounts and exemptions had been granted was £53,541,919. This is an increase of £2,795,216 from 2022/23.
- 4.2 Total payments received in respect of 2023/24 were £50,352,612. This is an increase of £2,575,779 from 2022/23.

- 4.3 For the financial year 2023/24, in-year collection is down by 0.11%, compared to 2022/23. 2023/24 in-year collection is 94.04%, compared to 94.15% in 2022/23. Although performance has not yet returned to pre-pandemic levels of collection, the outturn collection rate is still a positive achievement in light of the significant impacts of the well-documented ongoing cost of living challenges locally and nationally.
- 4.4 Council Tax arrears brought forward on 1st April 2023 and 1st April 2024 are shown below:

| Council Tax @ 1.4.2023 | Brought-forward 1st April 2023 | Council Tax | Brought-forward 1st April 2024 | Increase/ (Decrease) |
|--|--|--|--|---------------------------------|
| Value of accounts in credit for the years before 2022/23 | -£1,210,805 | Value of accounts in credit for the years before 2023/24 | -£1,404,636 | Increase £193,830 |
| Value of accounts in debit for the years before 2022/23 | £6,454,072 | Value of accounts in debit for the years before 2023/24 | £7,642,565 | Increase £1,188,492 |
| Value of accounts in credit in 2022/23 | -£973,578 | Value of accounts in credit in 2023/24 | -£1,233,251 | Increase £259,673 |
| Value of accounts in debit in 2022/23 | £4,064,857 | Value of accounts in debit in 2023/24 | £4,601,728 | Increase £536,871 |
| Overall credits brought forward into 2023/24 | -£2,184,383 | Overall credits brought forward into 2024/25 | -2,637,887 | Increase £453,503 |
| Overall debits brought forward into 2023/24 | £10,518,929 | Overall debits brought forward into 2024/25 | £12,244,293 | Increase £1,725,363 |
| Number of arrears cases | 18,199 | Number of arrears cases | 18,739 | Increase 540 |

The balance of debits brought forward into 2023/24 was £10,518,929 and this increased to £12,244,293 by 31st March 2024, an increase of 1,725,363.

The balance of credits brought forward into 2023/24 was £2,184,383 and this increased to £2,637,887, an increase of £453,503.

- 4.5 The new arrears figure of £12,244,293 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2024 as set out in 4.4 above, the Council Tax due in 2023/24 and not collected, court costs raised in 2023/24 and still unpaid, other adjustments made in 2023/24 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 2023/24 (which could be outstanding Council Tax from any financial year), the figure was £171,305. This compares to £159,153 written-out during 2022/23.
- 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 2023/24, £29,500 was written back on.

5. Business Rates Collection

- 5.1 The Business Rates net collectable debit for 2023/24 after empty voids, charity entitlements and other reliefs had been granted was £37,813,724. This is a decrease of £4,231,533 from 2022/23. Recent years are not wholly comparable due to changes in eligible reductions in respect of Expanded Retail Discount / Retail, Hospitality and Leisure Relief, in addition to reassessments of properties by the Valuation Office.
- 5.2 Total payments received in respect of 2023/24 were £37,178,567. This is a decrease of £4,527,377 from 2022/23. A key reason again for this, was eligibility for Retail, Hospitality and Leisure Relief (previously Expanded Retail Discount) and some reassessments by the Valuation Office.
- 5.3 Business Rates arrears brought forward from all previous years at 1st April 2023 was £1,207,542. By 31st March 2024 these arrears had increased to £1,209,511.
- 5.4 The table below shows comparisons between 2022/23 and 2023/24 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

| Business Rates | 2022/23 | 2023/24 | Increase/ (Decrease) |
|--|----------------|----------------|---------------------------------|
| Collection Rate | 99.19% | 98.32% | (0.87%) |
| Arrears @ 1 st April (Value) | £1,207,542 | £1,209,511 | Increase £1,969 |
| Arrears @ 1 st April (Cases) | 329 | 455 | Increase 126 |

Despite a reduction in collection, this still remains high - which is positive, particularly in light of the economic climate and significant challenges for businesses in recent years, also due to the Retail Hospitality and Leisure Relief of 75% in 2023/24, 50% in 2022/23 (Expanded Retail Discount was 100% from 1st April 2021 to 30th June 2021, then 66% from 1st July 2021 to 31st March 2022).

- 5.5 The new arrears figure of £1,209,511 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2023 as set out in 5.3 above, the Business Rates due in 2023/24 and not collected, the balance of court costs raised in 2023/24 and still unpaid, any other adjustments made in 2023/24 in respect of previous years, and excludes credits.
- 5.6 In terms of the amount of Business Rates written-out during the financial year 2023/24 (which could be outstanding Business Rates from any financial year), the figure was £209,239. This compares to £26,278 written-out during 2022/23.
- 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 2023/24, £9,260 was written back on.

6. Business Improvement District (BID) Levy Collection 2023/24

- 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 2024.
- 6.3 The 2023/24 net collectable debit raised in respect of the Levy was £454,595.
- 6.4 A comparison of in-year collection rates between the BID financial years ending 30th June 2023 and 30th June 2024 is shown in the table below, with collection remaining high.

| | | |
|--|--------|----------------|
| Year ending 30 th June 2024 | 97.42% | Increase 0.21% |
| Year ending 30 th June 2023 | 97.21% | |

7. Housing Rents Collection

- 7.1 The net Housing Rent debit for 2023/24 (collectable rent) excluding Housing Benefits, Universal Credit and other adjustments was £32,606,752 of which 99.69% was collected. This is a decrease of 0.05% on 2022/23 collection of 99.91%.
- 7.2 For administration purposes, Housing Rent arrears are split between 'current' and 'former' tenants. The table below shows comparisons between 2022/23 and 2023/24 in respect of: in-year collection rate, arrears brought forward and number of arrears cases.

| Housing Rents | 2022/23 | 2023/24 | Increase/ (Decrease) |
|---|------------|------------|-------------------------|
| Collection Rate (including arrears/credits b/f) | 96.88% | 96.83% | (0.05%) |
| Collection Rate (excluding arrears/credits b/f) | 99.91% | 99.69% | (0.22%) |
| | | | |
| Arrears @ 1 st April (Value) | £2,038,070 | £1,885,306 | (£152,764) |
| - Current | £1,031,048 | £1,009,951 | (£21,097) |
| - Former | £1,007,022 | £875,355 | (£131,667) |
| | | | |
| Arrears @ 1 st April (Cases) | 2,530 | 2,599 | 69 |

- 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 2024 stood at 99.69%, a slight decrease from 99.91% at the end of the previous year. There was an overall reduction in current arrears from £1,031,048 to £1,009,951, a reduction of £21,097.

Arrears as a % of the debit stood at 2.88% as of the end of March 2024, compared to 3.40% the previous year, an improvement of 0.52%.

Evictions increased to 25 being carried out in 2023/24 compared to 20 being carried out in 2022/23.

- 7.4 Former tenant arrears collection for 2023/24 was 31.45% (compared to 2022/23 25.64%).

8. Sundry Debtors Collection

- 8.1 A total of 12,521 new debtor accounts were raised in 2023/24 amounting to £17,511,640 in cash terms.

- 8.2 The table below shows comparisons between 2022/23 and 2023/24 in respect of arrears brought forward and number of arrears cases.

| Sundry Debtors | 2022/23 | 2023/24 | Increase/ (Decrease) |
|--|------------|------------|-------------------------|
| Arrears @ 1 st April (Value) | £3,241,803 | £4,583,954 | Increase £1,342,151 |
| Arrears @ 1 st April (Cases) | 5,508 | 5,931 | Increase 428 |

Sundry debt invoices to the value of £2,012,138 were raised in March 2024, with expectation that some of these would not be paid in year (i.e. in 2023/24). (Raised in March 2023 £1,182,880) The collection rate for 2023/24 was 81.73% - this is a decrease from 2022/23 of 87.50%. 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 2024 would generally mean that this is not paid before 1st April 2024.

In March 2024, there were a total of 1,198 invoices raised, of which 462 were paid in full and 33 invoices were part paid.

9. Housing Benefit Overpayments Collection

- 9.1 The balance of outstanding Housing Benefit Overpayments as at 1st April 2024 was £2,199,302 and compares to £2,458,227 at 1st April 2023, a decrease of £258,925.

9.2 A total of £715,490 in Housing Benefit overpayments was raised in 2023/24. Total credits received in 2023/24 were £846,401 – 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 2024 was 1,222.

The table below shows comparisons between 2022/23 and 2023/24 in respect of arrears brought forward and number of arrears cases in the Debtors system.

| Housing Benefit Overpayments | | | | 2022/23 | 2023/24 | Increase/ (Decrease) |
|-------------------------------------|---|-----------------|-------|----------------|----------------|-----------------------------|
| | | | | | | |
| Arrears (Value) | @ | 1 st | April | £2,458,227 | £2,199,302 | (£258,925) |
| | | | | | | |
| Arrears (Cases) | @ | 1 st | April | 1,287 | 1,222 | (65) |

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 No

Information Categories
Apply?

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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