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| SUBJECT: | INCOME AND ARREARS MONITORING |
| DIRECTORATE: | CHIEF EXECUTIVE AND TOWN CLERK |
| REPORT AUTHOR: | ASSISTANT DIRECTOR FOR 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 2025, (and Business Improvement District (BID) levy to the end of June 2025).

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 2025, and sets out the arrears brought forward position at 1st April 2025, (BID to the end of June 2025).
- 2.3 The 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 2024/25 was another year of significant demands for the Revenues and Benefits service, with ongoing impacts from cost of living challenges affecting residents' incomes with high prices of energy, fuel, food etc.

4. Council Tax Collection

- 4.1 The Council Tax net collectable debit for 2024/25 after Council Tax Support, discounts and exemptions had been granted was £56,742,355. This is an increase of £3,200,436 from 2023/24.
- 4.2 Total payments received in respect of 2024/25 were £53,754,142. This is an increase of £3,401,530 from 2023/24.
- 4.3 For the financial year 2024/25, in-year collection of 94.73% is up by 0.69% compared to 2023/24 (94.04%).

Although performance has not yet returned to pre-pandemic levels of collection, the outturn collection rate is 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 2024 and 1st April 2025 are shown below:

| Council Tax @1.4.2025 | Brought- forward 1st April 2024 | Council Tax | Brought- forward 1st April 2025 | Increase/ (Decrease) |
|----------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|---------------------------------|
| Value of accounts in credit for the years before 2023/24 | -£1,404,636 | Value of accounts in credit for the years before 2024/25 | -£1,525,681 | Increase £121,045 |
| Value of accounts in debit for the years before 2023/24 | £7,642,565 | Value of accounts in debit for the years before 2024/25 | £9,089,635 | Increase £1,447,070 |
| Value of accounts in credit in 2023/24 | -£1,233,251 | Value of accounts in credit in 2024/25 | -£1,188,971 | Decrease £44,280 |
| Value of accounts in debit in 2023/24 | £4,604,728 | Value of accounts in debit in 2024/25 | £4,349,050 | Decrease £255,678 |
| Overall credits brought forward into 2024/25 | -£2,637,887 | Overall credits brought forward into 2025/26 | -£2,673,711 | Increase £35,824 |
| Overall debits brought forward into 2024/25 | £12,244,293 | Overall debits brought forward into 2025/26 | £13,438,686 | £1,194,393 |
| Number of arrears cases | 18,739 | Number of arrears cases | 18,326 | Decrease of 413 |

The balance of debits brought forward into 2024/25 was £12,244,293 and this increased to £13,438,686 by 31st March 2025, an increase of £1,194,393.

The balance of credits brought forward into 2024/25 was £2,637,887 and this increased to £2,673,711 an increase of £35,824.

4.5 The new arrears figure of £13,438,686 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2025 as set out in 4.4 above, the Council Tax due in 2024/25 and not collected, court costs raised in 2024/25 and still unpaid, other adjustments made in 2024/25 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 2024/25 (which could be outstanding Council Tax from any financial year), the figure was £198,028. This compares to £171,305 written-out during 2023/24.

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 2024/25, £27,616 was written back on.

5. Business Rates Collection

- 5.1 The Business Rates net collectable debit for 2024/25 after empty voids, charity entitlements and other reliefs had been granted was £40,586,757. This is an increase of £2,773,032 from 2023/24. 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. The retail relief for 2024/25 was 75% and the retail relief for 2023/24 was 75% but for 2025/26 this is reduced to 40%.
- 5.2 Total payments received in respect of 2024/25 were £39,964,312. This is an increase of £2,685,745 from 2023/24.
- 5.3 Business Rates arrears brought forward from all previous years at 1st April 2024 was £1,209,511. By 31st March 2024 these arrears had increased to £1,382,651.
- 5.4 The table below shows comparisons between 2023/24 and 2024/25 in respect of; in-year collection rate, arrears brought forward and number of arrears cases.

| Business Rates | 2023/24 | 2024/25 | Increase/ (Decrease) |
|--------------------------------------------|----------------|----------------|---------------------------------|
| Collection Rate | 98.32% | 98.22% | 0.10% |
| Arrears @ 1 st April (Value) | £1,209,511 | 1,382,651 | Increase £173,319 |
| Arrears @ 1 st April (Cases) | 455 | 288 | Decrease 167 |

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.

- 5.5 The new arrears figure of £1,382,651 brought forward represents; the balance of arrears outstanding from previous years at 31st March 2025 as set out in 5.3 above, the Business Rates due in 2024/25 and not collected, the balance of court costs raised in 2024/25 and still unpaid, any other adjustments made in 2024/25 in respect of previous years, and excludes credits.
- 5.6 In terms of the amount of Business Rates written-out during the financial year 2024/25 (which could be outstanding Business Rates from any financial year), the figure was £91,723. This compares to £209,239 written-out during 2023/24..
- 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 2024/25 £4,765 was written back on.

6. Business Improvement District (BID) Levy Collection 2024/25

- 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 2025.
- 6.3 The 2024/25 net collectable debit raised in respect of the Levy was £461,950.
- 6.4 A comparison of in-year collection rates between the BID financial years ending 30th June 2024 and 30th June 2025 is shown in the table below, with collection remaining high.

| | | |
|----------------------------------------|--------|-------------------|
| Year ending 30 th June 2025 | 97.23% | Decrease of 0.19% |
| Year ending 30 th June 2024 | 97.42% | |

A high level of in-year collection has again been achieved for the BID Levy.

7. Housing Rents Collection

- 7.1 The net Housing Rent debit for 2024/25 (collectable rent) excluding Housing Benefits, Universal Credit and other adjustments was £35,842,015 of which 99.87% was collected. This is an increase of 0.17%% on 2023/24 collection of 99.69%.
- 7.2 For administration purposes, Housing Rent arrears are split between 'current' and 'former' tenants. The table below shows comparisons between 2023/24 and 2024/25 in respect of: in-year collection rate, arrears brought forward and number of arrears cases.

| Housing Rents | 2023/24 | 2024/25 | Increase/ (Decrease) |
|----------------------------------------------------|----------------|----------------|---------------------------------|
| Collection Rate (including arrears/credits b/f) | 96.83% | 97.05% | 0.22% |
| Collection Rate (excluding arrears/credits b/f) | 99.69% | 99.87% | 0.17% |
| Arrears @ 1 st April (Value) | £1,885,306 | £2,329,032 | £443,726 |
| - Current | £1,009,951 | £1,208,449 | £198,498 |
| - Former | £875,355 | £1,120,583 | £245,228 |
| Arrears @ 1 st April (Cases) | 2,599 | 2,780 | 181 |

- 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 2025 stood at 99.87%, a slight increase from 99.69% at the end of the previous year. There was an overall increase in current arrears from £1,009,951 to £1,208,449, an increase of £198,498.

Arrears as a % of the debit stood at 3.38% as of the end of March 2025, compared to 2.88% the previous year, an increase of 0.50%.

Evictions decreased to 19 being carried out in 2024/25 compared to 25 being carried out in 2023/24.

- 7.4 Former tenant arrears collection for 2024/25 was 16.06% (compared to 2023/24 collection of 31.45%). Collection has reduced due to a number of factors, including cost of living challenges and rents where these are not paid during the period of tenancy. Also, where a tenant has vacated we do not always have a forwarding/contact address to pursue the debt – although every appropriate route to trace a debtor is followed. Reduced staffing resources on the team also had an impact on collection, however additional Recovery Officers have recently been put in place, - once new officers have been trained this will help to make positive impacts regarding performance.

8. Sundry Debtors Collection

- 8.1 A total of 15,108 new debtor accounts were raised in 2024/25 amounting to £19,563,074 in cash terms.
- 8.2 The table below shows comparisons between 2023/24 and 2024/25 in respect of arrears brought forward and number of arrears cases.

| Sundry Debtors | | | | 2023/24 | 2024/25 | Increase/ (Decrease) |
|-----------------------|---|-----------------|-------|----------------|----------------|---------------------------------|
| Arrears (Value) | @ | 1 st | April | £4,583,954 | £5,844,681 | Increase £1,260,727 |
| Arrears (Cases) | @ | 1 st | April | 5,931 | 7,239 | Increase 1,308 |

Sundry debt invoices to the value of £1,709,463 were raised in March 2025, with expectation that some of these would not be paid in year (i.e. in 2024/25). The collection rate for 2024/25 was 79.43% - this is a decrease from 2023/24 of 81.73%. The matter of raising large invoices towards the end of the financial year is not an issue in itself, however does present an impact on in-year 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 2025 would generally mean that this is not paid before 1st April 2025.

In March 2025, there were a total of 1,093 invoices raised, of which 450 were paid in full and 25 invoices were part paid or credit notes raised.

9. Housing Benefit Overpayments Collection

- 9.1 The balance of outstanding Housing Benefit Overpayments as of 1st April 2025 was

£1,164,273 and compares to £2,199,302 on 1st April 2024, a decrease of £575,029.

9.2 A total of £564,733 in Housing Benefit overpayments was raised in 2024/25. Total credits received in 2024/25 were £732,347 – 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 2025 was 1,100.

The table below shows comparisons between 2023/24 and 2024/25 in respect of arrears brought forward and number of arrears cases in the Debtors system.

| Housing Benefit Overpayments | 2023/24 | 2024/25 | Increase/ (Decrease) |
|-----------------------------------------|----------------|----------------|-----------------------------|
| Arrears @ 1 st April (Value) | £2,199,302 | £1,624,273 | Decrease £575,029 |
| Arrears @ 1 st April (Cases) | 1,222 | 1,100 | Decrease 122 |

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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