

Meeting date: 5 December 2022

Report to: Cabinet Member for Resources

Report title: Debt Monitoring Report - Quarter 2 2022/23

Report from: Director of Resources and Deputy Chief Executive

Report author/lead contact officer: Joanne Robinson Head of Income & Awards
joanne.robinson@solihull.gov.uk

Wards affected:

- All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege
-

Public/private report: Public

Exempt by virtue of paragraph: N/A

1. Executive Summary

- 1.1 To give the Cabinet Member for Resources a high-level view of debts owed to the Council and the action taken to recover these as at 30 September 2022. This includes the debts we have been unable to recover and need to be written off.

2. Decision(s) Recommended

2.1 The Cabinet Member for Resources is asked:

- (a) To note the outstanding levels of debt as at 30 September 2022.
- (b) To note the level and value of debts under £10,000 authorised for write off by the Director of Resources and Deputy Chief Executive between 1 July 2022 and 30 September 2022.
- (c) To approve the write off of sundry income and business rates debt over £10,000 totalling £90,822.61.

Report Title: Debt Monitoring Report - Quarter 2 2022/23

3. Matters for Consideration

- 3.1 This report details the Council's income collection position at the end of quarter 2 (1 July 2022 and 30 September 2022).
- 3.2 **Council Tax Collection** – At the end of September 2022 the overall Council Tax collection was 57.40%, which is 0.33% behind compared to this time last year (£471,521 in cash terms).
- 3.3 The collection rate for those receiving council tax reduction (CTR) was 47.34% which is 0.52% ahead compared to this time last year (£12,996 in cash terms).
- 3.4 From April 2022, the team's resources focused on paying residents the newly announced £150 energy rebate payment. This meant council tax recovery was delayed until the majority of energy rebate payments were processed. Reminder notices for any instalments that were overdue in 2022/23 commenced in June 2022 which was later than the previous financial year and is one of the main reasons collection is behind in comparison.
- 3.5 The cost-of-living increase will also be a factor, we will continue to support customers to pay their council tax through flexible payment arrangements and signpost customers for additional financial support and monitor the impact as the year progresses.
- 3.6 **Business Rates Collection** – As at the end of September 2022 Business Rates collection was 59.36% which is 9.38% ahead compared to this time last year (£11,089,400 in cash terms).
- 3.7 **Sundry Income Collection** – As at the end of September 2022 the in-year Sundry Income collection was 67.49% which is 4.06% ahead of this time last year (£900,390.54 in cash terms).
- 3.8 The collection rate for the financial year 2021/22 as at 30 September 2022 was 95.05%, this is 2.95% short of our 98% collection target (£2,125,335.76 in cash terms). It is worth noting during Quarter 1 2022/23, there was a four-week period of system down time due to the move to Oracle Cloud. During this time no recovery notices were issued and our debt collection activities were limited.
- 3.9 **Housing Benefit Overpayment Collection** - Where customers do not report a change in their circumstances and we are later made aware of this, customers are expected to repay any Housing Benefit that has been overpaid.
- 3.10 At the end of September 2022 overpaid housing benefit debt collection was 86.77% which is behind by 20.87% compared to last year (£109,314.01 in cash terms). It is worth noting compared to the same time last year an additional £82,147 was raised in HBOP debt and this is still above our collection target of 60%.
- 3.11 The amount of overpaid Housing Benefit debt collected will include income received in quarter 2 and previous quarters as payments collected cannot be separated into the financial year the overpayment was raised.

- 3.12 **Rent Collection** – As at 30 September 2022 rent collection was 97.19% which is 0.08% behind this time last year (£18,502.58 in cash terms).
- 3.13 At the end of quarter 2, 3,846 tenants were claiming UC, this includes 215 new claims made for UC between July 2022 and September 2022. For those tenants who are claiming UC and either there is vulnerability, or their rent is more than 8 weeks in arrears Solihull Community Housing (SCH) can refer cases to the DWP via a dedicated landlord portal. The DWP will then pay the tenants housing costs directly to SCH - this is known as a third-party payment. The number of tenants for which SCH are receiving a third-party payment is currently 576 which compared to this time last year was 652 (76 fewer).
- 3.14 From October 2021 Notice of Seeking Possession claims are being served in line with pre-Covid operations. The Notice of Seeking Possession gives tenants 1 month's notice before proceeding to court. The number of notices issued are increasing but still has not reached pre-Covid levels.
- 3.15 In addition, there has been an increase in arrears as a result of cost-of-living pressures. Weekly arrears caseloads are now increasing with the number of cases reported at the end of Quarter 2 showing 4,338 arrears cases compared to 3,993 at the same time last year. One contributory factor is the level of direct debit recalls, which have during the first 6 months of the year increased by 66% (from £120,298 last year to £199,718 this year) and is now impacting on workloads for SCH'S Income Collection Team.
- 3.16 Full details of this year's collection figures can be found at Appendix A.
- 3.17 **Write Offs** - We take an energetic and proactive approach to the collection of monies owed to the Council. Where payment is not forthcoming, action to recover is taken through the courts and via tracing and collection agents. Where no further action can be taken to recover the outstanding balances, these are considered for write-off.
- 3.18 The Cabinet Member has delegated authority to write off uncollectable debt under £10,000 to the Director of Resources and Deputy Chief Executive. A summary of the authorised write offs during the quarter are detailed in the table below:

Council Tax	£ 50,923.41
Business Rates	£ 0.00
Sundry Income	£ 26,406.65
Housing Benefit Overpayments	£ 31,541.38
Rents and Leaseholders	£ 78,202.45

- 3.19 Debts over £10,000 have to be authorised by the Cabinet Member for Resources. The latest debts to be considered for write off that are over £10,000 can be found at Appendix B (in the private part of the agenda).
- 3.20 Debts covering multiple years could be outstanding for two reasons:

1) If there was a payment arrangement that was eventually defaulted on (payment arrangements could cover more than one year's debt).

2) If no payment is made at all recovery action would start with a reminder and continue to bailiff action. This would be the same process for each subsequent new year's debt.

3.21 Where companies are dissolved or have gone into administration and no payment is made or payment arrangements cease, writing off the debt is the only option we can take.

4. What options have been considered and what is the evidence telling us about them?

4.1 This report is in accordance with the Council's Debt Collection Policies.

5. Reasons for recommending preferred option

5.1 This report is in accordance with the Council's Debt Collection Policies.

6. Implications and Considerations

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. 	N/A
<p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. 	We raise income in excess of £346 million each year in Council Tax, Business Rates, Sundry Income, overpaid Housing Benefit and Rents which funds public services
<p>Environment:</p>	N/A

Priority:	Contribution:
8. Enhance our natural environment, improve air quality and reduce net carbon emissions.	
9. Promote employee wellbeing	N/A

6.2 Consultation and Scrutiny:

6.2.1. This report has not been passed to scrutiny.

6.3 Financial implications:

6.3.1. The Council is required to set aside impairment allowances in the annual accounts where there is likelihood that debt may not be recovered. There are separate impairment allowances for business rates, council tax, sundry income, overpaid housing benefit and HRA rents, each being calculated on an age debt basis apart from HRA rents which is calculated on the value of the debt. The total value of the debts approved for write off can be funded from the appropriate impairment allowance.

6.3.2. The cost of any write-offs for rent and leaseholders is met from funds set aside in the HRA impairment allowance.

6.3.3. Any reduction in collection rates will be kept under close review as part of the monthly reporting to the officer group called the Aligning Resources to Our Priorities (ARTOP) Board. These will also be reported as part of the financial update reports to the Resources and Delivering Value Scrutiny Board.

6.4 Legal implications:

6.4.1. None.

6.5 Risk implications, including Risk Appetite:

6.5.1. Assessment identified there are no net "red" risks that need to be reported

6.6 Equality implications:

6.6.1. There are no direct equality analysis implications for the write off procedure as it is based on the age of the debt

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1. N/A.

7. List of appendices referred to

7.1 Appendix A – Debt and Collection Overview as at 30 September 2022

The following Appendices are not for Publication by virtue of paragraphs 3 and 7 of

Schedule 12A of the Local Government Act 1972

Appendix B – Sundry Income Write off over £10,000 to be approved

Appendix C – Business Rates Write off over £10,000 to be approved

8. Background papers used to compile this report

8.1 None

9. List of Other Relevant Documents

1.1 None