

Scrutiny Board:	Budget and Corporate Scrutiny Management Board
Report Title	Debt Collection
Date of Meeting	Thursday, 6 November 2025
Report Author	Chris Boylett, Interim Head of Revenues and Benefits
Lead Officer	Alex Thompson, Executive Director - Finance & Transformation
Wards Affected	(All Wards);
Identify exempt information and exemption category	Choose an item.
Appendices (if any)	N/A

1. Executive Summary

- 1.1 This report details the council's debt collection performance and debt management arrangements.

The report includes:

- Commentary on debt collection performance for the income streams managed by the Revenues and Benefits Service
 - Council Tax,
 - Non- Domestic Rates,
 - Housing Benefits Overpayments
 - Sundry Debts
- The challenges being faced in the collection of these debts.
- Actions identified for the improvement of collection and the identification and support for vulnerable debtors.

2. Recommendations

That the Budget and Corporate Scrutiny Management Board considers and comments upon the information presented and determines whether it wishes to make any recommendations to the Executive.

3. Background and Context

- 3.1 The Revenues and Benefits service is responsible for the collection of council tax, business rates, housing benefit overpayments and for the collection of general income that is raised through sales ledger invoices. The team is responsible for the management of cases sent to enforcement agents or for other recovery action. Council tax and business rates income streams form a significant part of the council's budget, and therefore are crucial to ensure that the council has sufficient funding to deliver its services and deliver its aims and objectives.
- 3.2 The Revenues and Benefits service impacts all residents and businesses in the borough and seeks to ensure it collects the right amount at the right time from the right person, and to deliver efficient processes to maximise collection, whilst delivering support for residents who may be vulnerable.
- 3.3 Each income stream has a prescribed collection process and the service ensures that it meets all legislative requirements. It will also utilise additional steps to help debtors and to encourage payment as early as possible so that charge payers can avoid further recovery action and additional costs.

Council Tax

- 3.4 The council tax team sends bills totalling £177m per year to approximately 137,000 households across Sandwell. It supports 27,000 households through Council Tax Reduction. In year collection for 2025/26 has reached 52.29% at the end of September 2025. This is 0.71% below the collection rate achieved at the same point during the previous year.
- 3.5 Nationally and locally, the level of council tax arrears has grown in recent years. The trends in arrears can be attributed to a number of factors; firstly the year on year increases to council tax charges that local authorities are having to issue to residents to help to fund local authorities' increases in costs; the pandemic which resulted in local authorities suspending recovery action and residents suffering a reduction in income; and finally the cost-of-living crisis has seen household incomes squeezed. Increasingly the households facing challenges have changed, as many of those who are working and outside the support of benefits are seeing rises in outgoings outstripping rises in their income.

Business Rates

- 3.5 The Business Rates team sends bills totalling £128m per year to approximately 11,000 hereditaments across Sandwell. In year collection for 2025/26 has reached 57.84% at the end of September 2025, which is an improvement of 1.09% in comparison with the previous year.
- 3.6 The level of business rates arrears has grown in recent years, however. The rise in arrears can be linked to the pandemic, the impact on businesses during that period and the ongoing recovery and challenges in the economy generally. At the same time, the government has introduced a number of schemes to support different sectors such as retail, hospitality and leisure.

Housing Benefit Overpayments

- 3.7 The number of households receiving housing benefit has fallen to 8,096 as the DWP completes the migration of working age housing benefit claims to Universal Credit.
- 3.8 Factors impacting recovery of housing benefit overpayments include; the Universal Credit migration - as more customers move to Universal Credit, ongoing overpayments will be more difficult to recover as the housing benefit direct recoveries from entitlement will reduce; collecting housing benefit overpayments via the DWP Benefits will be more difficult due to the low priority of housing benefit debt; Council tax reduction scheme (CTRS) changes from 2025/26 will mean that customers previously in receipt of full CTRS will now have to make payments towards their council tax, reducing the amount of 'spare' income that they may have.
- 3.9 The team continues to try to implement the recommendations of the DWP support team and, despite the challenges, is improving collection rates.

Sundry Debt

- 3.10 The service collects debts on behalf of multiple other departments through its Accounts Receivable team.
- 3.11 The level of sundry debt managed by the team grew from 27.0m at the end of 2023/24 to 30.3m at the end of 2024/25. This can be partly explained by increases in the level of debt raised and also by temporary delays in recovery caused by the migration of systems to the Oracle Fusion ERP system.
- 3.12 As the team and the wider council becomes more familiar with the system, collection has improved. During 2024/25, £14.2m of previous years debt was collected relating to 53.6% of debt outstanding at the end of March 2024. During the first half of the current financial year, the team has reduced the balance of debts owing at the end of March 2025 to £17.8m or by 41.3%

Improving Our Processes and Outcomes

- 3.13 Improving the process and outcomes from debt recovery is a key driver for the Revenues and Benefits service going forward. The new management team of the service is working to develop a clear roadmap and delivery plan for these improvements. These fall into several key areas, as follows:
- *Improving our processes and becoming more proactive with customer engagement*
This includes the upcoming implementation of proactive SMS and email soft reminders for council tax and housing benefit overpayments and the review of recovery schedules to ensure that all appropriate cases are chased within the financial year.
 - *Better use of data to identify vulnerability and supporting those struggling to pay*
The service will seek to utilise both internal and external data to better segment debts to allow a tailored approach to debt collection. This will allow support to be targeted to those who are suffering hardship or are vulnerable.

- *Use of technologies to drive more automation and efficiency*
The service will seek to utilise technologies such as robotic process automation to deal with routine administrative tasks which will enable resources to be focussed on proactive debt collection and encourage engagement from debtors, to enable improved collection. It will also look at tools to help identify those at risk of default so that contact can be made at the earliest opportunity.
 - *Targeted resourcing for projects or debt stream, where a clear return on investment can be made*
The service is looking to take on additional resources for a fixed term period to target debt collection, in particular council tax debts. Experience elsewhere has shown that the targeting of resources in this area can deliver returns of £3-4 for every £1 invested. Technologies such as diallers and multi-channel engagement can reduce waste and focus resource on collection activities.
 - *Improved identification and write-off of uncollectable debt*
The level and age of outstanding debt remains a concern. It is clear a percentage of this will be uncollectable either legislatively, uneconomical or untraceable and should be written off. The service proposes as part of its long-term plan to review cases as part of its efforts to maximise collection to also write-off debts that are uncollectable so that they are not unnecessarily held on the books.
- 3.14 This approach will enable the service to modernise and tailor its approach to debt collection and ultimately look towards a single view of debt which will allow the council to deal with residents in a more efficient manner. This approach will allow residents to have a rounded conversation about the debts owed to the council and reduce repetitive and wasteful contacts from individual services. This aim will need to be implemented when the individual debt streams have the most efficient approaches to debt collection.

4. Consultation

- 4.1 Not required in relation to the information contained within this report.

5. Financial Implications

- 5.1 The council's budget and medium-term financial strategy makes assumptions of the level of debt collected and the level of bad debt provision made. Failure to achieve the expected levels of collection impacts the council's ability to deliver its key services and balance its budget. Improving the level and efficiency of debt collection can reduce costs and deliver increased income to the council.

6. Legal and Governance Implications

- 6.1 The council has a statutory duty to collect debts owing and uses the various powers given to it through the Local Government Finance Act and other associate acts relating to the billing and collection of council tax, business rates and housing benefit overpayments.

7. Risks

- 7.1 The significant risks are outlined in the financial implications section above. Along with the budgetary risks, poor collection practices can impact the wellbeing of debtors, causing hardship. The service's approach to improving its processes to mitigate these risks is also outlined above.

8. Equality and Diversity Implications (including the public sector equality duty)

- 8.1 The service seeks to ensure it collects all debts owing to it in order to ensure funding is available to deliver vital services. In its actions to recover debt, it considers individual circumstances and vulnerabilities and will, if appropriate, tailor its approach to collection through the offer of affordable instalments or refer to welfare or debt advice.
- 8.2 The service also manages the Local Welfare Provision and hardship funds and, where hardship is identified, invites an application for financial support. Given the ongoing cost-of-living challenges many households are facing, these schemes are more important than ever and the service is looking to identify cases as early in the recovery process as possible.

9. Other Relevant Implications

None

10. Background Documents

Collection rates for council tax and non-domestic rates in England, 2024 to 2025 – MHCLG 30th July 2025.

11. How does this deliver the Outcomes in the Council Plan?

- Growing up in Sandwell
 - Living in Sandwell
 - Healthy in Sandwell
 - Thriving Economy in Sandwell
 - One Council One Team Approach.
- 11.1 The prompt and effective collection of debt supports the delivery of the council's planned outcomes by delivering the income that delivers services to residents and businesses. Failing to maximise collection ultimately leads to a reduced income for the council and pressure to reduce budgets. Supporting

residents through welfare and debt advice and hardship payments can reduce the risk of poorer outcomes for residents.