
Income Collection April - September 2025

Overview Select Committee

Date of Meeting: 3rd December 2025

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Claire Gavagan, Assistant Director of Finance
- Author contact details: claire.gavagan@leicester.gov.uk
- Report version number: V1

1. Summary

This report details progress made in collecting debts raised by the Council during the first six months of 2025-26, together with debts outstanding and brought forward from the previous year. It also sets out details of debts written off under delegated authority that have not been possible to collect at reasonable effort and expense.

This is a routine report made to members twice each year. As expected, the total outstanding debt increased over the first half of the financial year; this is due to the annual cycle of billing for council tax and business rates.

Figures included in this report need to be seen in the context of the total amount of income collected by the Council each year: as at half year 2025/26 the total amount raised from the areas covered in this report was £434m. Whilst some debt is difficult to collect, and some people find it difficult to pay, ultimately, we collect nearly all the money due to us.

2. Recommended actions/decision

2.1 The OSC is recommended to:

- Consider the overall position presented within this report and make any observations.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

Appendix A provides a summary of all debt.

Appendix B provides more detailed information and narrative for each main category of debt

Appendix C provides a summary of all the write-offs during the period.

Appendix D provides a summary of Write Offs Over £5k for 2025/26

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

The report details the Council's performance in collecting debts and amounts which have had to be written off.

Signed: Claire Gavagan, Assistant Director of Finance
Dated: 30 October 2025

5.2 Legal implications

There are no specific legal implications arising from this report, which is for information purposes.

Signed: Kevin Carter– Head of Law - Commercial, Property & Planning
Dated: 31 October 2025

5.3 Equalities implications

This report details progress made in collecting debts raised by the Council during the year 2025-26 together with debts outstanding and brought forward from the previous year. The Council must make every effort to collect its due debts. The Council aims to collect debt in a fair, proportionate and respectful manner.

Communications with residents are designed to prompt timely payment from residents who can pay, and early engagement from those who may have difficulties in making payments.

Copies of the Council's debt policy is available on the website
<https://www.leicester.gov.uk/your-council/how-we-work/debt-enforcement/if-you-are-struggling-to-pay>

Recovery action needs to strike a fair balance between sensitivity to debtors who are struggling to pay and the interests of the public as a whole (the income expected is part of our budget).

Effective communications are central to maximising income collection. Timely and accessible communications will help customers make the required payments. It is important to provide information clearly and transparently to debtors on what/how to pay, what to do if they can't pay and what actions we may take; assist them in understanding the situation, their options and what is required of them as individuals before further

recovery progression. It is important to note that while digital communications are efficient, not all residents have equal access to or proficiency with online services.

Signed: Equalities Officer, Surinder Singh, Ext 37 4148
Dated: 27 October 2025

5.5 Climate Emergency implications

None

Signed: Phil Ball, Sustainability Officer, Ext 372246
Dated: 30th October 2025

5.6 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

No other implications are noted as this is an income collection report, and therefore no policy changes are proposed.

6. Background information and other papers:

Finance Procedure Rules

Debt Policy

7. Summary of appendices:

Appendix A provides a summary of all debt.

Appendix B provides more detailed information and narrative for each main category of debt

Appendix C provides a summary of all the write-offs during the period.

Appendix D provides a summary of Write Offs Over £5k for 2025/26

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”? If so, why?

No

Appendix A

Summary of all Debt

Income Type	Debts brought forward @01/04/2025 £m	Debt Raised £m	Collected £m	Written Off £m	Debts Outstanding @ 30/09/2025 £m
Non-Domestic Rates (including Costs)	14.89	113.67	(64.94)	(0.45)	63.17
Council Tax (including costs)	38.42	202.70	(105.79)	(0.55)	134.78
Housing Benefit Overpayments	6.68	1.27	(1.34)	(0.13)	6.48
Council Tax Rents (Current tenant arrears)	3.86	49.97	(49.58)	(0.07)	4.18
On & Off-street car parking fines	3.98	3.27	(1.83)	(1.10)	4.32
Moving Traffic Enforcement	0.95	0.88	(0.61)	(0.19)	1.03
Other income	34.25	62.09	(61.38)	(0.32)	34.64
TOTALS	103.03	433.85	(285.47)	(2.81)	248.60

1. Business Rates

1.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
14.89	113.67	(64.94)	(0.53)	63.09

1.2 Background and comparator information

Background Information

Business Rates are a national tax paid by just over 12,600 businesses in Leicester.

Comparator Information

There have been continued improvements in collection performance during 2025/26. The collection rate for the same period over the last two years is shown below:

- Collection to 30 September 2024: 54.99%
- Collection to 30 September 2025: 56.58%

Some of this improvement reflects earlier receipt of upfront payments from certain payers, such as schools. It should also be noted that unpaid debt as at 31 March continues to be actively pursued in the following financial year. By 30 September 2025, previous years arrears have reduced from £14.9m to £12.6m.

In-year and arrears collection will be adversely affected by the receivership and subsequent liquidation of Highcross Shopping Centre Ltd in September 2025 in the second half of this year. This will result in us being required to write-off of £2.5m of arrears. A significant provision was already included in 2024/25 outturn position for the arrears in relation to Highcross. This is a demonstration of how one business can impact on the performance of business rates collection.

Within our benchmark group of 14 Authorities, we are 3rd in order of the highest collection rate.

1.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	9	33
Deceased – No Assets	0	0
Insolvent / Bankrupt/ Liquidated	200	322
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	93	181
Totals	302	536

1.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

From 1 April 2025 the national retail, hospitality, and leisure business rates relief scheme allows for 40% relief to eligible businesses, up to a limit of £110,000 per business. The relief previously was 75%. This will change again from April 2026, with eligible businesses paying rates calculated on a lower multiplier and the scheme will cease to be discretionary.

Charges for 2025/26 are based on the revaluation of the rateable value of all non-domestic properties, effective from 1 April 2023. The next revaluation is due on 1 April 2026.

1.5 measures taken to recover debt

Debt recovery measures

Economic conditions and changing spending patterns continue to impact collection of business rates.

Our normal recovery process is:

- A reminder will be sent if an instalment is missed.
- If the instalment is paid within 7 days of the reminder, the right to pay by instalments is maintained; if a subsequent instalment is missed a final notice will be issued stating that the right to pay by instalments has been lost and the full charge has become payable.
- If the instalment is not paid within 7 days of the reminder, the full charge becomes payable.

A collection processes are being continuously reviewed to improve in-year and arrears collection. As part of this, we are issuing a SMS message to businesses prior to issuing summonses and focusing recovery action on rate payers with high levels of arrears with the help of external solicitors.

We have been working with enforcement agent services, with a view to use improved methods of collection, whilst assisting those businesses facing difficulties by promoting eligibility for reliefs and extended payment arrangements.

For customers struggling to pay we offer a call back service to discuss payment of the outstanding debt and any other support that may be available.

2. Council Tax

2.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
38.42	202.70	(105.79)	(0.73)	134.60

2.2 Background and comparator information

Background information

Council tax is a national tax, determined locally, and charged to around 145,500 properties in Leicester. The amount we collect includes sums charged by the combined fire authority and the police and crime commissioner.

Comparator information

The following shows the percentage debt collection in the year it is raised over the last two years:

- Collection to 30th September 2024 – 50.94%
- Collection to 30th September 2025 – 50.93%

Collection performance remains stable despite the £18.6m increase in the net collectable amount. The higher amount to collect has mainly arisen due to the annual increase in council tax of 5%.

The current collection levels help demonstrate the effectiveness of early engagement, flexible payment arrangements and the continued focus on supporting residents before enforcement action is taken.

It should be noted that unpaid debt on 31st March continues to be collected in the following year. To 30th September 2025, previous years arrears have reduced from £38.4m to £32.5m.

Within our benchmark group of 14 Authorities, we are the 7th in order of the highest collection rate.

2.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	1,201	424
Deceased – No Assets	106	35
Insolvent / Bankrupt/ Liquidated	725	170
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	457	101
Totals	2489	730

2.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

The changes to the working age council tax support scheme came into effect this year.

From 1st April 2025, dwellings that are occupied periodically (often referred to as second homes), are subject to a 100% premium. However, regulations allow exceptions to these premiums if certain eligibility conditions are met.

2.5 Summary of measures taken to recover debt

Debt recovery measures

As of 30th September, council tax support has been awarded in respect of 22,570 claims, at a cost of £23.4m to the Council.

The council tax discretionary relief scheme also provides support to households experiencing extreme financial hardship. As at 30th September 2025, just under £0.5m was paid to 995 households to make their council tax payments affordable. This is funded by the Council.

The usual recovery process after a reminder instalment has been missed is:

- If the instalment is paid within 7 days of the reminder, the right to pay by instalments is maintained; if a further instalment is missed, another reminder can be issued; if a third instalment is missed, a final notice will be issued stating that the right to pay by instalments is lost and the full balance becomes payable.
- If the instalment is not paid within 7 days of the first /second reminder, the right to pay by instalments is lost and the full balance becomes payable.
- If the full balance becomes payable and is not paid within 7 days, a summons will be issued, and a liability order sought at the Magistrates Court.

Understanding the struggles households may be experiencing, we continue to encourage residents and ratepayers to contact the Council as soon as possible so that a suitable payment arrangement or any entitlement to discounts, exemptions and discretionary relief can be discussed. Support includes payments arrangements being offered at every stage of recovery, SMS reminders and the promotion of council tax discretionary support.

3. Overpaid Housing Benefit

3.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
6.68	1.27	(1.34)	(0.13)	6.48

3.2 Background and comparator information

Background information

The main cause of housing benefit overpayments is delays in recipients telling the Council of changes to their circumstances, resulting in too much benefit being paid. By its nature overpaid housing benefit is difficult to collect. However, processes are in place to recover debt wherever possible.

Overall, housing benefit debt continues to reduce from £6.68m at 31/03/2025 to £6.48m at 30/09/2025.

Comparator information

Debt outstanding at:

- 31/03/2020 £13.74m
- 31/03/2021 £11.02m
- 31/03/2022 £9.45m
- 31/03/2023 £8.66m
- 31/03/2024 £7.64m
- 31/03/2025 £6.68m

3.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	2	2.7
Deceased – No Assets	3	10.0
Insolvent / Bankrupt/ Liquidated	10	37.0
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	218	85.0
Totals	233	134.7

3.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

From April 2025 the maximum deduction from Universal Credit from overpayments, which can include Housing Benefit, reduced from 25% to 15%. This will continue to reduce recovery of Housing Benefit Overpayment over time.

To assist with reducing the level of housing benefit overpayments, we are working on improving the automation of our processes and working closer with DWP to share data.

3.5 Summary of measures taken to recover debt

Debt recovery measures

Debt is collected by means of deduction from ongoing benefit payments if there is a current entitlement to housing benefit.

Legislation permits us to deduct overpayments from other state benefits. However, when people transfer to universal credit our ability to collect weakens as we are 19th on the priority of creditors list and a maximum of 3 deductions are allowed at one time.

If there is no current housing benefit entitlement, payment is requested from the customer in the first instance before an invoice is raised.

Where no benefits are in payment, but the debtor is in employment we seek to obtain a Direct Earnings Attachment.

Appendix B

The Council continues to work with those struggling to pay on a case-by-case basis, offering payment arrangements. Debt is not waived.

4. Housing Rent

4.1. Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
3.86	49.97	(49.58)	(0.07)	4.18

4.2 Background and comparator information

Background information

The authority currently collects rent from approximately 18,800 tenancies across the City. Approximately, 3,500 of our tenants (19%) are on full or partial Housing Benefit and 10,300 (55%) on Universal Credit. The debt raised & collected includes the element paid by Housing Benefit.

Comparator information

Whilst Council Housing rent arrears have increased by £0.3m since March 2025, the position is in line with September 2024 figures. There is typically a mid-year rise in arrears in part due to two rent free weeks falling in the second half of the financial year.

Rent arrears from former tenants for previous years are included in the debt bought forward.,

4.3. Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	0	0
Deceased – No Assets	0	0
Insolvent / Bankrupt/ Liquidated	0	0
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	73	68
Totals	73	68

4.4. Volume/policy/statutory changes that have occurred during the period and their impact

Changes

It is now over 8 years since the implementation of UC, and the roll out of the full UC commenced at the beginning of 2024. Under the latest plans, it is anticipated the managed migration of the final group of legacy benefit claimants will be completed by 2028/29.

Tenants in receipt of Housing Benefit can have it paid directly into their rent account. However, under UC money is paid directly to the claimant rather than the Council. Vulnerable tenants and those with a history of rent arrears or homelessness may be able to have their rent paid directly to the Council, as landlord, by applying for an Alternative Payment Arrangement (APA).

4.5 Summary of measures taken to recover debt

Debt recovery measures

The Income Management Team are working with the Department for Work & Pensions (DWP) to minimise any impact of UC roll out. Tenants continue to be supported with income maximisation and claims for HB and UC, which can assist with rent payments. The team provide support to claim Discretionary Housing Payments (DHP), so far this year they have distributed £1.1m to help secure tenant and those in temporary accommodation.

Rent Management Advisors are supporting vulnerable tenants to claim and maintain UC and other welfare benefit streams, including disability related benefits.

5. Parking Fines (Penalty Charge Notice)

5.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
3.98	3.27	(1.83)	(1.1)	4.32

5.2 Background and comparator information

Background information

The Council issues penalty notices for both on-street and off-street parking charge evasion, as well as illegal parking. There are two nationally set rates based on the seriousness of the offence, details below.

- £25 or £35 if paid within 14 days.
- £50 or £70 if paid after 14 days.

When the penalty notices are written off, they are done so at the full rate plus any costs incurred.

Comparator information

The percentage of tickets issued during the year, paid at 30th Sept

- 2024/2025 – 66%
- 2025/2026 – 63%

5.3. Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	8,830	657.8
Deceased – No Assets	29	2.7
Insolvent / Bankrupt/ Liquidated	61	6.2
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	4,082	425.3
Totals	13,002	1,092.0

5.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

The number of PCNs issues continues to increase in comparison with the same period in 2024/25. This has been facilitated by the continued use of the new system and handheld devices introduced in April 2023 and staff coming more confident and pro efficient with the use.

Income generated by parking PCNs has also steadily increased but will continue to be impacted by changes in working patterns, shopping behaviour and changes to on and off-street parking availability in and around the city.

The number of no-trace cases continues to affect the recovery of debt as vehicles can still be registered with the DVLA without any proof of identity being required which is beyond our control.

5.5. Summary of measures taken to recover debt

Usual Debt recovery measures

- Reminder letters
- Legal action
- Enforcement action (bailiffs)
- Staff training and general discussions and improvements

6. Moving Traffic Enforcement Fines

6.1 Headline Figures for period under review

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off £m	Uncollected debt c/f £m
0.95	0.88	(0.61)	(0.19)	1.03

6.2 Background and comparator information

Background information

The Council issues penalty notices to motorists for driving in Bus Lanes/Gates or Bus Stop Clearways (red routes) and Moving Traffic Offences for stopping in a box junction and school streets.

These are levied at £70, discounted to £35 if paid within 21 days.

When the penalty notices are written off, they are done so at the full rate plus any costs incurred.

Comparator information

The percentage of tickets issued during the year, paid at 30th Sept

- 2024/2025 – 71%
- 2025/2026 – 62%

6.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	1,598	75.9
Deceased – No Assets	4	0.5
Insolvent / Bankrupt/ Liquidated	23	2.5
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	1,039	109.7
Totals	2,664	188.6

6.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

In the first half of 25/26 a new outgoing bus stop camera was introduced on Evington Road to help improve traffic flow due to the ongoing obstructive parking along this section of the road. Warning notices were issued for the first 2 weeks followed by live PCN's since this has helped to improve driver behaviour and congestion, and a decision has now been made to introduce a second bus stop camera on the incoming lane which we hope to have in place before the end of the year.

6.5 Summary of measures taken to recover debt

Usual Debt recovery measures

- Reminder letters
- Legal action
- Enforcement action (bailiffs)

7. Other Income

7.1 Headline Figures for period under review including costs

Uncollected debt b/f £m	Debt raised £m	Debt collected £m	Debt written off/back £m	Uncollected debt c/f £m
34.25	62.09	(61.38)	(0.32)	34.64

7.2 Background and comparator information

Background information

'Other Income' includes all income other than the sources described above. It covers a wide variety of income from various individuals and organisations. Examples include commercial property rent, adult social care costs relating to residential and non-residential care, and repairs and maintenance charges relating to Council property.

Unlike some other sources of debt, the total debt value can fluctuate based on the type and timing of income being collected. In particular, the debt as at 30 September includes some large invoices raised in late September and consequently not paid by the end of the month.

Comparator information

Although aged debt (over 12 months old) has increased from £5.05m in March 2024 to £7.43m in March 2025, overall debt levels have remained stable. This indicates that the rise is concentrated in a smaller number of long-standing, complex cases rather than a fall in current collection performance.

Our strengthened monitoring and earlier intervention are helping to slow the flow of new debt into the aged category. While some older balances inevitably take longer to resolve, our focus on targeted reviews, specialist case handling and improved data accuracy is beginning to deliver more consistent recovery and greater control over the overall debt position.

- 31/03/2020 £3.48m
- 31/03/2021 £4.33m
- 31/03/2022 £4.48m
- 31/03/2023 £5.25m
- 31/03/2024 £5.05m
- 31/03/2025 £7.43m

7.3 Debt write-off

Reason for Write Off ↓	No.	Value £000
Unable to Trace	4	16.3
Deceased – No Assets	17	99.0
Insolvent / Bankrupt/ Liquidated	7	43.7
All recovery options exhausted / irrecoverable at reasonable expense, including adjustments for costs and write on	26	159.8
Totals	32	318.9

7.4 Volume/policy/statutory changes that have occurred during the period and their impact

Changes

We recognise that the cost-of-living crisis continues to affect some customers' ability to pay, particularly where energy, food and housing costs remain high. These pressures have the potential to slow down repayment rates and increase the risk of arrears, particularly within Adult Social Care and commercial income streams.

However, a number of targeted measures have helped to offset these risks and contributed to overall arrears remaining stable during the period:

Early engagement and welfare support: We continue to encourage customers in financial difficulty to contact us at an early stage, enabling us to agree affordable repayment plans and signpost to welfare or hardship support where appropriate.

Review of recovery timing and tone: We have refined our reminder schedules and communications to ensure contact remains proportionate and supportive, particularly for vulnerable debtors.

Improved data and reporting: Enhanced monitoring of accounts allows us to track payment behaviour more closely and intervene before arrears become long term.

Targeted recovery in specific areas: For example, Adult Social Care and commercial rent debts are being reviewed jointly with service departments to ensure financial assessments, invoicing and follow-up actions are aligned.

Taken together, these measures have meant that although many customers are under increased financial pressure, arrears have not risen. This reflects the

balance we are striking between maintaining income recovery and providing flexibility for those genuinely struggling to pay.

7.5 Summary of measures taken to recover debt

Debt Recovery Measures

We continue to apply our standard debt recovery procedures while offering support to residents and customers experiencing financial hardship.

Process:

If an invoice remains unpaid after 14 days, we issue a first reminder, followed by a second after seven days. From there, we tailor our recovery approach to the nature of the debt, recognising that, for example, the sensitivities of Social Care debt require a different response to the more commercial focus applied to business debts. This targeted approach ensures we balance firm recovery with fairness and support for those in genuine hardship.

Where a case is suitable for county court enforcement, we issue a Letter of Claim. If payment is still not made after a judgment or recovery order, we may:

- Refer the case to enforcement agents
- Apply for a third-party debt order
- Arrange an attachment to earnings
- Seek a charging order

Cases not suitable for county court enforcement are referred directly to enforcement agents, with debtors encouraged to engage early with our support offers to avoid escalation. Where appropriate, and depending on the circumstances, more complex or high-value debts are referred to Legal Services for further action to secure recovery.

To further strengthen recovery, we have also introduced the use of external partners to issue correspondence and review litigation outcomes, helping us to maximise the effectiveness of enforcement.

Impact:

Overall arrears have stabilised at £34.64m despite ongoing economic pressures, showing that our interventions are helping to prevent new debt from building up. The number of accounts moving into the aged-debt category has reduced, reflecting earlier engagement and better data accuracy.

In Adult Social Care, closer joint working between finance and social work teams has led to quicker resolution of long-standing cases and higher recovery from probate and estates. Early feedback from our external partners also shows faster turnaround times and more consistent follow-up on enforcement cases.

Appendix B

Although it is still early to measure the full benefit, the stable arrears position and slowing growth of aged debt show that our revised approach is improving collection performance and strengthening financial resilience over time.

Appendix C

Summary of all Write Offs

The table below provides detail on the reasons why debt is written off during the year.

Income Type	Unable to trace £000	Deceased - no assets £000	Insolvent/ Bankrupt/ Liquidated £000	Irrecoverable at reasonable effort and expense £000	Total Write offs at 30/09/2025 £000
Non-Domestic Rates (including Costs)	33	0	322	91	446
Council Tax (including costs)	424	35	170	101	730
Housing Benefit Overpayments	3	10	37	85	135
Council Tax Rents-Current Tenant arrears	0	0	0	68	68
On & Off-street car parking fines	658	3	6	425	1,092
Bus Lane Enforcement	76	0.5	2.5	110	189
Other Income	16	99	44	160	319
Total	1,210	147	581	1040	2,978

Appendix D

Write Offs Over £5k for 2025/26

Income Type	No. of Write Offs	Value £000
Non-Domestic Rates (including Costs)	19	449
Council Tax (including Costs)	25	115
Housing Benefit Overpayments	4	36
Council House Rents	0	0
On and Off-Street Car Parking fines	0	0
Bus Lane Enforcement	0	0
Other Income	19	214
Totals	67	814