



Coventry City Council

## Briefing note

---

**To**  
Finance and Corporate Service Scrutiny Board  
(Scrutiny Board 1)

**Date:** 5 November 2025

**Subject:**  
Local taxation collection performance 2024/25  
and Government Consultation on modernising  
council tax administration.

**From**  
Barrie Strain  
Head of Revenues and Benefits

---

### Purpose of the note

- 1 To update the Finance and Corporate Services Scrutiny Board (1) on Coventry's business rates and council tax collection performance in 2024/25 relative to other English billing authorities.
- 2 To summarise details of the Government's consultation on modernising council tax administration.

### Recommendations

- 3 The Finance and Corporate Services Scrutiny Board (1) is recommended to acknowledge the content of the report and agree to receive a further report in the new municipal year 2026/27 to detail outturn performance for the tax year 2025/26.

### Background

- 4 The Council, as a statutory billing authority, collects council tax revenue of £229 million from 154,000 domestic properties and business rates of £143 million from 9,000 commercial properties.
- 5 The Ministry for Housing, Communities and Local Government (MHCLG) publish performance data annually for council tax and business rates collection. This note outlines Coventry's council tax and business rates performance over three main themes and across three comparator groups.

### Themes

- In year collection rates;
- Levels of and collection of arrears;
- levels of debt written off.

### Comparator groups

- All England;
  - All Metropolitan authorities;
  - CIPFA nearest neighbour comparators group (based on area demographics etc.).
- 6 It is helpful to provide collection and arrears data within the context of comparator Authorities given the various localised factors which can influence the level of collection in a locality, including:
- Levels of deprivation;
  - Levels of transience;
  - The composition of the council tax base – Coventry has a higher than average proportion of band A properties and such properties tend to be occupied by lower income residents and are more likely to experience high levels of transience;
  - Levels of student populations – whilst many students are eligible for a student exemption, some are liable to pay council tax. Equally, a student has to *apply* for an exemption. Many students fail to do so and simply ignore council tax bills. Ultimately this results in council tax being written off when it probably wasn't a true liability in the first place;
  - The level of support provided under a Council's council tax support scheme;
  - Local trading conditions and economic prosperity.

### **Council Tax**

- 7 The average in year council tax collection rate for the whole of England in 2024/25 was 95.9 per cent – unchanged from the previous year. Coventry ranked 263rd of all English Councils with a collection rate of 93.5 per cent – a 0.2 percentage point reduction on the 2023/24 collection performance of 93.7 per cent.
- 8 Collection rates nationally remain significantly below pre pandemic levels which averaged approximately 97 per cent for in year council tax collection.
- 9 The average collection rate for the 36 metropolitan authorities was 93.6 per cent – again unchanged from the previous year. Coventry ranks 25<sup>th</sup> of 36 metropolitan authorities – unchanged from our prior year ranking.
- 10 There has been a longstanding focus on in year collection rates for performance purposes. For accounting purposes, a more salient figure is the eventual council tax collection rate. This is the percentage of council tax collected in the fullness of time. In Coventry, the eventual collection rate is 97.6 per cent. This means that whilst 93.5 per cent of council tax falling due in a tax year may be collected within that tax year, over the longer term, 97.6 per cent of what was due will be collected with 2.4 per cent being written off.
- 11 Whilst Coventry has experienced a reduction in in-year council tax collection, charts 1 and 2 below show that Coventry remains broadly average when compared to other metropolitan authorities and when compared to our CIPFA nearest neighbours.

Chart 1

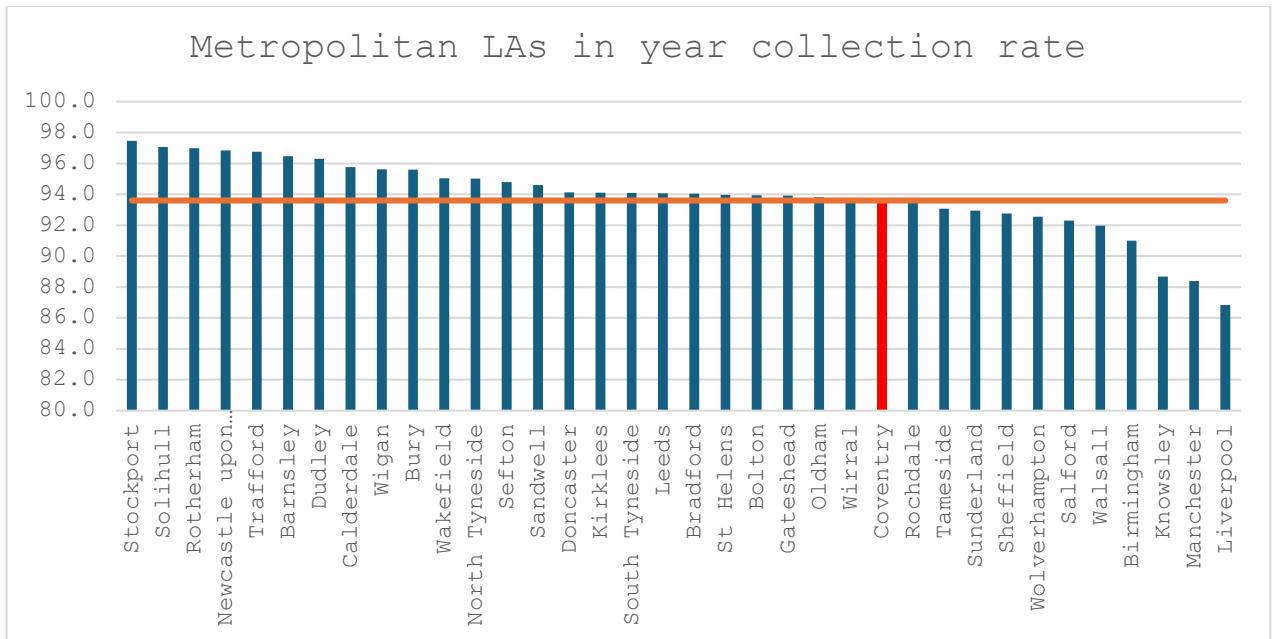
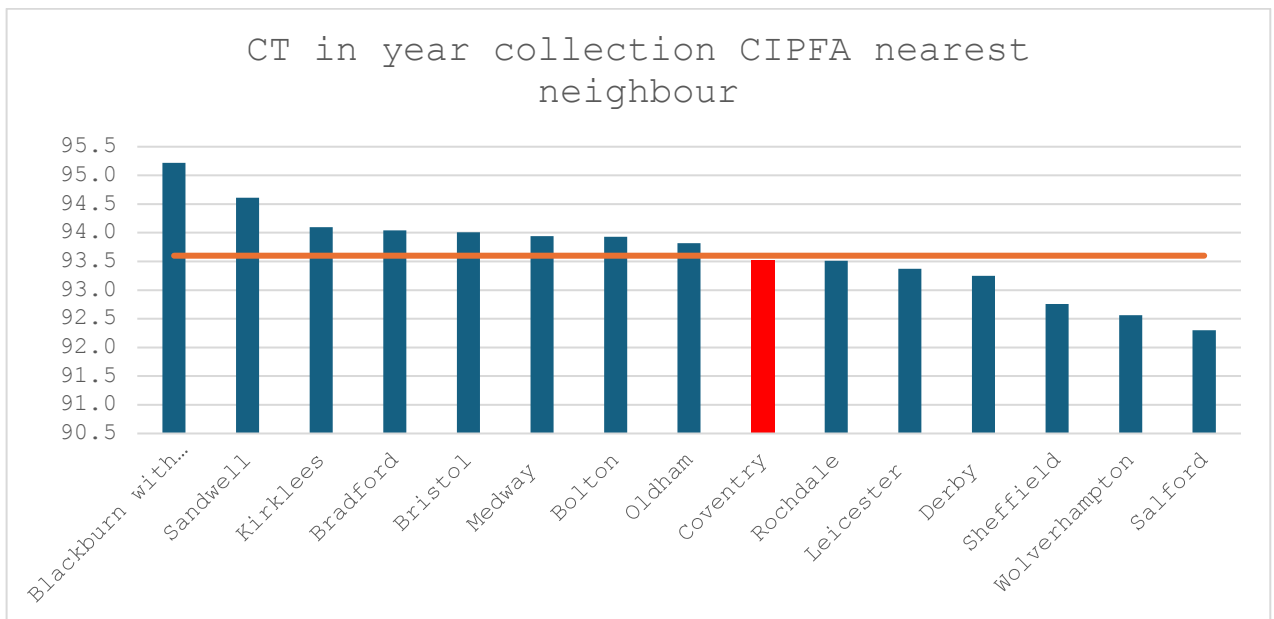
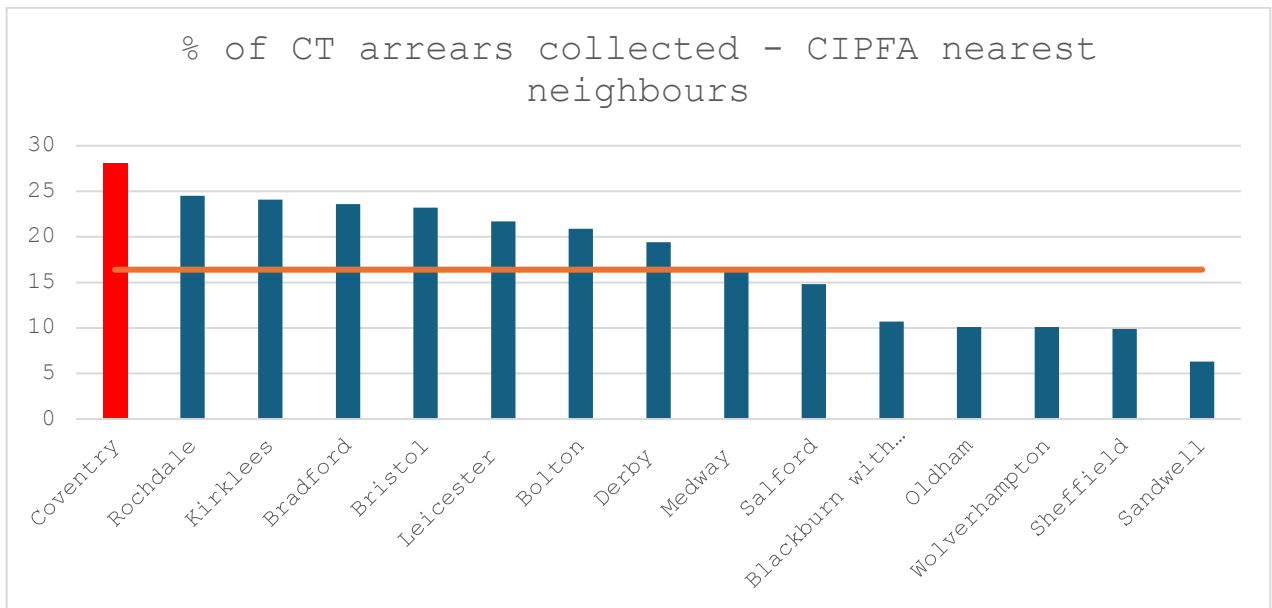


Chart 2



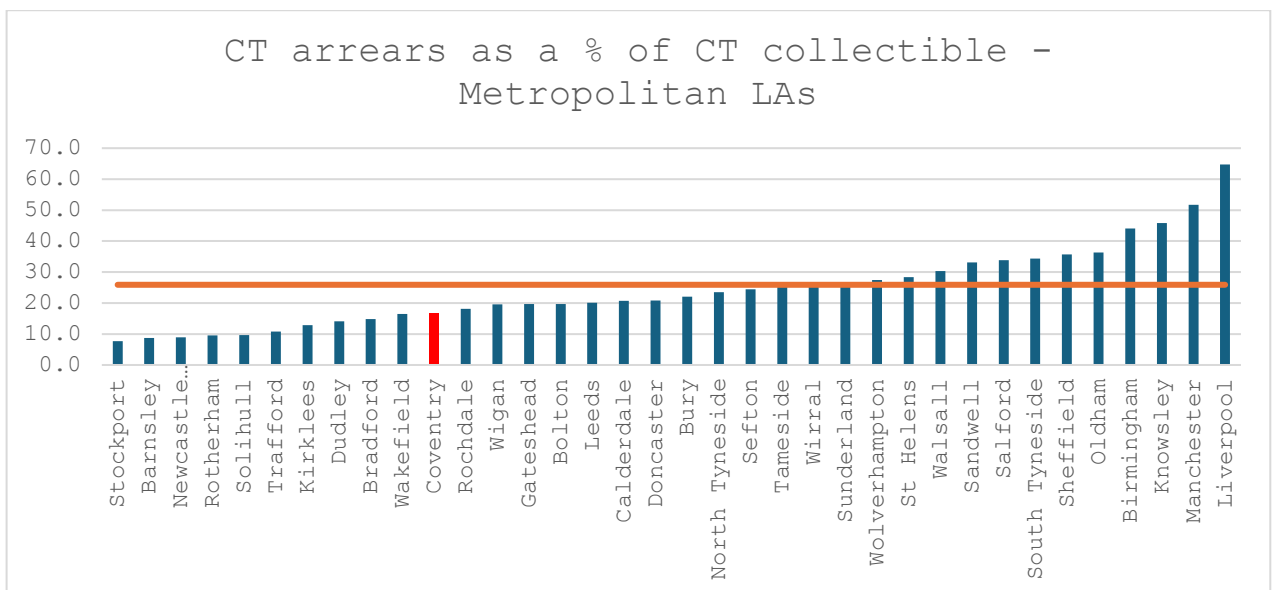
12 Furthermore, chart 3 below shows that Coventry's performance on the collection of prior year balances (council tax arrears) is the strongest of our nearest neighbour comparators and well above the average for the group. Coventry is also the fifth strongest collector of council tax arrears of the 36 metropolitan LAs.

Chart 3



13 When we consider the level of council tax arrears as a percentage of the overall tax base, Coventry, with arrears of £35 million (or 17 per cent of our tax base), compares favourably to other metropolitan authorities. Chart 4 below shows Coventry below the average for the 36 metropolitan authorities with the 11<sup>th</sup> lowest level of council tax arrears as a proportion of tax base.

Chart 4



- 14 Expressed as a percentage of annual council tax collectible, Metropolitan Councils wrote off an average of 1.0 per cent of council tax – Coventry wrote off 1.2 per cent and ranked 26 of the 36 metropolitan Councils.

### **Ongoing collection activity**

- 15 Coventry continues to seek a balanced approach between robust enforcement measures to collect public funds but also recognising and responding to the challenging circumstances of some of our most vulnerable residents.
- 16 Coventry uses all enforcement remedies legally available in the shortest timeframe permitted. This includes obtaining liability orders, attachments of benefits, attachments of earnings, the use of enforcement agents, bankruptcy, charging orders and ultimately asking the court to commit someone to prison. Coventry is one of few authorities nationally to seek committal orders for non payment of council tax.
- 17 Coventry makes use of available technology to target council tax arrears, including the use of automated SMS, email and voice broadcasting functionality to elicit contact from debtors.
- 18 The Council uses Experian credit reference searches to trace debtors where their whereabouts are unknown.
- 19 A significant investment has been made in automation technology which has helped to improve our response times over the past 12 months. We know that delays in billing and responding to customer contact can ultimately make collection more challenging. Between September 2024 and September 2025 we reduced our average customer response times from 20 weeks to just one week.

### **Protecting vulnerable residents**

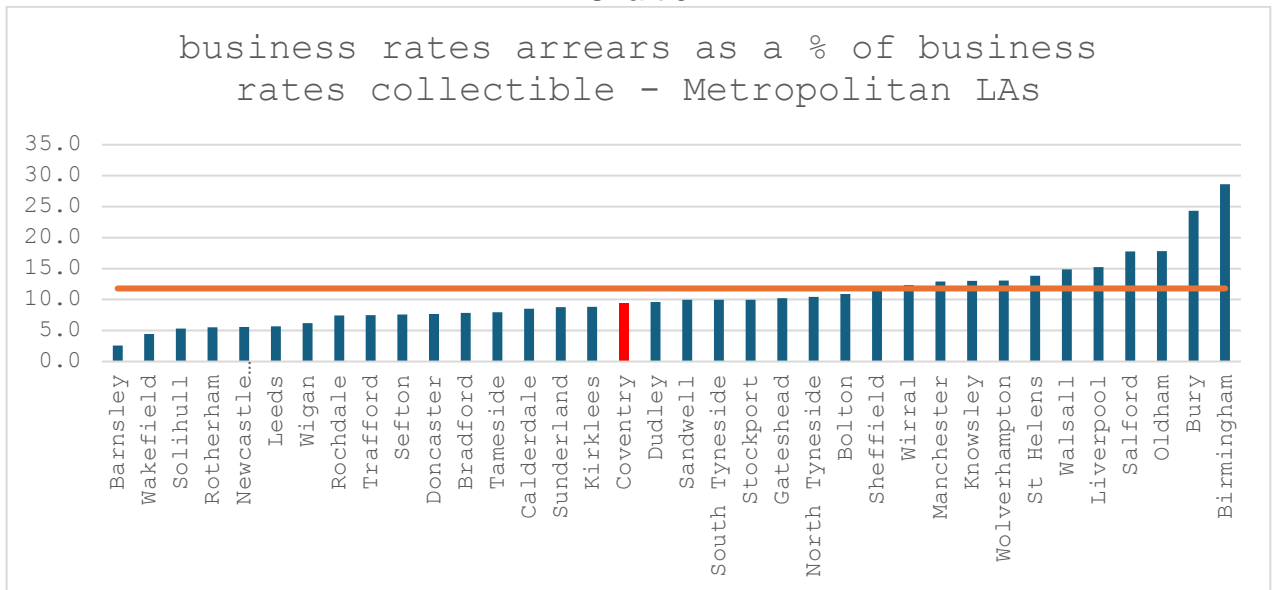
- 20 Whilst taking a robust approach to the collection of public funds, the Council is sensitive to its responsibilities to protect Coventry's most vulnerable residents.
- 21 Coventry's Council Tax Support scheme provides up to 80 per cent council tax relief for low income working age households and 100 per cent relief for those of pension age.
- 22 Coventry publishes a Revenues Collection and Vulnerability Policy which sets out the measures taken by the Council to protect our most vulnerable residents. The Council is also a signatory to the Citizen's Advice Council Tax Protocol which sets out best practice in council tax collection.
- 23 Amongst the measures taken to protect vulnerable residents and maintain ethical collection practices are:
- Vulnerability Panel – Senior Officers, including the Head of Service, meet monthly to review vulnerable cases and determine whether debts should be pursued or written off
  - Committal Approval Panel – like the Vulnerability Panel, any case progressing to committal stage must be approved by a panel which includes the Head of Service. All cases proceeding to committal stage will have been subject to checks with Adult Social Care to determine any vulnerability

- Financial data - In reviewing vulnerable cases the Council makes use of third party financial data to assess the ability to pay
- Quarterly advice sector review meetings – attended by Council officers, advice agencies and the Council’s appointed enforcement agents. These meetings help to maintain constructive working relationships between the partners and ensure any concerns about collection practices are quickly addressed
- Discretionary Relief Policy – this policy exists in addition to the council tax support scheme and provides for relief of up to 100 per cent for the most vulnerable residents. This scheme is used particularly to support care leavers and families with no recourse to public funds.
- Court costs – the Council does not apply for court costs if it has to seek a liability order against someone who receives council tax support
- Benefit deductions – the Council will always try to make deductions from someone’s benefit before a debt is referred to an enforcement agent
- Flexible payment arrangements – once a person loses the right to pay by instalments the Council has the right to demand the balance in full. Council officers are encouraged to make affordable, flexible payment arrangements wherever possible. In cases where there is limited ability to pay and the taxpayer has significant arrears, officers can recommend that historical debt is written off on the condition that ongoing payments are made. This can help taxpayers to avoid or emerge from the debt spiral.

## **Business rates**

- 24 The average in year business rates collection rate for the whole of England in 2024/25 was 97.3 per cent - an increase of 0.1 percentage points from 2023/24. Coventry experienced a 1.4 percentage point fall in business rates collection with an in year collection rate of 94.2 per cent.
- 25 The average collection rate for the 36 Metropolitan authorities was 96.4 per cent and Coventry ranked 34<sup>th</sup> of 36.
- 26 Whilst Coventry’s in year collection outturn was disappointing for 2024/25, chart 5 below shows Coventry remains comfortably below the Metropolitan average with the 17<sup>th</sup> lowest level of arrears of the 36 metropolitan authorities.
- 27 Coventry’s overall business rates arrears position, and a traditionally strong track record on in year collection, suggests Coventry is seeing some localised and acute temporary collection challenges.
- 28 Business rates collection is far more volatile than council tax and subject to significant year on year fluctuations. In part, this is due to the quantum’s involved. In 2024/25, Coventry’s collection rate was hampered by the impact of some high profile failed companies – including the multi million pound impact from an insolvency at a large warehouse in Walsgrave.
- 29 Coventry wrote off approximately £3.3 million in business rates in 2024/25 with approximately 92 per cent of that amount attributable to companies being liquidated or ceasing to trade. In these circumstances the Council has no alternative but to write off the debt.

Chart 5



## Council tax consultation

30 MHCLG recently conducted a consultation on modernising and improving the administration of Council Tax. The consultation included several proposals and calls for evidence – the most salient of which are set out in the table below. The table also sets out officer observations in respect of each proposal.

Proposal	Officer view
Introduce a 12 month payment profile as standard (currently residents have the right to request a 12 month profile but 10 months is more common)	<p>Approximately 14 per cent of residents currently pay over 12 instalments. Introducing a 12 month default approach will increase this over time and make it more challenging to collect amounts in year for those who default.</p> <p>There is also an income/cashflow consideration with spreading payments over a longer period of time. If every tax payer moved to a 12 month profile then the Council, in theory, would lose approximately £1 million per annum in interest.</p> <p>However, the proportion of residents paying over 12 months is increasing incrementally year on year anyway as residents currently have the option to spread payments.</p>
Rename the Severe Mental Impairment disregard to Significant Cognitive Impairment	Officers agree with the proposal

Increase the amount of time after a default that Councils can require the full balance to be paid and/or apply for a liability order (currently 7 days)	In reality, CCC rarely insists on the full balance being paid and would seek to agree an affordable payment arrangement. Elongating the process will give residents fewer instalment dates over which to make a payment arrangement. Ultimately this change could increase council tax arrears and write offs.
Capping court costs for liability orders	Officers agree, in principle, with this proposal which will provide consistency on the level and approach to determining court costs nationally. However, anything less than the current £78.50 per summons would represent a reduction in council general fund revenue.
Review the enforcement options available to Councils to ensure they are proportionate (suggestion of abolishing committal to prison as an option as they have done in Wales)	Very few people are sent to prison for failing to pay council tax. But the sanction does serve as a deterrent and as a final resort after all other options have been exhausted. Without this option, those who do not own their property, are not on PAYE and who do not open their door to an enforcement agent, can in theory continue to avoid paying council tax without any further consequence. Again, over time this will only increase council tax arrears.

- 31 Whilst the Council would agree that council tax requires modernisation, it is fundamentally a regressive form of taxation. The proposals are superficial without addressing some of the core issues with the council tax system. There is a risk that the current proposals will negatively impact general fund and collection fund revenue whilst making little material difference to the overall operation of the council tax system.

## Summary

- 32 In year collection rates continue to be significantly lower than pre COVID/cost of living crisis levels. However, the national data suggests that Coventry continues to compare relatively well with other similar authorities in terms of council tax and business rates arrears.
- 33 Overall the collection and recovery of local taxation across council tax and business rates remains challenging and we are yet to fully understand the longer term impact of the arrears built up during the COVID pandemic and cost of living crisis. For the most part however, there is nothing to suggest currently that Coventry has been disproportionately impacted despite some volatile in year collection fluctuations.
- 34 Coventry continues to maintain a robust and proportionate approach to the collection of local taxation – fully utilising all available enforcement options whilst being responsive to the circumstances of our most vulnerable customers.