



Northumberland

County Council

Corporate Services and Economic Growth Overview and Scrutiny Committee

4 July 2018

Debt Recovery Update

Report of Barry Scarr, Executive Director of Finance & Section 151 Officer / Deputy Chief Executive

Cabinet Member: Councillor Nicholas Oliver, Portfolio Holder for Corporate Services

Purpose of report

The purpose of this report is to provide the Corporate Services and Economic Growth Overview and Scrutiny Committee with information relating to the level of outstanding debt owed to the Council so that the Committee may satisfy itself as to the efficiency and effectiveness of its collection and recovery policies and systems.

Recommendations

It is recommended that the contents of the report are noted.

Link to Corporate Plan

Effective income management processes are critical to the delivery of overall Council service objectives. A more efficient income management process contributes to the availability of resources for wider or deeper service provision.

Key issues

The management of income is a key business area for Northumberland County Council. The Council collects income from many sources; some of this activity is governed by legislation while other areas by sound principles of financial management. The key to economic, efficient and effective income management is the creation and maintenance of a clear framework that sets out the approach, principles, ownership and strategy within which all activities will be conducted.

It is essential that income is collected effectively by the Council, and that debt owed to the Council is kept to a minimum. This is because the Council has both a legal duty and a responsibility to its citizens to ensure that income due is paid promptly to ensure it can minimise the burden of unpaid debt and enhance service delivery.

The management of all monies owed to the Council is detailed in the Corporate Debt Recovery Policy and includes the following:

- Council Tax and NNDR Recovery Policy
- Council Tax and NNDR Court Costs and Fees Policy
- Housing and Council Tax Benefit/Support Overpayments Policy
- Methods of Payment Policy
- Write Off Policy
- Sundry Debt Policy
- Overpaid Salaries and Wages Policy
- Bankruptcy Policy
- Enforcement Agent Code of Practice for Council Tax and NNDR
- Housing Income Management Policy

Background

Write Offs

1. An integral part of debt recovery is the effective management of irrecoverable debts to ensure that resources are applied effectively to the collection of monies outstanding which can reasonably be expected to be collected.
2. The total debt written off in the last four financial years is shown below:

	2014-15	2015-16	2016-17	2017-18
Sundry debt	£641,807.10	£66,451.44	£86,859.14	£104,856.31
Council Tax	£918,556.83	£511,941.04	£847,797.21	£869,775.83
Business Rates	£879,125.21	£626,310.01	£656,647.24	£611,495.46
Benefit Overpayments	£283,183.72	£238,607.81	£163,040.67	£174,067.31
Homes for Northumberland (see note 1)	£0.00	£0.00	£0.00	£208,310.92
Adult Social Care	£41,220.24	£967.65	£11,462.85	£43,977.11
Total	£2,763,893.10	£1,444,277.95	£1,765,807.11	£2,012,482.94

Notes:

1. The Finance & Contract Rules covering write offs were updated at County Council on 1 November 2017 to include HfN/Housing debts.
3. In accordance with the Council's Finance and Contract Rules, write offs are reported annually to the Cabinet.
4. Benchmarking data for 2017-18 is not available yet.

Sundry Debt

5. At 31 March 2018 the Council was owed £15.008 million by its sundry debtors, £7.328 million of which was past due. The debt, analysed by its maturity, is shown below (with 31 March 2017 figures shown for comparison):

Age of debt	31 March 2017		31 March 2018	
	Number of Invoices	Balance Due £'000	Number of Invoices	Balance Due £'000
Up to 3 months past due	572	6,910	682	1,794
3 to 6 months past due	202	271	258	767
6 to 9 months past due	133	113	142	245
9 to 12 months past due (see note 1)	114	76	118	3,287
1 to 5 years past due	685	1,099	749	1,005
Over 5 years past due	111	195	96	230
Debt past due date	1,817	8,664	2,045	7,328
Debt within terms	2,237	21,194	2,296	7,680
Total debt	4,054	29,858	4,341	15,008

Notes:

- Includes 1 invoice that has been part paid and the balance of £3.100 million is not due until 30 September 2018.
- Benchmarking data for 2017-18 is not available yet.
- Nine customers have past due balances of over £0.1 million at 31 March 2018 (there were five as at 30 September 2017, five as at 30 June 2017, three as at 31 March 2017, and five as at 30 September 2016) representing approximately 62% of the total debt past due as follows:

Customer	30 September 2017		31 March 2018	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
NHS Customer 2	6	244	-	-
NHS Customer 4 (see note 1)	1	437	11	417
NHS Customer 5 (see note 2)	-	-	1	160
Customer 1 (see note 3)	12	120	12	120
Company 7 (see note 4)	1	3,475	1	3,100
Company 8	1	161	-	-
Company 9 (see note 5)	-	-	2	121
Council 2 (see note 6)	-	-	3	227
Council 4 (see note 7)	-	-	5	113
Council 5 (see note 8)	-	-	4	138
Housing 2 (see note 9)	-	-	1	117
Total	21	4,437	40	4,513

Notes:

- 10 invoices are now paid and the remaining invoice is credited off.
- Invoice is now paid.

3. Part payment received from proceeds of sale of property, a significant shortfall was anticipated. Options to recover balance are being assessed.
 4. Invoice has been part paid and the balance is not due until 30 September 2018.
 5. 1 Invoice to be credited off as raised in error and 1 invoice for £61,317.66 is being pursued.
 6. 1 invoice for £226,914.03 is now paid. The remaining 2 totalling £406.85 are being pursued
 7. 5 invoices being pursued.
 8. 2 invoices are now paid and the remaining 2 are part paid. A balance of £7,480 is in dispute.
 9. Invoice is now paid.
8. Analysis of the level of overdue debt as at 31 March 2018 by the service area raising the invoices is shown below (again with 31 March 2017 figures for comparison):

Service Area	31 March 2017		31 March 2018	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Adult Services	840	6,690	1,051	1,725
Children's Social Care	86	171	161	903
Corporate Resources (Finance)	225	288	251	375
Corporate Resources (IT)	7	10	16	83
Fire & Rescue	8	7	7	9
Homes for Northumberland	15	27	10	14
Housing Services	2	1	7	2
Local Services (including Projects)	396	1,040	320	543
Property & Estate Management (see note 1)	4	32	43	*3,123
Pension Fund	8	53	6	62
Public Health/Protection	118	296	124	156
Regeneration & Dev Man	3	16	21	305
Schools	105	33	28	28
Total	1,817	8,664	2,045	7,328

Notes:

1. * Includes 1 part paid invoice with a balance of £3.100 million that is not due until 30 September 2018.

Council Tax

9. Council Tax is charged on domestic dwellings in the County. There are currently 152,555 domestic dwellings in Northumberland, with a net collectable debit of £179.9 million for 2017-18.
10. Each financial year there will be an amount of Council Tax that is not paid and that amount is added to the arrears that were carried forward at the start of the financial year (less the amount collected during the year) to give a total arrears figure outstanding. At 31 March 2018 £9.4 million was outstanding in total (£3.8 million relating to the 2017-18 financial year). For comparison, at 31 March 2017 £10.0 million was outstanding in total (£3.9 million relating to the 2016-17 financial year).
11. The Council's collection rate for in-year collection (this does not include arrears) for 2017-18 increased to 98.0% against a target of 97.9%. The collection rate for 2017-18 was again the highest of 11 of the North East Councils. National benchmarking data for 2017-18 is not available yet. In-year collection rates for all years from 2009-10 are shown below:

Council Tax	%
2009-10	96.6
2010-11	96.9
2011-12	97.4
2012-13	97.7
2013-14	97.5
2014-15	97.7
2015-16	97.8
2016-17	97.9
2017-18	98.0

12. The number of customers on Direct Debit at annual billing (who have something to pay) increased to 82.0% for 2018-19. For comparison, it was 81.1% in 2017-18 and 80.0% in 2016-17. CIPFA Benchmarking data for 2017-18 annual billing is not available yet but 2016-17 data showed that the Council had the highest take-up of all the contributors (the average take-up was 64.4%). The Council was also the highest in 2015-16 and the average then was 62.9%.
13. During the previous four financial years the Council issued the following recovery notices:

	2014-15	2015-16	2016-17	2017-18
1st or 2nd Reminders	42,294	41,696	40,991	40,401
Final Notices	3,471	3,645	3,626	3,700
Summonses	13,617	11,346	11,026	11,570
Liability Orders	10,524	8,958	8,544	8,784

14. Recovery action is an on-going process and follows a strict monthly timetable that is arranged in conjunction with the Magistrates Courts. A breakdown of some of the enforcement methods that are used, and the number of cases currently subjected to that type of action is as follows:

	Number of cases	Outstanding Amount £'000
Attachment of benefit	1,773	458
Attachment of earnings	1,952	816
Enforcement Agent (Formerly Bailiff)	3,933	1,968
Committal (see notes 1 & 2 below)	378	492
Bankruptcy/Statutory Demand (see note 2 below)	16	105
Charging Orders (see note 2 below)	21	79

Notes:

1. No Council Tax defaulters were sent to prison in the 2017-18 financial year.
 2. These cases can comprise one or multiple Liability Orders.
15. During the previous four financial years the following number of cases were subject to enforcement action:

	Number of cases 2014-15	Number of cases 2015-16	Number of cases 2016-17	Number of cases 2017-18
Attachment of benefit	3,332	3,047	3,541	3,647
Attachment of earnings	4,002	3,600	4,160	4,133
Enforcement Agent	4,542	3,759	4,112	5,066
Committal	240	116	153	46
(see note 1 below)				
Statutory Demands	41	38	14	12
(see note 1 below)				
Bankruptcy Petitions (see note 1 below)	12	8	1	4
Bankruptcy Orders (see note 1 below)	7	5	0	4
Interim Charging Orders (see note 1 below)	9	11	5	15
Final Charging Orders (see note 1 below)	8	11	3	16

Notes:

1. These cases can comprise one or multiple Liability Orders.

Non-Domestic Rates (Business Rates)

16. Non-Domestic Rates are charged on business properties in the County. There are currently 12,868 business properties in Northumberland, with a total rateable value of £225 million, and with a net collectable debit of £81.6 million for 2017-18.
17. Each financial year there will be an amount of Non-Domestic Rates that is not paid and that amount is added to the arrears that were carried forward at the start of the financial year (less the amount collected during the year) to give a total arrears

figure outstanding. At 31 March 2018 £3.3 million was outstanding in total (£1.5 million relating to the 2017-18 financial year). For comparison, at 31 March 2017 £3.3 million was outstanding in total (£1.5 million relating to the 2016-17 financial year).

18. The Council's collection rate for in-year collection (this does not include arrears) was 98.1% in 2017-18 against a target of 98.1%. This performance is below the average performance of 11 of the North East Councils. National benchmarking data for 2017-18 is not available yet. Rating can be very volatile and values reassessed in the fourth quarter of the financial year can result in back-dated bills being issued towards the end of the financial year. This can result in difficulties in collection before the year-end and, as collection rates are calculated as at 31 March each year, any payments received after 31 March will not be included in the in-year collection rate. Collection rates for all years from 2009-10 are shown below.

Non-Domestic Rates	%
2009-10	95.5
2010-11	97.0
2011-12	97.2
2012-13	97.6
2013-14	97.3
2014-15	97.9
2015-16	98.1
2016-17	98.1
2017-18	98.1

19. During the previous four financial years the Council issued the following recovery notices:

	2014-15	2015-16	2016-17	2017-18
Reminders	3,524	3,463	3,341	3,539
Summonses	1,060	859	831	701
Liability Orders	663	557	525	401

20. There are currently 166 cases at Enforcement Agent stage with an outstanding debt of £0.47 million, 17 at committal* stage totalling £0.03 million and 4 at statutory demand/bankruptcy* stage totalling £0.20 million.

* These cases can comprise one or multiple Liability Orders.

21. During the previous four financial years the following number of cases were subject to enforcement action:

	Number of cases 2014-15	Number of cases 2015-16	Number of cases 2016-17	Number of cases 2017-18
Enforcement Agent (Formerly Bailiff)	376	305	250	277
Committal (see note 1)	7	11	9	6
Statutory Demands (see note 2)	9	6	4	11

Bankruptcy Petitions (see note 2)	4	0	1	5
Bankruptcy Orders (see note 2)	4	0	0	3

Notes:

1. No ratepayers have been sent to prison for non-payment since 2010.
2. These cases can comprise one or multiple Liability Orders.

Housing Benefit Overpayments

22. Housing benefit overpayments are payments of benefit to which there was no entitlement. Reasons for overpayment are mainly changes in financial circumstances (automatic tax credit uploads; differences between new claims and details held on system e.g. finances, capital held, family members and the detection of fraud), claimants vacating their properties with little or no notice or claimants passing away. The Council has an Overpayment Policy which details overpayment collection.
23. Council Tax benefit and Council Tax Support overpayments are collected through the Council Tax account and any non-payment is subject to the debt recovery methods described above.
24. The Council receives subsidy of up to 40% for most of its housing benefit overpayments and any additional money collected is kept by the Council. In 2017-18 overpayments of £3.320 million were identified with £1.771 million recovered in year (53.3%). This compares with 52.1% being recovered in- year in 2016-17, 47.7% in 2015-16 and 46.8% in 2014-15. A further £1.258 million was collected in respect of overpayments identified prior to 1 April 2017.
25. A total of £3.029 million was recovered in 2017-18 compared to £2.969 million in 2016-17 and £2.999 million in 2015-16. Cash collected in 2017-18 amounted to £0.904 million compared to £0.980 million in 2016-17 and £0.852 million in 2015-16.
26. There is currently £5.100 million outstanding in respect of housing benefit overpayments (£1.510 million in respect of overpayments identified in 2017-18 and £3.590 million in respect of prior years). £5.060 million is recoverable and recovery action is taking place utilising the following methods of recovery (with 31 March 2017 figures for comparison):

Recovery Method	No of cases/ invoices	31 Mar 2017 £'000	No of cases/ invoices	31 Mar 2018 £'000
On-going entitlement to benefit	1,518	1,711	1507	1,798
Invoice stage	477	505	476	436
Reminder stage	166	207	178	263
Final stage	1,882	1,676	1,124	1,108
External debt collector	148	185	816	781
Attachment of benefit (clerical claims)	126	149	54	115
PDP DWP Referrals	263	147	474	239
Direct Earnings Attachment	321	325	287	318
CCJ obtained	1	1	0	0
CCJ cases with High Court Enforcement	1	1	2	2
Total	4,903	4,907	4,918	5,060

27. Invoices are raised for all recovery methods except where deductions are being made from on-going entitlement to benefit.
28. When it is identified that a debtor has begun to claim benefit again, and payments are not being made on an invoice, the debt is brought back into the benefit system and is recovered from on-going benefit entitlement.
29. Benchmarking data for 2017-18 is not available yet.
30. The £3.320 million of overpayments identified in 2017-18 are broken down as follows (with 2016-17 £3.227 million for comparison):

Overpayment Reason	2016-17		2017-18	
	Council Tenants £'000	Private Tenants £'000	Council Tenants £'000	Private Tenants £'000
Claimant Error	523	2,301	579	2,493
Local Authority Error	6	51	7	35
Administrative Delay	15	75	14	65
Fraud	37	169	39	47
DWP Error	5	9	3	5
Technical Overpayments	36	-	33	-
Total	622	2,605	675	2,645

31. In 2017-18 total Housing Benefit expenditure was £82,068 million and there were 21,895 claimants as at 31 March 2018. In 2016-17 total Housing Benefit

expenditure was £84.792 million and there were 22,609 claimants as at 31 March 2017.

Housing (Homes for Northumberland) Rent and other debt

32. As with other debt and income (see Key Issues above), the Council has a responsibility to all tenants to ensure the efficient and effective collection of rent, whilst minimising levels of debt that is written-off, to reduce the burden of unpaid debt on the ring-fenced Housing Revenue Account. In doing so, it allows services to be maintained and provides the opportunity to enhance service delivery by releasing additional funds.
33. A 4-year analysis of current and former tenant rent arrears is shown below, but because the Council's Finance and Contract Rules covering write offs didn't include HfN/Housing debts until 1 November 2017, former tenant rent arrears include an amount that otherwise would have been written off as irrecoverable. Work is now underway to write off irrecoverable debt. Performance was reported to the Tenant's Forum on 24 May 2018).

Measure	2014-15	2015-16	2016-17	2017-18
Annual Rent Debit	£30.9m	£32.0m	£32.1m	£31.2m
Current arrears as a % of the annual rent debit	1.86%	1.64 %	1.75 %	1.51 %
Current tenant rent arrears outstanding	£575,580	£524,766	£562,864	£471,631
Former arrears as a % of the annual rent debit	1.61%	2.41%	3.03%	3.76%
Former tenant rent arrears outstanding	£499,153	£770,324	£973,374	£1,174,006

34. The targets for rent arrears in 2017-18 were:

- Current arrears as a % of the annual rent debit – 2.00%
- Former tenant arrears as a % of the annual rent debit - 1.90%

Note - Both amounts are year on year cumulative totals expressed as a percentage of the annual rent debit.

35. The target for current tenant rent arrears was exceeded and equates to £167,973 under target. This is a notable improvement in performance, with £98.49% of rent due collected, despite the impact arising from the introduction of Universal Credit (UC) and the Benefit Cap.
36. Benchmarking information for 2017-18 shows that, for current arrears as a percentage of the annual rent debit, the Council is the highest performer compared to four other regional ALMO's and housing providers, with arguably the most challenging target.
37. Whilst former tenant arrears have increased significantly since 2012, during the 2017-18 year there has again been some success with £88,300 of former debt collected, but regrettably an additional £273,000 of debt accrued.

38. Whilst it is a priority to support tenants as much as possible to enable their tenancies to be maintained, as an absolute last resort, eviction must be considered. A known consequence of such action is the possibility of additional former tenant arrears and in the previous four years the following action has been taken:

Measure	2014-15	2015-16	2016-17	2017-18
Number of Notices of Seeking Possession	466	746	984	871
Number of Evictions	43	78	59	72

39. In respect of all other housing debt, 2017-18 end of year performance is shown below, together with end of year performance in 2016-17 for comparison:

Measure	Current Tenants		Former Tenants	
	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018
Garage Arrears	£2,260	£2,664	£7,212	£8,100
Furniture Recharges	£5,344	£3,465	£162,792	£177,880
Repair Recharges	£44,938	£46,251	£1,132,174	£1,161,106
HB Overpayments	£6,699	£6,669	N/A	N/A
Leasehold Service Charge	£89,432	£69,663	N/A	N/A
Bankruptcy	£68,891	£4,449	£43,875	£1,317
Court Costs	£123,496	£142,205	£108,218	£146,179
Attachment of Benefit Orders	0	0	0	0

40. In seeking to recover debt over and above that undertaken on a voluntary basis the Council made forty one debt collection referrals in 2017-18. This compares with thirty five in 2016-17

41. The targets for rent arrears in 2018-19 are:

- Current arrears as a % of the annual rent debit – 2.00% (to allow for the introduction of the full service of Universal Credit)
- Former tenant as a % of the annual rent debit - 1.90%

Note - Both amounts are year on year cumulative totals expressed as a percentage of the annual rent debit.

42. Universal Credit was introduced in Northumberland in February 2016 and the first tenant claimed in May 2016. 107 tenants are currently in receipt of the benefit. The waiting time, which was up to 12 weeks for all new claimants to receive their first payment, has resulted in collective arrears of £40,577.75, down from £49,000 in September 2017.

- Tenants claiming UC have, on average, significantly higher arrears (£379.23 each) compared to the 2,724 tenants in arrears not claiming UC (£173.13 each).

This compares with £496.00 for UC tenants as at 30 September 2017 and £211.62 for non-UC tenants.

- Analysis shows that tenants claiming UC appear committed to paying their rent charge but are unable to pay off the arrears accrued during the waiting period in full. To help those tenants claiming UC, payment plans are offered in an attempt to mitigate the accumulation of arrears.
- The Universal Credit full service is due to be rolled out in Northumberland during November and December 2018. It is anticipated that the impact on current arrears will be less severe as the waiting time for claims has reduced to around 5 weeks.

43. In addition to UC, a further 45 tenants are affected by the Benefit Cap with arrears totalling £12,556.67. The average amount capped is £28.91 per week. This compares with 52 tenants as at 30 September 2017 with arrears totalling £16,811.99, £31.85 average per week. The Council's Welfare Benefits Advisor is working closely with these tenants and, where possible, is assisting with their claims for Discretionary Housing Payment.
44. Officers continue to work pro-actively with all tenants in arrears. They visit tenants in their homes and work with them by offering the appropriate and vital support from partner organisations, for example, Northumbrian Citizens Advice Bureau for wider debt advice, Voices Northumberland, Learning Hives, Age UK and projects, for example, SILX Youth Project for people aged under 25.
45. For evictions and Notices of Seeking Possession: This year the Council has carried out 13 more evictions compared to the same time last year, but served 113 less Notices of Seeking Possession. The Notices of Seeking Possession are an effective incentive to tenants and are the first step in instigating the court process. The majority of tenants respond positively at this stage and set up payment agreements and go on to successfully sustain their rent payments long term. This, in turn, reduces the need for applications for court orders and reduces court costs.
46. Acknowledging the need to maximise rent collection, whilst reducing bad debt, work continues to review all outstanding accounts, profiling of debt and streamlining of enforcement and administrative processes. A comprehensive Action Plan, arising from an audit of "Housing Income Collection Arrangements" has been developed and will be implemented before 31 July 2018.
47. The current work on the development of a new housing management IT system, Northgate NPS, scheduled to go live in October 2018, will also seek to enhance the management and collection of both housing rent and other housing debt owed to the Council.
48. There were no customer complaints or compliments in 2017-18 in relation to arrears and recovery matters. There were also none in 2016-17.
49. Benchmarking data for 2017-18 is not available yet.

Other Housing Revenue Account Debt

50. In addition to the Homes for Northumberland debt above the following is a breakdown of other housing debt to the Housing Revenue Account, again with performance from 2016-17 for comparison:

Measure	Current Tenants		Former Tenants	
	31 Mar 2017	31 Mar 2018	31 Mar 2017	31 Mar 2018
Lamb House	£0	£7,239	£90,256	£104,174
Valley Care	£10,107	£7,400	£4,465	£4,934

Recent and current developments

51. Since the last report to the Corporate Services and Economic Growth Overview and Scrutiny Committee in December 2017 work has been on-going to improve the efficiency and effectiveness of the billing, collection and recovery of all monies due to the Council.
52. Implementation of the Oracle iReceivables system (customer self-service for sundry debts), which enables customers to view and pay their invoices online, is live. It has been made available to business customers first although take-up has been slow. The receivables system support has recently returned in-house and the system will move to a Cloud based system in 2018-19. Further developments, including paperless direct debit, will be made once the move is completed.
53. The Council has engaged an additional firm of Debt Collection Agents for Sundry Debt and Housing Benefit Overpayment recovery. The first referrals were sent in October 2017.
54. The Ministry of Justice conducted a One Year Review of the 2014 Enforcement Reforms regarding Enforcement Agents with the intention that a Three Year Review would follow. The One Year Review was not published until April 2018 and the Three Year Review was delayed due to the General Election and has yet to be published. The One Year Review does not contain any proposals or recommendations to change the 2014 legislation. One of the Council's appointed Enforcement Agents reported the following:
- Third Sector organisations have welcomed the greater transparency of the new fee structure and their publicity on prescribed documents;
 - Payments at the earliest stage of the enforcement agent process average over 40% of all collections without the need for enforcement agent to visit defaulters which typically adds a fee of £235 to the debt;
 - When enforcement agents have charged a fee for visiting defaulters, any payments made will be split between the outstanding debt and the enforcement agent's fees;
 - When enforcement agents are required to visit defaulters they will combine all matters for a defaulter and only charge a single fee; and

- Although there is no definition of vulnerability in the new regulations, there are potential financial sanctions for enforcement agents where they take inadequate measures to identify vulnerable defaulters.
55. Quarterly joint meetings are held with the Council's appointed Enforcement Agents and Northumbrian Citizens Advice Bureau. CAB continue to report that they have no major issues in relation to the work being carried out by the Enforcement Agents.
 56. The Department for Communities and Local Government (now Ministry of Housing, Communities and Local Government) issued a consultation document in October 2015 entitled 'Improving efficiency of council tax collection' which sought views on legislative or data barriers to efficient council tax collection, including allowing HMRC to share employment information with Councils. MHCLG are still analysing feedback and no date has been given for publication of the results. Data sharing with HMRC would improve the efficiency and effectiveness of the council tax enforcement process, a greater number of Attachment of Earnings Orders will be issued to employers, and collection rates will improve.
 57. The Benefit Overpayment Team is continuing with its initiative to improve collection rates and raise the public profile and awareness of benefit overpayment recovery. All overpayment cases are being reviewed with consideration being given to pursuing County Court action and securing Judgements, where appropriate, against those debtors who refuse to engage in repayment negotiations. As part of the case reviews, however, it has become apparent that County Court Judgements are likely to be unenforceable in the vast majority of cases because of debtors' financial circumstances and alternative collection and recovery options have to be explored. Two County Court Judgments have been obtained so far and High Court enforcement action has been taken against both debtors. However, that action failed on one case because of vulnerability issues identified by enforcement agents under the provisions of the Taking Control of Goods Regulations, which could not have been foreseen beforehand. The other case is for £869.66 and is being recovered by High Court Bailiffs.
 58. The Benefit Overpayment Team continue to target overpayments created in- year, particularly those created as part of the RTI* initiative. This is to maximise recovery at the earliest possible opportunity and avoid it becoming 'old debt' which is harder to recover. The RTI initiative has resulted in an increased workload, as well as improved and timelier recovery.

*RTI is Real Time Information which is downloaded directly from HMRC and includes information on occupational pensions and/or earnings. This initiative has increased the workload as overpayments are now identified where the claimant has failed to inform the Council.
 59. The Benefit Overpayment Team have gone live with the DWP's Payment Deductions Project (PDP). This is a new electronic service to refer housing benefit overpayment debts to the DWP for deductions from benefit and receive payment schedules back.

60. A new DWP project came into force on 12 April 2018. The Council can request information held by HMRC, i.e. up to date addresses, employment details and self-employment figures. This should be invaluable in some of the harder to recover cases where debtors refuse to engage with the Council.
61. The Council's website has been updated to advise Council tenants that they must inform the Housing Benefit Section promptly of any changes in circumstances that may affect their entitlement. A reminder is also now included in the quarterly rent statements issued to tenants.
62. The Corporate Debt Recovery Policy has been updated to include the Housing Income Management Policy and make all practices consistent. The Corporate Debt Recovery team share best practice with the Homes for Northumberland recovery team. Further alignment to the Council's wider debt recovery processes and systems will also help to improve rent arrears recovery rate as well as improving the quality of data sharing between the various services.
63. The Council's Finance and Contract Rules covering write offs were updated on 1 November 2017 to allow Homes for Northumberland to write off irrecoverable housing debts, and for Adult Social Care to write off charges deemed irrecoverable prior to an invoice being raised. The section was also revised following changes to staffing structures, and to give flexibility for future staffing restructures.
64. Acknowledging the need to maximise rent collection, whilst reducing bad debt, work continues to review all outstanding accounts, profiling of debt and streamlining of enforcement and administrative processes. A comprehensive Action Plan, arising from an audit of "Housing Income Collection Arrangements" has been developed and will be implemented before 31 July 2018.
65. The new housing management IT system, Northgate NPS, is scheduled to go live in October 2018 and will also seek to enhance the management and collection of both housing rent and other housing debt owed to the Council.
66. An annual campaign has been established to encourage new tenants and existing cash payers to pay their rent by Direct Debit. The aim is to reduce the level of current tenant debt increasing over the year.

Implications

Policy	Debts are followed up in line with the agreed Council policies and as set out in the Council's Finance and Contract rules.
Finance and value for money	By improving the robustness of debt recovery, the Council will improve its cash flow, and reduce the risk of a need to write off outstanding amounts.
Legal	None
Procurement	None
Human Resources	None
Property	None
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	All debt recovery policies and the procedures they use have been subject to an equality impact assessment.
Equalities	All debt recovery policies and procedures have been subject to an equality impact assessment.
Risk Assessment	Risks relating to the non-recovery of debt are picked up within the relevant area's service plan. In addition, the risk assessments carried out in relation to the budget process highlight such areas and identify the appropriate controls. Budget risk assessments are carried out on an annual basis.
Crime & Disorder	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified.
Customer Considerations	Applying a more holistic approach and methodology to debt collection will ensure that all debtors and taxpayers are treated in a consistent manner. Timely recovery of debts ensures a more effective use of public money.
Carbon reduction	None
Wards	All

Background Papers:

Corporate Debt Recovery Policy

Tenant's Forum 24 May 2018: Housing Services (HFN) End of Year Performance Report 2017-18

Cabinet 12 June 2018: Write Offs 2017-18

County Council 1 November 2017: Finance and Contract Rules for Write Offs

Report sign off

Authors must ensure that officers and members have agreed the content of the report:

	initials
Monitoring Officer/Legal	LH
Executive Director of Finance & S151 Officer	BS
Relevant Executive Director	BS
Chief Executive	DL
Portfolio Holder(s)	NO

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