



Northumberland

County Council

Corporate Services and Economic Growth Overview and Scrutiny Committee

8 July 2019

Debt Recovery Update

Report of: Neil Bradley, Service Director – Strategic Commissioning and Finance

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:

	2015-16	2016-17	2017-18	2018-19
Sundry debt	£66,451.44	£86,859.14	£104,856.31	£86,507.19
Council Tax	£511,941.04	£847,797.21	£869,775.83	£474,500.89
Business Rates	£626,310.01	£656,647.24	£611,495.46	£790,990.74
Benefit Overpayments	£238,607.81	£163,040.67	£174,067.31	£165,914.69
Housing Rent & Other	£0.00	£0.00	£208,310.92	£394,903.58
Debt (see note 1)				
Adult Social Care	£967.65	£11,462.85	£43,977.11	£37,671.68
Total	£1,444,277.95	£1,765,807.11	£2,012,482.94	£1,950,576.88

Notes:

1. The Finance & Contract Rules covering write offs were updated at County Council on 1 November 2017 to include Housing debts.
3. In accordance with the Council's Finance and Contract Rules, write offs are reported annually to the Cabinet.
4. Benchmarking data on the level of write offs in 2018-19 is not yet available from The Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking club.

Sundry Debt

5. At 31 March 2019 the Council was owed £20.829 by its sundry debtors. The debt, analysed by its maturity, is shown below (with 31 March 2018 figures shown for comparison):

Age of debt	31 March 2018		31 March 2019	
	Number of Invoices	Balance Due £'000	Number of Invoices	Balance Due £'000
Up to 3 months past due	682	1,794	1,649	3,962
3 to 6 months past due	258	767	782	2,090
6 to 9 months past due	142	245	306	477
9 to 12 months past due	118	3,287	235	376
1 to 5 years past due	749	1,005	997	1,322
Over 5 years past due	96	230	150	263
Debt past due date	2,045	7,328	4,119	8,490
Debt within terms	2,296	7,680	2,358	13,802
Total debt	4,341	15,008	6,477	*22,292

Notes:

- This is an updated position from that published in the Council's draft Statement of Accounts 2018-19 which showed total debt past due date as £9.548 million.
 - * Following implementation of the Council's new financial system, payments totalling £1.463 million received in 2018-19 are still to be allocated to invoices.
 - The increase in debt within terms includes invoices issued prior to 31 March 2019 that are still within the 30 day payment terms. These include three high value invoices totalling £6.786m that were issued between 19 and 27 March 2019.
 - Following implementation of the Council's new financial system, recovery action has been reduced due to a delay with system development to enable production of reminder letters. Information Services have now completed the development and the Council will start issuing reminder letters in June 2019 which should lead to a reduction in the number of past due invoices and past due debt.
6. Benchmarking data on collection of sundry debt in 2018-19 is not yet available from the CIPFA benchmarking club.
7. Nine customers have past due balances of over £0.1 million at 31 March 2019. Details are shown below with 30 September 2018 figures for comparison. The total of £3.260 million past due represents 38.4% of the total debt past due as at 31 March 2019.

Customer	30 September 2018		31 March 2019	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
NHS Customer 2	13	2,279	-	-
NHS Customer 4 (see note 1)	13	164	11	820
Customer 1 (see note 2)	12	120	12	120
Company 3	3	3,250	-	-
Company 7	1	3,100	-	-
Company 10 (see note 3)	3	284	5	233
Company 11 (see note 4)	-	-	1	137
Council 2 (see note 5)	-	-	16	333
Council 6 (see note 6)	-	-	3	133
Education 1 (see note 7)	-	-	10	446
Education 2 (see note 8)	-	-	5	560
Education 3 (see note 9)	-	-	9	478
Total	45	9,197	72	3,260

Notes:

1. 1 invoice is now paid and the remaining 10 invoices totalling £812,103.79 are being pursued.
 2. Part payment received from proceeds of sale of property, a significant shortfall was anticipated. Options to recover balance are being assessed.
 3. Invoices are now paid.
 4. 1 invoice being pursued.
 5. 6 invoices are now paid and the remaining 10 invoices totalling £150,685.16 are being pursued.
 6. 1 invoice is now paid and the remaining 2 invoices totalling £109,000.00 are being pursued.
 7. 1 invoice is now paid and the remaining 9 invoices totalling £30,245.19 are being pursued.
 8. 1 invoice is now paid and the remaining 4 invoices totalling £288,086.82 are being pursued.
 9. 1 invoice is now paid and the remaining 8 invoices totalling £168,167.93 are being pursued.
8. Analysis of the level of overdue debt as at 31 March 2019 by the service area raising the invoices is shown below (again with 31 March 2018 figures for comparison):

Service Area	31 March 2018		31 March 2019	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Adult Services	1,051	1,725	2,007	2,513
Children's Social Care	161	903	168	920
Corporate Resources (Finance)	251	375	419	2,192
Corporate Resources (IT)	16	83	11	5
Fire & Rescue	7	9	39	38
Housing	10	14	9	13
Housing Services	7	2	9	6
Local Services (including Projects)	320	543	990	1,216
Property & Estate Management	43	3,123	69	54
Pension Fund	6	62		
Public Health/Protection	124	156	274	203
Regeneration & Dev Man	21	305	43	797
Schools	28	28	75	489
Kielder Development Trust			6	44
Total	2,045	7,328	4,119	8,490

As mentioned earlier, following implementation of the Council's new financial system, recovery action has been reduced due to a delay with system development to enable production of reminder letters. Information Services have now completed the development and the Council will start issuing reminder letters in June 2019 which should lead to a reduction in the number of past due invoices and past due debt.

Council Tax

9. Council Tax is charged on domestic dwellings in the County. There are currently 154,170 domestic dwellings in Northumberland, with a net collectable debit of £191.5 million for 2018-19.
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 2019 £9.6 million was outstanding in total (£3.9 million relating to the 2018-19 financial year). For comparison, at 31 March 2018 £9.4 million was outstanding in total (£3.8 million relating to the 2017-18 financial year).
11. The Council's collection rate for in-year collection (this does not include arrears) for 2018-19 increased to 98.1% against a target of 98.0%. The collection rate for 2018-19 was again the highest of 11 of the North East Councils. National

benchmarking data for 2018-19 is not available yet. In-year collection rates for all years from 2009-10 are shown below:

Council Tax	%		%
2009-10	96.6	2014-15	97.7
2010-11	96.9	2015-16	97.8
2011-12	97.4	2016-17	97.9
2012-13	97.7	2017-18	98.0
2013-14	97.5	2018-19	98.1

12. The number of customers on Direct Debit at annual billing (who have something to pay) reduced to 74.4% for 2019-20. The reduction is due to the 8% reduction in Council Tax Support for those working age customers who had nothing to pay previously. For comparison, it was 82.0% in 2018-19, 81.1% in 2017-18 and 80.0% in 2016-17. The Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking data for 2019-20 annual billing is not available yet but 2018-19 annual billing data showed that the Council had the highest take-up of all the contributors (the average take-up was 64.8%). The Council was also the highest in 2017-18 and 2016-17 when the averages were 63.1% and 62.9%, respectively.
13. During the previous four financial years the Council issued the following recovery notices:

	2015-16	2016-17	2017-18	2018-19
1st or 2nd Reminders	41,696	40,991	40,401	39,598
Final Notices	3,645	3,626	3,700	2,885
Summonses	11,346	11,026	11,570	9,704
Liability Orders	8,958	8,544	8,784	7,846

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	1,872	494
Attachment of earnings	1,858	825
Enforcement Agent (Formerly Bailiff)	4,060	2,182
Committal (see notes 1 & 2 below)	135	161
Bankruptcy/Statutory Demand (see note 2 below)	7	62
Charging Orders (see note 2 below)	23	130

Notes:

1. No Council Tax defaulters were sent to prison in the 2018-19 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 2015-16	Number of cases 2016-17	Number of cases 2017-18	Number of cases 2018-19
Attachment of benefit	3,047	3,541	3,647	3,196
Attachment of earnings	3,600	4,160	4,133	3,755
Enforcement Agent Committal	3,759 116	4,112 153	5,066 46	4,506 0
(see note 1 below)				
Statutory Demands	38	14	12	16
(see note 1 below)				
Bankruptcy Petitions (see note 1 below)	8	1	4	7
Bankruptcy Orders (see note 1 below)	5	0	4	2
Interim Charging Orders (see note 1 below)	11	5	15	8
Final Charging Orders (see note 1 below)	11	3	16	6

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 13,190 business properties in Northumberland, with a total rateable value of £228 million, and with a net collectable debit of £83.5 million for 2018-19.

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 2019 £3.1 million was outstanding in total (£1.2 million relating to the 2018-19 financial year). For comparison, at 31 March 2018 £3.3 million was outstanding in total (£1.5 million relating to the 2017-18 financial year).

18. The Council's collection rate for in-year collection (this does not include arrears) increased to 98.3% in 2018-19 against a target of 98.1%. This performance is below the average performance of 11 of the North East Councils. National benchmarking data for 2018-19 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	2014-15	97.9
2010-11	97.0	2015-16	98.1
2011-12	97.2	2016-17	98.1
2012-13	97.6	2017-18	98.1
2013-14	97.3	2018-19	98.3

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

	2015-16	2016-17	2017-18	2018-19
Reminders	3,463	3,341	3,539	3,037
Summonses	859	831	701	571
Liability Orders	557	525	401	357

20. There are currently 139 cases at Enforcement Agent stage with an outstanding debt of £0.57 million, 9 at committal* stage totalling £0.02 million and 9 at statutory demand/bankruptcy* stage totalling £0.50 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	Number of cases	Number of cases	Number of cases
	2015-16	2016-17	2017-18	2018-19
Enforcement Agent (Formerly Bailiff)	305	250	277	206
Committal (see note 1)	11	9	6	0
Statutory Demands (see note 2)	6	4	11	10
Bankruptcy Petitions (see note 2)	0	1	5	10
Bankruptcy Orders (see note 2)	0	0	3	2

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 2018-19 overpayments of £2.470 million were identified with £1.382 million recovered in year (56.0%). This compares with 53.3% being recovered in- year in 2017-18, 52.1% in 2016-17 and 47.7% in 2015-16. A further £1.241 million was collected in respect of overpayments identified prior to 1 April 2018.
25. A total of £2.623 million was recovered in 2018-19 compared to £3.029 million in 2017-18, £2.969 million in 2016-17 and £2.999 million in 2015-16. The drop in recovery can be attributed to the movement of Housing Benefit claimants to Universal Credit thus removing our opportunity to recover from future payments of Housing Benefit and fewer overpayments being created. Cash collected in 2018-19 amounted to £0.909 million compared to £0.904 million in 2017-18, £0.980 million in 2016-17 and £0.852 million in 2015-16.
26. There is currently £4.762 million outstanding in respect of housing benefit overpayments (£1.063 million in respect of overpayments identified in 2018-19 and £3.699 million in respect of prior years). £4.760 million is recoverable and recovery action is taking place utilising the following methods of recovery (with 31 March 2018 figures for comparison):

Recovery Method	No of cases/ invoices	31 Mar 2018 £'000	No of cases/ invoices	31 Mar 2019 £'000
On-going entitlement to benefit	1,507	1,798	1,215	1,533
Invoice stage	476	436	467	365
Reminder stage	178	263	172	233
Final stage	1,124	1,108	887	985
External debt collector	816	781	754	618
Attachment of benefit (clerical claims)	54	115	29	88
PDP DWP Referrals	474	239	632	403
Direct Earnings Attachment	287	318	428	534
CCJ obtained	0	0	0	0
CCJ cases with High Court Enforcement	2	2	1	1
Total	4,918	5,060	4,585	4,760

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 performance:
- The Council again had the 4th lowest level of outstanding overpayments at the end of 2018-19 compared to 10 of the North East Councils, and again the second lowest ratio of Housing Benefit overpayments to Housing Benefit caseload.
 - CIPFA benchmarking data for 2018-19 is not available yet
30. The £2.470 million of overpayments identified in 2018-19 are broken down as follows (with 2017-18 £3.320 million for comparison):

Overpayment Reason	2017-18		2018-19	
	Council Tenants £'000	Private Tenants £'000	Council Tenants £'000	Private Tenants £'000
Claimant Error	579	2,493	420	1,816
Local Authority Error	7	35	4	29
Administrative Delay	14	65	11	69
Fraud	39	47	11	72
DWP Error	3	5	2	6
Technical Overpayments	33	-	28	2
Total	675	2,645	476	1,994

31. In 2018-19 total Housing Benefit expenditure was £79,024 million and there were 19,892 claimants as at 31 March 2019. In 2017-18 total Housing Benefit expenditure was £82,068 million and there were 21,895 claimants as at 31 March 2018.

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. The Council's Finance and Contract Rules covering write offs didn't include Homes for

Northumberland and Housing debts until 1 November 2017. Work is now underway to write off irrecoverable debt. Performance will be reported to the Tenant's Forum in July 2019.

Measure	2015-16	2016-17	2017-18	2018-19
Annual Rent Debit	£32.0m	£32.1m	£31.2m	£31.0m
Current arrears as a % of the annual rent debit	1.64 %	1.75 %	1.51 %	1.88 %
Current tenant rent arrears outstanding	£524,766	£562,864	£471,631	£582,836
Former arrears as a % of the annual rent debit	2.41%	3.03%	3.76%	3.82%
Former tenant rent arrears outstanding	£770,324	£973,374	£1,174,006	£1,184,575

34. The targets for rent arrears in 2018-19 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 £37,764 under target. This is notable performance given the impact arising from the introduction of full service of Universal Credit (UC) in Northumberland during November and December 2018.

36. Whilst former tenant arrears have increased significantly since 2012, there has again been some success in 2018-19 with only an additional £10,000 of debt accrued.

37. 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	2015-16	2016-17	2017-18	2018-19
Number of Notices of Seeking Possession	746	984	871	775
Number of Evictions (see note 1)	78	59	72	49

Note:

1. The work to support tenants to maintain their tenancies has resulted in a significant reduction in the number of evictions carried out in 2018-19.

38. In respect of all other housing debt, 2018-19 end of year performance is shown below, together with end of year performance in 2017-18 for comparison:

Measure	Current Tenants		Former Tenants	
	31 Mar 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019
Garage Arrears	£2,664	£2,391	£8,100	£8,851
Furniture Recharges	£3,465	£2,825	£177,880	£137,768
Repair Recharges	£46,251	£45,348	£1,161,106	£1,072,637
HB Overpayments	£6,669	£6,698	N/A	N/A
Leasehold Service Charge	£69,663	£63,663	N/A	N/A
Bankruptcy	£4,449	£7,194	£1,317	£1,320
Court Costs	£142,205	£150,147	£146,179	£160,646
Attachment of Benefit Orders	0	0	0	0

39. In seeking to recover debt over and above that undertaken on a voluntary basis the Council made forty three debt collection referrals in 2018-19. This compares with forty one in 2017-18.

40. The targets for rent arrears in 2019-20 are:

- To collect 98% of rent owed by current tenants)
- 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.

41. Full Service Universal Credit was introduced in Northumberland in November and December 2018. At 31 March 2019 498 tenants were in receipt of the benefit, up from 107 tenants in March 2018. The waiting time, which is now 5 weeks, has resulted in collective arrears of £69,800, up from £40,577.75 in March 2018.

- 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.

42. In addition to UC, a further 43 tenants are affected by the Benefit Cap with arrears totalling £12,000.67. This compares with 45 tenants as at 31 March 2018 with arrears totalling £12,556.67. The Council's Welfare Benefits Advisor is working closely with these tenants and, where possible, is assisting with their claims for Discretionary Housing Payment.

43. 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.

44. For evictions and Notices of Seeking Possession: This year the Council has carried out 23 fewer evictions compared to the same time last year, and served 96 fewer 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.
45. There were no customer complaints or compliments in 2018-19 in relation to arrears and recovery matters. There were also none in 2017-18.
46. Benchmarking data for 2018-19 is not available yet.

Other Housing Revenue Account Debt

47. 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 2018	31 Mar 2019	31 Mar 2018	31 Mar 2019
Lamb House	£7,239	£0	£104,174	£94,131
Valley Care	£7,400	£3,317	£4,934	£4,638

Recent and current developments

48. Since the last report to the Corporate Services and Economic Growth Overview and Scrutiny Committee in December 2018 work has been on-going to improve the efficiency and effectiveness of the billing, collection and recovery of all monies due to the Council.
49. The receivables system for sundry debt moved to a Cloud based system in November 2018. Customers can now set up payments via paperless direct debit over the phone and face-to-face.
50. 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.
51. Quarterly joint meetings are held with the Council's appointed Enforcement Agents and Citizens Advice Northumberland. They continue to report that they have no major issues in relation to the work being carried out by the Enforcement Agents.
52. 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. The Cabinet Office, however, is now working with local authorities to set up data sharing pilots with HMRC and the Recovery Manager is leading a group comprising of Northumberland County Council and the five Tyne and Wear Councils. Go-live is expected to be early 2020.
53. 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 was for £869.66 and has been recovered by High Court Bailiffs.

54. 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.

*RTI is Real Time Information which is downloaded directly from HMRC and includes information on occupational pensions and/or earnings.

55. 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.
56. 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.
57. 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.
58. 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.
59. 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 was implemented on 31 July 2018.
60. The Council's Housing service has reviewed its service provision and a bespoke Income Management Team and Support and Advice Officers will ensure tenants have maximum access to all relevant support and advice needed to manage their rent commitments and sustain their tenancies.
61. The rent income policy and enforcement procedures have been reviewed to reflect the changing payment frequency with Universal Credit. This will give new claimants

in particular time to receive their payment and the opportunity to maintain regular arrangements for paying their rent.

62. The new housing management IT system, Northgate NPS, went 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.

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

Cabinet 11 June 2019: Write Offs 2018-19

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	AS
Relevant Executive Director	NB
Chief Executive	DL
Portfolio Holder(s)	NO

Author and Contact Details

Susan Mounsey

Revenues Manager

(01670) 624285

Susan.Mounsey@Northumberland.gov.uk