



Northumberland

County Council

CORPORATE SERVICES AND ECONOMIC GROWTH OVERVIEW AND SCRUTINY COMMITTEE

9 MARCH 2020

DEBT COLLECTION ARRANGEMENTS – SUPPORT TO CUSTOMERS WITH FINANCIAL DIFFICULTIES

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 set out the support and arrangements that are in place to assist customers who are having difficulty paying their council tax and rent commitments.

Recommendations

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

Link to Corporate Plan

Effective income management processes are essential to the delivery of the Council's Corporate Plan objectives. An efficient income management process contributes to the availability of resources for service provision.

Key issues

1. The Council's Corporate Debt Recovery Policy (see Appendix 1) governs the policies concerning the billing, collection and recovery of monies due to the Council. Sums due to the Council are a mixture of statutory and non statutory charges and for statutory debts the methods of billing and collection are tightly prescribed.
2. Assistance is provided to tenants and council tax payers on low incomes and state benefits by way of housing benefit for tenants which helps tenants with their rent commitments, and the Council's council tax support scheme, which assist with council tax liability for households on lower incomes or state benefits
3. In 2019-20, there were two separate changes that had a particular impact on lower income households in Northumberland. They were:
 - The Council Tax Support Scheme for 2019-20 reduced the maximum level of support for working age claimants by 8% from 100% to 92%. This change meant that all working age claimants had their entitlement to support reduced by 8% and claimants previously receiving 100% support had an 8% charge

introduced. Around 12,500 claimants received a bill for council tax where they had previously had received full council tax support.

- In addition, in November and December 2018, Universal Credit (UC) was rolled out in Northumberland and this meant that tenants in receipt of housing benefit who had previously had their rent paid by housing benefit would move to UC when they had a change in circumstances and would be responsible for and expected to pay their rent directly from their UC award.
4. As a result of these changes a variety of measures are in place to assist with tenants and council tax payers and engaging with the Council at the earliest opportunity gives more options to be explored and a longer period to pay over.
 5. Where referrals are made to Enforcement Agents there is a Code of Practice in place which sets out the protocols that the Agents must adhere to and quarterly meetings are held to monitor compliance. Citizens Advice Northumberland (CAN) are invited to attend the meetings.
 6. Whilst taking into consideration the individual circumstances of tenants and taxpayers, both are major income streams to the Council and recovery action needs to strike a balance of fairness to other tax payers and tenants who pay their liabilities on time and also support and take consideration of those who have difficulty in maintaining or managing their payments.
 7. The Council has in place good relationships with CAN and referrals to and from them continue to be productive.
 8. Northumberland Community Bank, which has been supported by the Council, encourages its members to borrow and save responsibly. They provide an alternative to banks, building societies and high-interest loan providers, such as pay-day or doorstep lenders. They encourage members to save what they can and only borrow what they can afford to repay. They are available and ready to help people in difficult financial circumstances.

Background

9. A Debt Recovery Update report is presented to the Corporate Services and Economic Growth Overview and Scrutiny Committee with information relating to the level of outstanding debt owed to the Council twice a year reporting on the half yearly and end of year performance.
10. At the meeting held on 9 December 2019 where performance up to 30 September 2019 was reported, Members requested that a further report was required to give assurance of the types of support and assistance that was being provided to customers on low incomes in relation to council tax and rent collection.
11. The request has particular relevance with the impact of the reduction in the level of council tax support for the 2019-20 financial year and the continuing impact of UC that was rolled out in Northumberland in November/December 2018.
12. When UC was originally rolled out in November/December 2018 responsibility for advice and support around IT skills was provided face to face by the Council via Customer Services at the Information Centres. In addition, advice with regard to budgeting and money management was commissioned with the Citizens Advice

Bureau (CAB). Numbers were low but have increased over time as more people have had a change in their circumstances and moved onto UC.

13. From 1 April 2019, responsibility transferred nationally to the CAB for both elements of support and they are funded by central government. If a UC claimant presents to the Council assistance would still be provided where possible, for example, access to a PC, and signposting to either CAN or Jobcentre Plus will also take place. Referrals to CAB are made in connection with collection of rent and council tax and there is a good working relationship with CAN.
14. The Council provides significant financial support to CAN to ensure services are available to those in need in Northumberland. This was around £580k in 2018-19 and is a significant amount in 2019-20 as well.

Rent collection assistance provided

15. Annex 11 of the Corporate Debt Recovery Policy is the Housing Income Management Policy and sets out the approach to Current Rent Arrears and former Tenant arrears.
16. The collection of rent is vital in order for the Council to provide services to all tenants and emphasis is made at the sign-up stage of the importance of paying rent. Advice is given with regard to payment options, Housing Benefit, UC and Council Tax Support. This is done via face to face contact with the Estates Officer.
17. The aim is always to prevent rent arrears and early intervention is essential to prevent arrears escalating. An Income Officer will work proactively with the tenant and provide any support that is required. The following is a list of actions that are provided to assist tenants, to understand the reason why arrears may be occurring, and, offer as much help to the tenant as possible:
 - Home visits
 - Outgoing Telephone calls
 - Payment arrangements

Assistance to Sustain Tenancies

18. Alongside the recovery of any debts owing to the Council it is very important that assistance is provided to tenants in order to sustain their tenancy. In order to do so, the following support mechanisms are in place:
 - Referrals to Housing Benefit which also includes applications for discretionary housing payment
 - Referral to CAN for budgeting and money management issues
 - Referrals to other agencies which may be able to assist if a tenant deemed to be vulnerable i.e. Age UK, Silx Youth Project, Voices, BRIC etc.
 - The offer of repayment agreements which the tenant can maintain
 - Consideration of Direct Debit and Standing Order Options
 - Advice on managing money and budgeting
 - Support with UC applications

Vulnerable Tenants

19. The Council also has tenants who may have special requirements, and are deemed vulnerable (or both) and as a result may be at greater risk of losing their tenancy.
20. Vulnerable tenants include those that are:
 - Under 18 years of age or young people under 21 leaving care
 - Elderly (aged 70 years or over)
 - Suffering with Mental Health conditions
 - Suffering with Substance Abuse issues
 - Living with chronic long term illnesses
 - Severely physically disability
 - Illiterate
 - First Language is not English
 - Rehoused from Supported Accommodation
 - Suffering from domestic violence
21. These cases are monitored and flagged as at risk and can be easily identified so that individual attention can be given to those cases and ensure that support and consideration to their circumstances is given.

Rent Arrears

22. When rent arrears action commences, the process can be extended or reduced depending upon the individual circumstances of the tenant and the level of arrears. The following are examples where this would happen:
 - The tenant is in hospital
 - There are mental health issues or the tenant is unable to understand their responsibilities
 - Delays in claims for benefit being processed
 - Recent bereavement
 - Recent unemployment
 - Recent matrimonial difficulties.
 - The tenant is awaiting a UC Payment.
22. The Council currently manage 1,348 tenancies with a UC claimant. In general, the workload associated with managing a UC account involves providing intensive support to ensure that the customer understands their obligations and how to pay their rent. There are a number of challenges for customers and the Council when dealing with UC, primarily around protecting rental income and supporting claimants. The Housing Operations service provides support to customers who may be struggling financially.

Alternative Payment Arrangements and third-party deductions

23. The Council currently has 370 Alternative Payment Arrangements (APA) in place. These arrangements are requested when a customer may be vulnerable or have significant rent arrears, and an application can be made to the Department for Work and Pensions to have the rent paid directly to the Council.
24. In addition, where it has not been possible to make an arrangement with a customer to pay their rent arrears, the Council can apply to have a third-party deduction (TPD). There are currently 227 Third party deductions secured.

25. In September 2019, the Housing Operations Service moved to a revised housing management function which included a new Income Team. The re-structure also introduced a new Support and Vulnerability team in addition to the Welfare Benefits Officer who can provide more ongoing and targeted support to vulnerable tenants.

Partnership Working

26. Liaison meetings are held with other landlords and partners and this will ensure that relationships continue to be built to share learning and best practice. Agile working will be maximised by working from Cramlington and Blyth Job Centres which is enhancing partnership working with the DWP. This also provides an opportunity to assist customers who may be struggling at the time of making a claim and having the opportunity to provide ongoing support in personal budgeting, income and expenditure, maximising income and employability referrals.
27. Partnership working with the Housing Benefit Team and the DWP will be developed further.

Investment in Services - Voicescape

28. A new telephone IT system which will support the collection of rental income has been implemented. It is an outbound telephone contact system used to proactively contact customers that have fallen into arrears or assist us with any targeted campaigns. The aim is that it will increase the contact with customers and enable staff to target recovery action and deal with the increased workload arising from UC and support customers to sustain their tenancy.

Council Tax collection assistance provided

29. Council Tax is the major income stream for the Council with a collectable debit for 2019-20 of £204.7 million from 155 thousand domestic properties. The vast majority of tax payers pay in line with their monthly instalments but where they are not met tax payers will be subject to firm but fair prescribed recovery action.
30. Annex 1 of the Corporate Debt Recovery Policy is the Council Tax and NNDR Recovery Policy and covers the levying of Council Tax. Council tax is payable in line with a statutory instalment scheme and there is a legal duty for outstanding amounts to be collected in line with the Council Tax (Administration and Enforcement) Regulations 1992.
31. The aim of the policy is to bill, collect and recover council tax in an economic, effective and efficient manner in accordance with legislation and best practice.
32. For the financial year 2019-20 council tax of £204.7 million was due from 154,989 properties. Council Tax has been collected since 1993 and the processes are well established
33. A reduction in the level of support provided by way of council tax support for working age claimants meant that over 15 thousand claimants had to pay more council tax and 12.5 thousand had council tax to pay for the first time as support was reduced to a maximum of 92%.
34. For tax payers on low incomes or facing financial difficulties, additional assistance on top of that already provided to taxpayers was introduced. Additional assistance provided to tax payers is as follows:

- Option to extend the monthly instalments from 10 to 12
- Promote direct debit as the favoured payment method with an option of three collection dates per month (1st , 15th and 28th)
- De-escalate the recovery process where tax payers agreed to move on to direct debit for Reminder Notices, Final Notices and Summons cases
- Referrals to CAN where it is identified a tax payer is in difficulty
- Referrals from CAN where the tax payer has presented to them initially and they have acted on their behalf
- Staff are mindful of customers who are in receipt of council tax support when taking recovery action
- Cases have been returned from Enforcement Agents and alternative arrangements made.
- A more flexible approach with Enforcement Agents who have added an additional step to contact claimants in receipt of council tax support prior to initiating action and costs
- When somebody applies for UC at a Jobcentre they are asked if they want to apply for council tax support and if they do an automatic notification is received by the Council to start their award.
- More flexibility within the recovery process where tax payers have medical conditions or issues which are difficult to manage
- To seek weekly deductions from certain state benefits rather than take enforcement action
- The opportunity to make payment arrangements
- Engagement with the tax payer as early as possible to allow for more options to pay their liability
- Identification of cases where a discount or exemption may be applicable
- Identification of cases where council tax support may be applicable

35. One method of collection used as a last resort for council tax is the referral of the case to an Enforcement Agent. Annex 10 of the Corporate Debt Recovery Policy refers to an Enforcement Agent Code of Practice which sets out the way Agents should conduct themselves, the standards they must adhere to and procedures they must follow and when it is inappropriate to act.
36. Quarterly meetings take place with the Enforcement Agents used by the Council to monitor their performance and raise any concerns. Any issues that arise or complaints are dealt with immediately and the Council has access to the Enforcement Agents system and can update cases and hold action when required.
37. Considerable work has been done with CAN and they are invited to attend liaison meetings with Enforcement Agents.
38. Testing is currently taking place with a SMS texting facility which would allow text alerts to be sent directly to tax payers to remind them of missed council tax payments. The intention is to introduce this for the 2020-21 financial year.

Implications

Policy	The Corporate Debt Recovery Policy governs the billing, collection and recovery of income due to the Council.
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Finance value money and for	Rent and Council Tax are significant income streams for the Council and contribute to the provision of service delivery and the Corporate Plan objectives. High collection rates ensure that services can be maintained, however, there is recognition that for those families on lower incomes and state benefits meeting their rent and council tax commitments can be difficult and challenging.
Legal	No implications.
Procurement	No implications.
Human Resources	No implications.
Property	No implications.
Equalities (Impact Assessment attached) Yes No N/A	This is an information only report and no Equality Impact Assessment is required.
Risk Assessment	No implications.
Crime & Disorder	No implications.
Customer Consideration	Applying a more holistic approach and methodology to debt collection ensures that all customers are treated in a consistent manner. Timely recovery of income ensures amore effective use of public funds.
Carbon reduction	No implications
Wards	All wards are affected

Background papers:

Corporate Debt Recovery Update Report – 9 December 2019

Report sign off.

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

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