



# Northumberland

## County Council

### **Corporate Services and Economic Growth Overview and Scrutiny Committee**

13 July 2020

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#### **Debt Recovery Update**

**Report of** Chris Hand, Executive Director of Finance & Section 151 Officer

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

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#### **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.

In addition, at Corporate Services and Economic Growth Overview and Scrutiny Committee on 9 March 2020, Members requested additional information regarding council tax arrears. The information requested is at Appendix 1.

#### **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:

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Sundry debt	£86,859.14	£104,856.31	£224,596.64	£266,343.83
Council Tax	£867,864.30	£876,976.87	£476,560.30	£158,220.13
Business Rates	£656,647.24	£611,495.46	£790,990.74	£1,057,697.40
Benefit Overpayments	£142,973.58	£166,866.27	£163,855.28	£103,005.65
Housing Rent & Other	*£0.00	£208,310.92	£394,903.58	£507,807.23
Debt (*see note 1)				
Adult Social Care	£11,462.85	£43,977.11	£37,671.68	£5,369.31
<b>Total</b>	<b>£1,765,807.11</b>	<b>£2,012,482.94</b>	<b>£2,088,578.22</b>	<b>£2,098,443.55</b>

#### 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 for 2019-20 is not available yet.

## Sundry Debt

5. At 31 March 2020 the Council was owed £17.265 million by its sundry debtors. The debt, analysed by its maturity, is shown below (with 31 March 2019 figures shown for comparison):

Age of debt	31 March 2019		31 March 2020	
	Number of Invoices	Balance Due £'000	Number of Invoices	Balance Due £'000
Up to 3 months past due	1,649	3,962	1,522	2,801
3 to 6 months past due	782	2,090	796	1,023
6 to 9 months past due	306	477	802	528
9 to 12 months past due	235	376	406	1,546
1 to 5 years past due	997	1,322	1,362	1,526
Over 5 years past due	150	263	159	343
<b>Debt past due date</b>	<b>4,119</b>	<b>8,490</b>	<b>5,047</b>	<b>7,767</b>
Debt within terms	2,358	13,802	2,088	9,498
<b>Total debt</b>	<b>6,477</b>	<b>22,292</b>	<b>7,135</b>	<b>17,265</b>

6. Five customers have past due balances of over £0.100 million at 31 March 2020. Details are shown below with 30 September 2019 figures for comparison. The total of £3.102 million past due represents 39.9% of the total debt past due as at 31 March 2020.

Customer	30 September 2019		31 March 2020	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
NHS Customer 2 (see note 1)	-	-	11	1,532
NHS Customer 4 (see note 2)	16	1,306	17	1,074
Customer 1 (see note 3)	12	120	12	120
Company 3	18	204	-	-
Council 7	13	246	-	-
Council 8 (see note 4)	-	-	4	115
Education 1	2	439	-	-
Education 2	1	134	-	-
Education 4 (see note 5)	4	168	14	261
<b>Total</b>	<b>66</b>	<b>2,617</b>	<b>58</b>	<b>3,102</b>

### Notes:

- 4 invoices are now paid. 7 invoices for £1,503,243.41 are being pursued.
- 1 invoice is now paid. 16 invoices for £1,036,846.90 are being pursued.
- 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. 1 invoice totalling £28,470.00 is being pursued.
- 11 invoices are now paid. 3 invoices totalling £23,377.12 are being pursued.

7. Analysis of the level of overdue debt as at 31 March 2020 by the service area raising the invoices is shown below (again with 31 March 2019 figures for comparison):

Service Area	31 March 2019		31 March 2020	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Adult Services	2,007	2,513	2,678	3,847
Children's Social Care	168	920	137	681
Corporate Resources (Finance)	419	2,192	328	1,450
Corporate Resources (IT)	-	-	7	7
Corporate Resources (Legal and Health & Safety)	11	5	33	183
Culture, Heritage & Libraries	-	-	4	15
Fire & Rescue	39	38	34	21
Housing	9	13	9	6
Housing Services	9	6	5	1
Local Services (including Projects)	990	1,216	1,383	770
Property & Estate Management	69	54	60	140
Pension Fund	-	-	5	69
Public Health/Protection	274	203	287	215
Regeneration & Dev Man	43	797	12	177
Schools	75	489	63	169
<b>Total</b>	<b>4,113</b>	<b>8,446</b>	<b>5,045</b>	<b>7,751</b>

### Council Tax

8. Council Tax is charged on domestic dwellings in the County. There were 155,753 domestic dwellings in Northumberland on 31 March 2020, with a net collectable debit of £204.811 million for 2019-20.
9. 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 2020 £11.632 million was outstanding in total (£5.376 million relating to the 2019-20 financial year).
10. A comparison with previous years is shown below:

	2016-17 £'000	2017-18 £'000	2018-19 £'000
Arrears at 31 March	9,971	9,409	9,559
Arrears at 31 March relating to the last billed year	3,890	3,809	3,935

11. Arrears at 31 March 2020 are at their highest since 2013-14. This is due to a number of factors: The 8% reduction in Council Tax Support for working age customers, including those who previously had nothing to pay; the increase in customer contact as a result; the amount collectable in 2019-20 increased by £13.326 million; the volume of changes to accounts increased (as did contentious cases); an increase in new dwellings; and the impact of Covid-19 on collection in March 2020.
12. The Council's collection rate for in-year collection (this does not include arrears) for 2019-20 was 97.6% against a target of 97.8%.
13. The in-year collection rate at 31 March 2020 is below performance for prior years. This is due to a number of factors: The 8% reduction in Council Tax Support for working age customers, including those who previously had nothing to pay; the increase in customer contact as a result; the amount collectable in 2019-20 increased by £13.326 million; the volume of changes to accounts increased (as did contentious cases); and an increase in new dwellings.
14. The in-year collection rate at 31 March 2020 is below target for 2019-20. This is due to an increase in customer contact as a result of the 8% reduction in Council Tax Support and the impact of Covid-19 on collection in March 2020.
15. Benchmarking data for 2019-20 is not available yet.
16. In-year collection rates for all years from 2009-10 are shown below:

<b>Council Tax</b>	<b>%</b>		<b>%</b>
2009-10	96.6	2015-16	97.8
2010-11	96.9	2016-17	97.9
2011-12	97.4	2017-18	98.0
2012-13	97.7	2018-19	98.1
2013-14	97.5	2019-20	97.6
2014-15	97.7		

17. The number of customers on Direct Debit at annual billing (who had something to pay) increased to 77.1% for 2020-21. For comparison, it was 74.4% in 2019-20 and 82.0% in 2018-19. The reduction in 2019-20 was due to the 8% reduction in Council Tax Support for those working age customers who previously had nothing to pay. CIPFA benchmarking data for 2020-21 annual billing is not available yet but the Council had the highest take-up of all the contributors for 2019-20 and 2018-19.
18. During the previous four financial years the Council issued the following recovery notices:

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
1st or 2nd Reminders	40,991	40,401	39,598	47,211
Final Notices	3,626	3,700	2,885	3,051
Summonses	11,026	11,570	9,704	15,861
Liability Orders	8,544	8,784	7,846	11,815

19. Recovery notices increased in 2019-20 due to customers affected by the 8% reduction in Council Tax Support falling into arrears.
20. 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	3,049	734
Attachment of earnings	1,572	766
Enforcement Agent	3,654	2,020
Committal (see notes 1 & 2)	90	121
Bankruptcy/Statutory Demand (see note 2 below)	11	86
Charging Orders (see note 2 below)	23	122

**Notes:**

- No Council Tax defaulters were sent to prison in 2019-20.
  - 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 2016-17	Number of cases 2017-18	Number of cases 2018-19	Number of cases 2019-20
Attachment of benefit	3,541	3,647	3,196	4,500
Attachment of earnings	4,160	4,133	3,755	3,133
Enforcement Agent	4,112	5,066	4,506	4,506
Committal (see note 1)	153	46	0	0
Statutory Demands (see note 1)	14	12	16	10
Bankruptcy Petitions (see note 1)	1	4	7	2
Bankruptcy Orders (see note 1)	0	4	2	2
Interim Charging Orders (see note 1)	5	15	8	7
Final Charging Orders (see note 1)	3	16	6	7

**Notes:**

- These cases can comprise one or multiple Liability Orders.

**Non-Domestic Rates (Business Rates)**

22. Non-Domestic Rates are charged on business properties in the County. There are currently 13,455 business properties in Northumberland, with a total rateable value of £234.288 million, and with a net collectable debit of £85.610 million for 2019-20.

23. 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 2020 £3.648 million was outstanding in total (£1.930 million relating to the 2019-20 financial year).

24. A comparison with previous years is shown below:

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Arrears at 31 March	3,338	3,289	3,091
Arrears at 31 March relating to the last billed year	1,470	1,465	1,207

25. Arrears at 31 March 2020 are at their highest since 2013-14. This is due to the impact of Covid-19 on collection in March 2020.

26. The Council's collection rate for in-year collection (this does not include arrears) was 97.7% in 2019-20 against a target of 98.3%.

27. The in-year collection rate at 31 March 2020 is below target for 2019-20. This is due to the impact of Covid-19 on collection in March 2020.

28. Benchmarking data for 2019-20 is not available yet.

29. Collection rates for all years from 2009-10 are shown below.

<b>Non-Domestic Rates</b>	<b>%</b>		<b>%</b>
2009-10	95.5	2015-16	98.1
2010-11	97.0	2016-17	98.1
2011-12	97.2	2017-18	98.1
2012-13	97.6	2018-19	98.3
2013-14	97.3	2019-20	97.7
2014-15	97.9		

30. The number of businesses paying by Direct Debit at annual billing (who have something to pay) was 71.0% for 2020-21. For comparison, it was 72.9% in 2019-20 and 71.5% in 2018-19. CIPFA benchmarking data for 2020-21 annual billing is not available yet but the Council had the highest take-up of all the contributors for 2019-20 and 2018-19.

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

	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Reminders	3,341	3,539	3,037	2,987
Summonses	831	701	571	780
Liability Orders	525	401	357	411

32. 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:

	<b>Number of cases</b>	<b>Outstanding Amount £'000</b>
Enforcement Agent	132	444
Committal (see notes 1 & 2 below)	6	10
Bankruptcy/Statutory Demand (see note 2 below)	6	156

Notes:

1. No ratepayers were sent to prison in 2019-20.
2. These cases can comprise one or multiple Liability Orders.

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

	<b>Number of cases 2016-17</b>	<b>Number of cases 2017-18</b>	<b>Number of cases 2018-19</b>	<b>Number of cases 2019-20</b>
Enforcement Agent	250	277	206	270
Committal (see note 1)	9	6	0	0
Statutory Demands (see note 1)	4	11	10	3
Bankruptcy Petitions (see note 1)	1	5	10	2
Bankruptcy Orders (see note 1)	0	3	2	1

Notes:

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

### **Housing Benefit Overpayments**

34. 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.
35. 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.



36. 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 2019-20 overpayments of £2.402 million were identified with £1.299 million recovered in year (54.1%) This compares with 56.0% being recovered in year in 2018-19, 53.3% being recovered in- year in 2017-18 and 52.1% in 2016-17. A further £1.095 million was collected in respect of overpayments identified prior to 1 April 2019.
37. A total of £2.394 million was recovered in 2019-20 compared to £2.623 million in 2018-19, £3.029 million in 2017-18 and £2.969 million in 2016-17. 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 2019-20 amounted to £0.845 million compared to £0.909 million in 2018-19, £0.904 million in 2017-18 and £0.980 million in 2016-17.
38. There is currently £4.671 million outstanding in respect of housing benefit overpayments (£1.075 million in respect of overpayments identified in 2019-20 and £3.596 million in respect of prior years). £4.657 million is recoverable and recovery action is taking place utilising the following methods of recovery (with 31 March 2019 figures for comparison):

<b>Recovery Method</b>	<b>No of cases/ invoices</b>	<b>31 March 2019 £'000</b>	<b>No of cases/ invoices</b>	<b>31 March 2020 £'000</b>
On-going entitlement to benefit	1,215	1,533	800	1,059
Invoice stage	467	365	235	350
Reminder stage	172	233	132	264
Final stage	887	985	837	1,018
External debt collector	754	618	245	285
Attachment of benefit (clerical claims)	29	88	14	73
DWP Referrals	632	403	1260	1,013
Direct Earnings Attachment	428	534	414	594
CCJ obtained	0	0	0	0
CCJ cases with High Court Enforcement	1	1	1	1
<b>Total</b>	<b>4,585</b>	<b>4,760</b>	<b>3,938</b>	<b>4,657</b>

39. Invoices are raised for all recovery methods except where deductions are being made from on-going entitlement to benefit.
40. 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.
41. Benchmarking data for 2019-20 is not available yet.
42. The £2.402 million of overpayments identified in 2019-20 are broken down as follows (with 2018-19 £2.470 million for comparison):

Overpayment Reason	2018-19		2019-20	
	Council Tenants	Private Tenants	Council Tenants	Private Tenants
	£'000	£'000	£'000	£'000
Claimant Error	420	1,816	396	1,724
Local Authority Error	4	29	5	14
Administrative Delay	11	69	9	28
Fraud	11	72	32	135
DWP Error	2	6	3	11
Technical Overpayments	28	2	24	21
<b>Total</b>	<b>476</b>	<b>1,994</b>	<b>469</b>	<b>1,933</b>

43. In 2019-20 total Housing Benefit expenditure was £68,670 million and there were 16,190 claimants as at 31 March 2020. In 2018-19 total Housing Benefit expenditure was £79,024 million and there were 19,892 claimants as at 31 March 2019.

### Housing Rent and other debt

44. 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.

45. A 4-year analysis of current and former tenant rent arrears is shown below.

Measure	2016-17	2017-18	2018-19	2019-20
Annual Rent Debit	£32.1m	£31.2m	£31.0m	£30.2m
Current arrears as a % of the annual rent debit (changed to % collected in 2019-20)	1.75 %	1.51 %	1.88 %	98.52%
Current tenant rent arrears outstanding	£562,864	£471,631	£582,836	£753,659
Former arrears as a % of the annual rent debit	3.03%	3.76%	3.82%	4.10%
Former tenant rent arrears outstanding	£973,374	£1,174,006	£1,184,575	£1,238,348

46. The targets for rent arrears in 2019-20 were:

- Collection of current arrears - to collect 98% of rent due
- 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.

47. The target for current tenant rent arrears was exceeded. This is notable performance given the impact arising from full service of Universal Credit (UC).

48. Whilst former tenant arrears have increased since 2016, there has again been some success in 2019-20 with only an additional £0.054 million of debt accrued.

49. Benchmarking data for 2019-20 is not available yet.

50. 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:

<b>Measure</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Number of Notices of Seeking Possession	984	871	775	734
Number of Evictions (see note 1)	59	72	49	50

Note:

- The work to support tenants to maintain their tenancies has resulted in a significant reduction in the number of evictions carried out and Notices of Seeking Possession served since 2017-18.

51. In respect of all other housing debt, 2019-20 end of year performance is shown below, together with end of year performance in 2018-19 for comparison:

<b>Measure</b>	<b>Current Tenants</b>		<b>Former Tenants</b>	
	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2020</b>
Garage Arrears	£2,391	£2,400	£8,851	£9,857
Furniture Recharges	£2,825	£1,697	£137,768	£93,736
Repair Recharges	£45,348	£74,060	£1,072,637	£880,584
HB Overpayments	£6,698	£6,668	N/A	N/A
Leasehold Service Charge	£63,663	£59,203	N/A	N/A
Bankruptcy	£7,194	£7,394	£1,320	£5,085
Court Costs	£150,147	£135,857	£160,646	£171,342

52. In seeking to recover debt over and above that undertaken on a voluntary basis the Council made fifty five debt collection referrals in 2019-20. This compares with forty three in 2018-19.
53. Full Service Universal Credit was introduced in Northumberland in November and December 2018. At 31 March 2020 1,658 tenants were in receipt of the benefit, up from 498 tenants in March 2019.
54. Tenants wait on average 5 weeks for their first monthly payment and it is during this period that arrears are accrued. At 31 March 2020 this had resulted in collective arrears of £471,732.45, up from £69,800 in March 2019.
55. Despite the yearly increase of £401,932.45 in arrears directly associated with UC performance exceeded the target set.
56. The average rent for a Northumberland County Council property is £ 74.90 per week and on average those in receipt of UC are in arrears of £466.00 which equates to 6.2 weeks of rent payments. For those tenants not in receipt of UC the average arrears was £167.87

57. 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, Officers contact them during the 5 week waiting period and budget advice and payment plans, as well as referrals to credit unions, are offered in an attempt to mitigate the accumulation of arrears.
58. Currently we have successfully secured 518 Alternative Payment Arrangements and 293 third party reductions for rent arrears.
59. In addition to UC, a further 17 tenants are affected by the Benefit Cap with arrears totalling £4,944.89. This compares with 43 tenants as at 31 March 2019 with arrears totalling £12,000.67. The Council's Welfare Benefits Advisor is working closely with these tenants and, where possible, is assisting with their claims for Discretionary Housing Payment.
60. Officers continue to work pro-actively with all tenants in arrears. They visit tenants in their homes and offer appropriate and vital support from partner organisations, for example, Citizens Advice Northumberland for wider debt advice, Voices Northumberland, Learning Hives, Age UK and projects such as SILX Youth Project for people aged under 25.
61. In February 2020 the Service invested in computer software to enable telephone calls to be made to those tenants in arrears requesting them to contact the team to discuss their account. This is proving to be very successful and more use of the software will be made going forward.
62. For evictions and Notices of Seeking Possession: This year the Council has carried out 1 more eviction compared to the same time last year, and served 44 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.

### **Other Housing Revenue Account Debt**

63. In addition to the Housing debt above the following is a breakdown of other housing debt to the Housing Revenue Account, again with performance from 2018-19 for comparison:

Measure	Current Tenants		Former Tenants	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
Valley Care	£3,317	£3,048	£4,638	£2,944

## **Recent and current developments**

64. Since the last report to the Corporate Services and Economic Growth Overview and Scrutiny Committee in December 2019 work has been on-going to improve the efficiency and effectiveness of the billing, collection and recovery of all monies due to the Council.
65. Quarterly joint meetings are held with the Council's appointed Enforcement Agents and Citizens Advice Northumberland. Citizens Advice Northumberland continues to report that they have no major issues in relation to the work being carried out by the Enforcement Agents.
66. The Cabinet Office is working with local authorities to set up data sharing pilots with HMRC to share employment information for council tax collection. Data sharing 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 Recovery Manager is leading a group comprising of Northumberland, County Council and the five Tyne and Wear Councils. Go-live was expected to be early summer 2020 but is likely to be deferred due to the Covid-19 pandemic.
67. Sundry debt invoices can now be produced electronically and automatically emailed to customers resulting in savings of Officer time, as well as printing and postage costs.
68. 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.
69. The restructure of the Housing Operations Service has created a specialist Income Team who are responsible for protecting rental income and sustaining tenancies.
70. The new Income Team provides an opportunity to focus resources where they are needed most in addition to working with customers, as well as internal and external partners to prevent unnecessary account escalation and evictions.
71. Officers continue to work pro-actively with all tenants in arrears. They visit tenants in their homes and offer appropriate and vital support from partner organisations, for example, Citizens Advice Northumberland for wider debt advice, Voices Northumberland, Learning Hives, Age UK and projects such as SILX Youth Project for people aged under 25.
72. In February 2020 the Service invested in computer software to enable telephone calls to be made to those tenants in arrears requesting them to contact the team to discuss their account. This is proving to be very successful and more use of the software will be made going forward.
73. During the next 12 months the Income Team will look at alternative payment methods as many tenants still pay their rent in cash.

74. Universal Credit poses a significant risk to rental income and current working practices have been reviewed in order to respond. The new Income Team and wider teams are supported to increase their knowledge of UC as well as working with partners to share learning and best practice.
75. The Housing Income Management Strategy will be reviewed over the next 24 months to set priorities and actions to ensure income is protected and staff are supported moving forward. Themes within the Strategy are:
- Promoting a positive payment culture;
  - Maximising rental income and reducing arrears; and
  - Preparing for Migration of Universal Credit and Financial Inclusion.

**Implications**

<b>Policy</b>	Debts are followed up in line with the agreed Council policies and as set out in the Council’s Finance and Contract rules.
<b>Finance and value for money</b>	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.
<b>Legal</b>	None
<b>Procurement</b>	None
<b>Human Resources</b>	None
<b>Property</b>	None
<b>Equalities</b> (Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	All debt recovery policies and the procedures they use have been subject to an equality impact assessment.
<b>Risk Assessment</b>	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.

<b>Crime &amp; Disorder</b>	Section 17 of the Crime and Disorder Act 1998 has been considered, and no implications have been identified.
<b>Customer Consideration</b>	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.
<b>Carbon reduction</b>	None
<b>Health and Wellbeing</b>	None
<b>Wards</b>	All

**Background papers:**

Corporate Debt Recovery Policy  
Cabinet 7 July 2020: Write Offs 2019-20

**Report sign off.**

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

	Full Name of Officer
Monitoring Officer/Legal	Liam Henry
Executive Director of Finance & S151 Officer	Chris Hand
Relevant Executive Director	Chris Hand
Chief Executive	Daljit Lally
Portfolio Holder(s)	Nick Oliver

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At Corporate Services and Economic Growth Overview and Scrutiny Committee on 9 March 2020, Members requested additional information regarding council tax arrears:

1. Comparisons over a three year period rather than year by year.

	2016-17	2017-18	2018-19	2019-20
	£'000	£'000	£'000	£'000
Arrears at 31 March	9,971	9,409	9,559	11,632
Arrears at 31 March relating to the last billed year	3,890	3,809	3,935	5,376

2. The locations of non-payment across the County (for each of the 66 Electoral Divisions) are shown below.

Electoral Division	Arrears 31 March 2020 £'000
Alnwick	270
Amble	182
Amble West with Warkworth	60
Ashington Central	462
Bamburgh	126
Bedlington Central	132
Bedlington East	257
Bedlington West	135
Bellingham	82
Berwick East	202
Berwick North	178
Berwick West with Ord	116
Bothal	160
Bywell	79
Choppington	252
College	421
Corbridge	64
Cowpen	291
Cramlington East	186
Cramlington Eastfield	158
Cramlington North	29
Cramlington South East	113
Cramlington Village	137
Cramlington West	284
Croft	586
Druridge Bay	265
Haltwhistle	136
Hartley	98
Haydon	105
Haydon and Hadrian	91
Hexham Central with Acomb	143



Hexham East	128
Hexham West	20
Hirst	602
Holywell	259
Humshaugh	73
Isabella	334
Kitty Brewster	314
Longhorsley	87
Longhoughton	67
Lynemouth	227
Morpeth Kirkhill	80
Morpeth North	88
Morpeth Stobhill	82
Newbiggin Central and East	408
Newsham	336
Norham and Islandshires	79
Pegswood	153
Plessey	104
Ponteland East and Stannington	76
Ponteland North	98
Ponteland South with Heddon	48
Ponteland West	101
Prudhoe North	114
Prudhoe South	212
Rothbury	113
Seaton with Newbiggin West	217
Seghill with Seaton Delaval	291
Shilbottle	73
Sleekburn	358
South Blyth	46
South Tynedale	76
Stakeford	146
Stocksfield and Broomhaugh	46
Wensleydale	266
Wooler	110
	<b>11,632</b>

3. The breakdown of non-payment per council tax Band is shown below.

<b>Band</b>	<b>Arrears</b>
	<b>31 March 2020</b>
	<b>£'000</b>
A	9,117
B	1,013
C	555
D	388
E	217
F	191

G	96
H	55
	<b>11,632</b>

4. Trends, impacts or lessons relating to the significant number of housing developments in the County.
  - Unfortunately this granular level of detail is not available. Housing developments do, however, increase the council tax base, council tax receipts and New Homes Bonus. Statistics on the tax base are reported annually in November / December to Cabinet.