



# Northumberland

## County Council

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

11 July 2022

---

#### **Debt Recovery Update**

**Report of** Jan Willis, Interim Executive Director of Finance & Section 151 Officer

**Cabinet Member:** Councillor Richard Wearmouth, Deputy Leader and 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:

	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Sundry debt	£224,596.64	£266,343.83	£47,567.52	£1,087.21
Council Tax	£476,560.30	£158,220.13	£161,032.28	£139,803.47
Business Rates	£790,990.74	£1,057,697.40	£94,466.86	£44,689.99
Benefit Overpayments	£163,855.28	£103,005.65	£56,417.16	£111,908.65
Housing Rent & Other Debt	£394,903.58	£507,807.23	£434,020.33	£786,935.77
Adult Social Care	£37,671.68	£5,369.31	£0.00	£64,244.66
<b>Total</b>	<b>£2,088,578.22</b>	<b>£2,098,443.55</b>	<b>£793,504.15</b>	<b>£1,148,669.75</b>

### Notes:

1. The reduction in volume and value of write offs in 2020-21 is due to staff resources being redirected to the Coronavirus response.
3. In accordance with the Council's Finance and Contract Rules, write offs are reported annually to the Cabinet.
4. Due to Covid-19, there is unlikely to be any benchmarking data on performance in 2021-22.

## Sundry Debt

5. At 31 March 2022 the Council was owed £34.140 million by its sundry debtors. The debt, analysed by its maturity, is shown below (with 31 March 2021 figures shown for comparison):

Age of debt	31 March 2021		31 March 2022	
	Number of Invoices	Balance Due £'000	Number of Invoices	Balance Due £'000
Up to 3 months past due	1,235	9,087	1,079	3,584
3 to 6 months past due	510	1,664	716	707
6 to 9 months past due	441	928	712	874
9 to 12 months past due	505	484	474	970
1 to 5 years past due	2,664	2,285	3,407	4,671
Over 5 years past due	241	454	297	500
<b>Debt past due date</b>	<b>5,596</b>	<b>14,902</b>	<b>6,685</b>	<b>11,306</b>
Debt within terms	253	976	1,982	22,834
<b>Total debt</b>	<b>5,849</b>	<b>15,878</b>	<b>8,667</b>	<b>34,140</b>

Notes:

Debt past due has increased mainly due to the following:

1. An increase in Adult Social Care invoices due to an increase in the number of customers receiving care. Due to Covid-19 there have been delays in probate being granted for deceased customers, and there has been an increase in the number of Panel Deputies appointed and delays in being able to access customer funds.
6. Twelve customers have past due balances of over £0.100 million at 31 March 2022. Details are shown below with 30 September 2021 figures for comparison. The total of £4.226 million past due represents 37.4% of the total debt past due as at 31 March 2022.

Customer	30 September 2021		31 March 2022	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
NHS Customer 2 (see note 1)	25	3,699	24	691
NHS Customer 4 (see note 2)	17	973	21	1,102
NHS Customer 6 (see note 3)	-	-	1	100
Customer 1 (see note 4)	12	120	12	120
Customer 2	3	119	-	-
Customer 3	43	106	-	-
Company 3 (see note 5)	-	-	99	117

Company 6 (see note 6)	-	-	2	352
Company 12 (see note 7)	1	300	1	300
Company 13	2	4,745	-	-
Company 14	3	136	-	-
Company 15 (see note 8)	-	-	2	170
Education 6	3	236	-	-
Education 7 (see note 9)	5	827	3	868
Education 8 (see note 10)	-	-	47	132
Council 3 (see note 11)	8	178	9	147
Council 10 (see note 12)	-	-	1	127
Government Department 2	1	2,381	-	-
<b>Total</b>	<b>123</b>	<b>13,820</b>	<b>222</b>	<b>4,226</b>

Notes:

1. The invoices are being pursued.
2. The invoices are being pursued.
3. The invoice is being pursued.
4. Part payment received from proceeds of sale of property, a significant shortfall was anticipated. Legal Services are considering Counsel's opinion on options for Recovery of the debt.
5. The invoices are being pursued.
6. Invoices are now paid.
7. Invoice being pursued.
8. Invoices are now paid.
9. Invoices are now paid.
10. The invoices are being pursued
11. 1 invoice is now paid and the remaining 8 invoices totalling £119,461 are being pursued.
12. Invoice now paid.

7. Analysis of the level of overdue debt as at 31 March 2022 by the service area raising the invoices is shown below (again with 31 March 2021 figures for comparison):

Service Area	31 March 2021		31 March 2022	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Adult Services	2,968	4,702	3,700	4,635
Children's Social Care	135	656	168	574
Corporate Resources (Finance)	596	7,104	716	2,779
Corporate Resources (IT)	34	135	25	89
Corporate Resources (Legal and Health & Safety)	8	73	14	77

Service Area	31 March 2021		31 March 2022	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Culture, Heritage & Libraries	9	29	4	11
Fire & Rescue	20	18	23	22
Housing	9	11	8	16
Housing Services	5	6	3	5
Local Services (including Projects)	1,379	1,265	1,438	1,343
Property & Estate Management	90	457	131	838
Pension Fund	0	0	0	0
Public Health/Protection	265	214	312	229
Regeneration & Dev Man	9	55	27	526
Schools	69	177	66	162
<b>Total</b>	<b>5,596</b>	<b>14,902</b>	<b>6,635</b>	<b>11,306</b>

Notes:

1. An increase in Adult Social Care invoices due to an increase in the number of customers receiving care. Due to Covid-19 there have been delays in probate being granted for deceased customers, and there has been an increase in the number of Panel Deputies appointed and delays in being able to access customer funds.
2. Property & Estate Management are owed £0.300 million by one customer which is being pursued.

### Council Tax

8. Council Tax is charged on domestic dwellings in the County. There were 157,804 domestic dwellings in Northumberland on 31 March 2022, with a net collectable debit of £221,951 million for 2021-22.
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 2022 £15.900 million was outstanding in total (£6.161 million relating to the 2021-22 financial year).
10. A comparison with previous years is shown below:

	2018-19 £'000	2019-20 £'000	2020-21 £'000	2021-22 £'000
Arrears at 31 March	9,559	11,632	14,824	15,900
Arrears at 31 March relating to the last billed year	3,935	5,376	6,489	6,161

11. Arrears at 31 March 2022 are at their highest ever level. This is due to the impact of Covid-19 on collection and enforcement in 2020-21.
12. The Council's collection rate for in-year collection (this does not include arrears) for 2021-22 was 97.4% against a Covid-19 target of 96.6%.
13. The in-year collection rate at 31 March 2022 has increased from 97.0 in 2020-21. This is due to the restart of recovery and enforcement action during 2021-22. Recovery action was suspended in 2020-21 due to the Covid-19 pandemic.
14. Benchmarking performance:
  - The in-year collection rate for 2021-22 was again the highest of 11 North East Councils.
  - National benchmarking data is not yet published.
  - Due to Covid-19, CIPFA Benchmarking is unlikely to be carried out for 2021-22 performance.
15. In-year collection rates for the past four years are shown below, with collection rates for customers in receipt of Council Tax Support shown for comparison:

	2018-19	*2019-20	**2020-21	2021-22
	%	%	%	%
Overall Collection Rate	98.1	97.6	97.0	97.4
Council Tax Support Collection Rate	86.7	*82.6	**83.6	***83.9

Notes:

1. \*Council Tax Support reduced by 8% in 2019-20.
2. \*\*Working-age customers in receipt of Council Tax Support received a Hardship Fund payment of up to £150.00 per claim.
3. \*\*\* Working-age customers in receipt of Council Tax Support received a Hardship Fund payment of up to £300.00 per claim.

16. The number of customers paying by Direct Debit at annual billing (who had something to pay) reduced to 83.5% for 2022-23. Due to Covid-19 there is unlikely to be any benchmarking data from CIPFA again for 2021-22 annual billing, but the Council had the highest take-up of all the contributors for 2019-20 and 2018-19. A comparison with previous years is shown below:

	2019-20	2020-21	2021-22	2022-23
	%	%	%	%
Number of customers on Direct Debit at annual billing (who had something to pay)	*74.4	77.1	86.0	**83.5

Notes:

1. \* 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.
2. \*\* The reduction in 2022-23 is due to an increase in the number of Tax Payers who have nothing to pay because they receive Hardship Fund payments.

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

	2018-19	*2019-20	**2020-21	2021-22
1st or 2nd Reminders	39,598	47,211	7,773	32,028
Final Notices	2,885	3,051	0	2,228
Summonses	9,704	15,861	3,998	12,782
Liability Orders	7,846	11,815	3,231	8,920

Notes:

1. \*Recovery notices increased in 2019-20 due to customers affected by the 8% reduction in Council Tax Support falling into arrears.
2. \*\*Due to Covid-19, statutory reminders were only issued from September to December 2020 and there was only one cycle of summonses and court hearings in 2020-21.

18. Once a Liability Order is obtained enforcement action is normally an on-going process. During 2020-21 Attachment of Earnings Orders and referrals to the Enforcement Agents were suspended until August 2020. 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 (see note 1 below)	2,899	971
Attachment of earnings	1,293	913
Enforcement Agent (Formerly Bailiff)	5,222	4,125
Committal (see notes 2 & 3 below)	34	40
Bankruptcy/Statutory Demand (see note 3 below)	33	62
Charging Orders (see note 3 below)	18	92

Notes:

1. Includes 2,382 Attachment of Benefit from Universal Credit.
2. No Council Tax defaulters were sent to prison 2021-22.
3. These cases can comprise one or multiple Liability Orders. No further enforcement action was taken via the courts in 2020-21.

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

	<b>Number of cases</b>	<b>Number of cases</b>	<b>Number of cases</b>	<b>Number of cases</b>
	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Attachment of benefit	3,196	4,500	2,176	2,296
Attachment of earnings	3,755	3,133	1,046	2,319
Enforcement Agent	4,506	4,802	1,243	5,998
Committal (see note 1)	0	0	0	0
Statutory Demands (see note 1)	16	10	0	0
Bankruptcy Petitions (see note 1)	7	2	0	0
Bankruptcy Orders (see note 1)	2	2	0	0
Interim Charging Orders (see note 1)	8	7	0	0
Final Charging Orders (see note 1)	6	7	0	0

Notes:

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

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

20. Non-Domestic Rates are charged on business properties in the County. There are currently 14,223 business properties in Northumberland, with a total rateable value of £235,842 million, and with a net collectable debit of £72,512 million for 2021-22.
21. 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 2022 £7,211 million was outstanding in total (£3,172 million relating to the 2021-22 financial year).
22. A comparison with previous years is shown below:

	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Arrears at 31 March	3,091	3,648	6,577	7,211
Arrears at 31 March relating to the last billed year	1,207	1,930	3,250	3,172

23. Arrears at 31 March 2022 are at their highest ever level. This is due to the impact of Covid-19 on collection and enforcement in 2020-21.
24. The Council's collection rate for in-year collection (this does not include arrears) was 95.7% in 2021-22 against a Covid-19 target of 96.2%. The collection rate was impacted by a reduction in Retail and Hospitality Discount from 100% to 66% from 1 July 2021.



25. Benchmarking performance:

- This performance is below the average compared to the other 11 North East Councils (96.5%).
- National benchmarking data is not yet published.
- Due to Covid-19, CIPFA Benchmarking is unlikely to be carried out for 2021-22 performance.

2. A comparison with previous years is shown below:

	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
	%	%	%	%
Overall Collection Rate	98.3	97.7	93.3	95.7

26. The number of businesses paying by Direct Debit at annual billing (who had something to pay) reduced to 63.3% for 2022-23. Due to Covid-19 there is unlikely to be any benchmarking data from CIPFA again for 2022-23 annual billing, but the Council had the highest take-up of all the contributors for 2019-20 and 2018-19. A comparison with previous years is shown below:

	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
	%	%	%	%
Number of businesses on Direct Debit at annual billing (who had something to pay)	72.9	71.0	*82.0	**63.3

Notes:

1. \* The increase for 2021-22 is due to the Covid-19 Retail, Hospitality & Leisure and Nursery Discounts increasing the number of businesses who have nothing to pay.
2. \*\* The decrease for 2022-23 is due to the reduction of the Covid-19 Retail, Hospitality & Leisure and Nursery Discounts from 100% to 66% increasing the number of businesses who have something to pay.

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

	<b>2018-19</b>	<b>2019-20</b>	<b>*2020-21</b>	<b>2021-22</b>
Reminders	3,037	2,987	472	5,410
Summonses	571	780	0	1,166
Liability Orders	357	411	0	558

Notes:

1. \*Due to Covid-19, other than statutory reminders in October, November and December 2020, no other formal recovery notices were issued for business rates arrears in 2020-21.

28. Referrals to the Enforcement Agents were suspended until August 2020. 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	68	273
Committal (see notes 1 & 2 below)	1	3
Bankruptcy/Statutory Demand (see note 2 below)	5	125

Notes:

3. No ratepayers were sent to prison in 2020-21.
  4. These cases can comprise one or multiple Liability Orders. No enforcement action was taken via the courts in 2020-21.
29. During the previous four financial years the following number of cases were subject to enforcement action:

	<b>Number of cases 2018-19</b>	<b>Number of cases 2019-20</b>	<b>Number of cases 2020-21</b>	<b>Number of cases 2021-22</b>
Enforcement Agent	206	270	14	24
Committal (see note 1)	0	0	0	0
Statutory Demands (see note 1)	10	3	0	0
Bankruptcy Petitions (see note 1)	10	2	0	0
Bankruptcy Orders (see note 1)	2	1	0	0

Notes:

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

## **Housing Benefit Overpayments**

30. 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.
31. 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.

32. 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 2021-22 overpayments of £1.086 million were identified with £0.688 million recovered in year (63.34%). This compares with 66.3% being recovered in year in 2020-21, 54.1% 2019-20 and 56.0% in 2018-19. A further £0.758 million was collected in respect of overpayments identified prior to 1 April 2021.
33. A total of £1.446 million was recovered in 2021-22 compared to £1.616 in 2020-21, £2.394 million in 2019-20 and £2.623 million in 2018-19 and £3.029 million in 2017-18. 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. In addition, no proactive recovery action was undertaken until August 2021 as a result of the Covid-19 pandemic. One team member retired and two new team members were recruited. Cash collected in 2021-22 amounted to £0.505 million compared to £0.436 million in 2020-21, £0.845 million in 2019-20, £0.909 million in 2018-19 and £0.904 million in 2017-18.
34. There is currently £3.891 million outstanding in respect of housing benefit overpayments (£0.371 million in respect of overpayments identified in 2021-22 and £3.521 million in respect of prior years). £3.862 million is recoverable and recovery action is taking place utilising the following methods of recovery (with 31 March 2021 figures for comparison):

Recovery Method	No of cases/ invoices	31 March 2021 £'000	No of cases/ invoices	31 March 2022 £'000
On-going entitlement to benefit	540	832	469	598
Invoice stage	277	341	230	336
Reminder stage	597	705	98	249
Final stage	646	802	566	756
External debt collector	181	198	254	273
Attachment of benefit (clerical claims)	12	68	10	61
DWP Referrals	1,088	1,009	1,163	1,326
Direct Earnings Attachment	270	407	180	262
CCJ obtained	0	0	0	0
CCJ cases with High Court Enforcement	1	1	1	1
<b>Total</b>	<b>3,612</b>	<b>4,363</b>	<b>2,971</b>	<b>3,862</b>

35. Invoices are raised for all recovery methods except where deductions are being made from on-going entitlement to benefit.

36. 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.
37. Benchmarking performance:
- The Council had the 5th lowest level of outstanding overpayments at the end of 2021-22 compared to the other 11 North East Councils, and again the second lowest ratio of Housing Benefit overpayments to Housing Benefit caseload.
  - Due to Covid-19, CIPFA Benchmarking is unlikely to be carried out for 2021-22 performance.
38. The £1.086 million of overpayments identified in 2021-22 are broken down as follows with 2020-21 £1.373 million for comparison):

Overpayment Reason	2020-21		2021-22	
	Council Tenants	Private Tenants	Council Tenants	Private Tenants
	£'000	£'000	£'000	£'000
Claimant Error	174	1,102	154	789
Local Authority Error	7	18	1	28
Administrative Delay	2	15	4	41
Fraud	14	22	4	45
DWP Error	1	2	4	2
Technical Overpayments	13	3	9	5
<b>Total</b>	<b>211</b>	<b>1,162</b>	<b>176</b>	<b>910</b>

39. In 2021-22 total Housing Benefit expenditure was £55,991 million and there were 13,030 claimants as at 31 March 2022. In 2020-21 total Housing Benefit expenditure was £60,396 million and there were 16,190 claimants as at 31 March 2021.

### Housing Rent and other debt

40. 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.
41. A 4-year analysis of current and former tenant rent arrears is shown below.

Measure	2018-19	2019-20	2020-21	2021-22
Annual Rent Debit	£31.0m	£30.2m	£31.7m	£32.1m
Current arrears as a % of the annual rent debit (changed to % collected in 2019-20)	1.88 %	98.52%	100.18%	100.87%

Current tenant rent arrears outstanding	£582,836	£753,659	£653,642	£599,705
Former arrears as a % of the annual rent debit	3.82%	4.10%	3.72%	2.97%
Former tenant rent arrears outstanding	£1,184,575	£1,238,348	£1,183,229	£953,341

42. The targets for rent arrears in 2021-22 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.

43. The target for current tenant rent arrears was exceeded. This is notable performance given the impact arising from full service of Universal Credit (UC) and due to financial difficulties faced by customers during the Covid-19 pandemic and wider cost of living increases.

44. Whilst former tenant arrears target was not achieved, we have seen a reduction in the total level of arrears outstanding and are making progress to reduce the overall debt further. There have been significant changes in working practices within former collection and work has been realigned to assist performance and reduce debt. There is also a review underway of Housing Operations and we will be looking to build on working practices and provide more support around this type of collection.

45. Benchmarking performance: Housing Operations have recently joined HouseMark. This is a national benchmarking framework which will allow KPI comparisons and service analysis against our local and national partners. Performance comparisons for 2021-22 demonstrate that our collection for current tenants is in the upper quartile and ahead of our peers locally.

46. 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	2018-19	2019-20	2020-21	2021-22
Number of Notices of Seeking Possession	775	734	715	781
Number of Evictions	49	50	0	6

Notes:

1. It should be noted that whilst there have been six evictions as a result of rent arrears, these have been from customers where they have already left the home and eviction has been sought to end the legal tenancy and recover the property.

47. In respect of all other housing debt, 2021-22 end of year performance is shown below, together with end of year performance in 2020-21 for comparison:

Measure	Current Tenants		Former Tenants	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
Garage Arrears	£1,321	£1,934	£7,961	£4,760
Furniture Recharges	£1,134	£780	£79,952	£41,813
Repair Recharges	£61,156	£55,507	£873,524	£578,146
HB Overpayments	£6,668	£6,699	N/A	N/A
Leasehold Service Charge	£52,010	£51,766	N/A	N/A
Bankruptcy	£9,958	£8,604	£10,077	£1,066
Court Costs	£104,390	£76,271	£160,014	£118,202

48. In seeking to recover debt over and above that undertaken on a voluntary basis the Council made 48 debt collection referrals in 2021-22. This compares with 52 in 2020-21 and 55 in 2019-20.
49. Full Service Universal Credit was introduced in Northumberland in November and December 2018. At 31 March 2022 2,737 tenants were in receipt of the benefit, up from 2,266 tenants in March 2021.
50. Tenants wait on average 5 weeks for their first monthly payment and it is during this period that arrears are accrued. At 31 March 2022 this had resulted in collective arrears of £425,628, down by £46,104 from March 2021.
51. The average rent for a Northumberland County Council property is £77.16 per week and on average those in receipt of UC are in arrears of £481.61 which equates to 6.2 weeks of rent payments. For those tenants not in receipt of UC the average arrears were £331.85, therefore those on UC are performing better than those that aren't. There are 891 Alternative Payment Arrangements and 338 third party reductions in place for rent arrears.
52. In addition to UC, a further 44 tenants are affected by the Benefit Cap. This is the same as at 31 March 2021. The Council's Welfare Support Officers are working closely with these tenants and, where possible, are assisting with their claims for Discretionary Housing Payment.
53. Officers continue to work pro-actively with all tenants in arrears. Home visits are recommencing where needed and work in partnership with other agencies such as Citizens Advice Northumberland. We continue to use as many different contact methods to try to support customers throughout the challenging pandemic.
54. Our Welfare support officers have worked hard to assist customers when facing financial hardship. During 2021-22 they were able to generate an extra £476,032.20 directly for customers through income maximisation, grants and extra benefit entitlement.

## Other Housing Revenue Account Debt

55. 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 2020-21 for comparison:

Measure	Current Tenants		Former Tenants	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022
Valley Care	£2,263	£2,230	£2,552	£1,469

### Recent and current developments

56. 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.
57. 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. The initial data share went live in late 2021 and we are currently awaiting the data share back from HMRC.
58. 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.
59. The Income Service, whilst faced with challenges in the way that recovery could be undertaken in the last 12 months, has exceeded the current collection target.
60. There have been some significant changes to internal policies and procedures to enhance the delivery method of sustaining tenancies and collecting with care. The escalation policies have been reviewed and investment in IT infrastructure as well as training and support to staff to provide the best possible customer service which has proved successful in the results that have been achieved
61. In December 2021, the authority was able to secure £105,000 to support customers directly impacted by covid in order to prevent homelessness. As a result of successful applications, the housing operations team were able to secure £87,534.20 of this funding to assist those in NCC tenancies.

### 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 13 July 2021:

**Report sign off.**

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

	Full Name of Officer
Monitoring Officer/Legal	Neil Masson
Interim Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Acting Deputy Chief Executive	Rick O'Farrell
Portfolio Holder(s)	Richard Wearmouth

**Author and Contact Details**

Keith Teasdale

Recovery Manager

(01670) 624284

[keith.teasdale@northumberland.gov.uk](mailto:keith.teasdale@northumberland.gov.uk)