



Northumberland

County Council

Corporate Services and Economic Growth Overview and Scrutiny Committee

12 December 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:

	2018-19	2019-20	2020-21	2021-22
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
Total	£2,088,578.22	£2,098,443.55	£793,504.15	£1,148,669.75

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. There has been no benchmarking data on performance since prior to 2019/20.
5. At 30 September 2022 the following amounts have been written off during the 2022-23 financial year in accordance with the Council's write-off policy:

	2022-23
Sundry debt	£625.00
Council Tax	£69,461.30
Non-Domestic Rates	£2,197.38
Benefit Overpayments	£100,878.52
Housing Rent & Other Debt	£220,658.73
Adult Social Care	£64,085.30
Total	£457,906.23

Sundry Debt

6. At 30 September 2022 the Council was owed £23.536 million by its sundry debtors. The debt, analysed by its maturity, is shown below (with 30 September 2021 figures shown for comparison):

Age of debt	30 September 2021		30 September 2022	
	Number of Invoices	Balance Due £'000	Number of Invoices	Balance Due £'000
Up to 3 months past due	1,794	4,808	2,159	7,804
3 to 6 months past due	697	9,438	634	2,884
6 to 9 months past due	509	1,765	485	595
9 to 12 months past due	402	1,342	512	535
1 to 5 years past due	3,097	2,970	3,778	4,099
Over 5 years past due	242	443	342	550
Debt past due date	6,741	20,766	7,910	16,467
Debt within terms	4,270	12,840	4,151	7,069
Total debt	11,011	33,606	12,061	23,536

7. Eighteen customers have past due balances of over £0.100 million at 30 September 2022, up from ten as at 31 March 2022. Details are shown below with 31 March 2022 figures for comparison. The total of £8.191 million past due represents 49.7% of the total debt past due as at 30 September 2022.

Customer	31 March 2022		30 September 2022	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
NHS Customer 2 (see note 1)	24	691	1	1,331
NHS Customer 4 (see note 2)	21	1,102	8	452
NHS Customer 6	1	100	-	-
Customer 1 (see note 3)	12	120	12	120
Company 3 (see note 4)	99	117	16	1,151
Company 6 (see note 5)	2	352	18	255

Company 12 (see note 6)	1	300	1	300
Company 14 (see note 7)	-	-	1	164
Company 15	2	170	-	-
Company 16 (see note 8)	-	-	3	184
Company 17 (see note 9)	-	-	5	141
Company 18 (see note 10)	-	-	14	122
Company 19 (see note 11)	-	-	7	108
Company 20 (see note 12)	-	-	3	106
Education 4 (see note 13)			17	113
Education 7 (see note 14)	3	868	2	810
Education 8 (see note 15)	47	132	42	121
Council 2 (see note 16)	-	-	21	192
Council 11 (see note 17)	-	-	5	147
Government	-	-	2	2,374
Department 2 (see note 18)				
Total	212	3,952	178	8,191

Notes:

1. Invoice still outstanding and being pursued.
2. Invoices still outstanding and being pursued.
3. 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
4. Invoices still outstanding. A reconciliation of monies owed by and to the company is being carried out.
5. 9 invoices have now been paid. 9 invoices totalling £159,046 remain outstanding and are being pursued.
6. Invoice still outstanding. Referred to Legal Services to consider legal proceedings.
7. Invoice still outstanding and being pursued.
8. Invoice still outstanding and being pursued.
9. 4 invoices have now been paid. 1 invoice totalling £438 remains outstanding and is being pursued.
10. 2 invoices have now been paid. 12 invoices totalling £35,566 remain outstanding and are being pursued.
11. Invoices still outstanding and being pursued.
12. 2 invoices have now been paid. 1 invoice totalling £42,020 remains outstanding and is being pursued
13. The invoices are now paid.
14. The invoices are now paid.
15. 1 invoice has now been paid. 41 invoices totalling £115,454 remain outstanding and are being pursued.
16. 6 invoices have now been paid. 15 invoices totalling £85,770 remain outstanding and are being pursued.
17. Invoices still outstanding and being pursued.

18.1 invoice has now been paid. 1 invoice totalling £816,502 remains outstanding and is being pursued.

8. Analysis of the level of overdue debt as at 30 September 2022 by the service area raising the invoices is shown below (again with 30 September 2021 figures for comparison):

Service Area	30 September 2021		30 September 2022	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Adult Services (see note 1)	3,486	6,966	3,963	5,317
Children's Social Care	157	1,334	194	707
Corporate Resources (Finance)	681	2,312	770	3,970
Corporate Resources (IT)	29	39	27	41
Corporate Resources (Legal and Health & Safety)	23	29	26	38
Culture, Heritage & Libraries	8	28	13	23
Fire & Rescue	28	22	30	46
Housing	7	62	13	83
Housing Services	3	1	5	5
Local Services (including Projects) (see note 2)	1,836	1,405	2,316	1,960
Property & Estate Management	112	5,220	115	452
Pension Fund	0	0	0	0
Public Health/Protection	279	271	316	222
Regeneration & Dev Man	29	2,936	32	3,404
Schools	63	141	90	199
Total	6,741	20,766	7,910	16,467

Notes:

1. Adult Social Care have seen an increase in the number of customers receiving care. Due to Covid-19 there continue to be delays in probate being granted for deceased customers, and there continues to be delays in getting Court Appointed Deputies and Lasting Power of Attorneys put in place resulting in monies due pending Court decisions. There are also payment delays whilst properties remain unsold where Deferred Payment Agreements are in place. The Adult Social Care Team have reported a general increase in the number of people saying they cannot afford their care due to the cost of living and several customers are making partial payments because that is all they can afford.
 2. An increase in Local Services debt due to the number of unpaid Commercial Waste invoices accrued due to the Covid-19 cycle of businesses closing and reopening.
9. CIPFA Benchmarking has not been carried out since prior to the start of the Covid-19 pandemic in 2019-20 .

Council Tax

10. Council Tax is charged on domestic dwellings in the County. There are currently 158,558 domestic dwellings in Northumberland, with a net collectable debit of £235.696 million for 2022-23.
11. 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 £15.912 million was outstanding in total (£6.174 million relating to the 2021-22 financial year).
12. A comparison with previous years is shown below:

	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000
Arrears at 31 March	9,559	11,632	14,824	15,912
Arrears at 31 March relating to the last billed year	3,935	5,376	6,489	6,174

13. Arrears at 31 March 2022 were at their highest ever level. This is due to the impact of Covid-19 on collection and enforcement in 2020-21.
14. In-year collection rates (this does not include arrears) 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	84.8

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.

15. The in-year collection rate at 31 March 2021 was at its lowest level since 2010-11. This was due to the impact of Covid-19 on collection and enforcement in 2020-21.
16. Benchmarking performance:
 - The in-year collection rate for 2021-22 was, however, again the highest of the 12 North East Councils.
 - The in-year collection rate for 2021-22 was, however, well above the 95.8% national average for all local authorities in England and well above the 96.0% national average for all Unitary authorities in England.

17. The in-year collection rate at 30 September for the previous four years is shown below, with collection rates for customers in receipt of Council Tax Support shown for comparison.

	*30.9.19	**30.9.20	***30.9.21	***30.9.22
	%	%	%	%
Overall Collection Rate	56.0	55.2	55.6	55.1%
Council Tax Support Collection Rate	47.8	46.3	46.6	46.8%

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. Impact of Covid-19 on collection.
 3. ***Working-age customers in receipt of Council Tax Support received a Hardship Fund payment of up to £300.00 per claim.
18. The overall in-year collection rate at 30 September 2022 was 55.1% and is below performance for prior years. This is mainly due to the impact on recovery action due to Covid-19, staff resources being diverted to dealing with the Council Tax Energy Rebate scheme and the impact of the current cost of living crisis..
19. Benchmarking performance:
- Quarter 2 performance comparison with the North East Councils at 30 September 2022 shows the in-year collection rate for quarter 2 as at 30 September 2022 was the 3rd highest of 11 of the North East Councils.
 - CIPFA Benchmarking has not been carried out since prior to the start of the Covid-19 pandemic in 2019-20.
20. 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	1,114
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.
21. In the first half of 2022-23 the Council has issued:
- 16,748 Statutory 1st Reminders

- 3,353 2nd Reminders
- 787 Final Notices
- 6,332 Summonses
- 4,771 Liability Orders

22. 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)	2,778	951
Attachment of earnings	1,092	746
Enforcement Agent (Formerly Bailiff)	4,627	3,725
Committal (see notes 2 & 3 below)	6	2
Bankruptcy/Statutory Demand (see note 3 below)	7	32
Charging Orders (see note 3 below)	17	91

Notes:

1. Includes 2,353 Attachment of Benefit from Universal Credit.
2. No Council Tax defaulters were sent to prison in the first half of 2022-23.
3. These cases can comprise one or multiple Liability Orders.

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

	Number of cases 2018-19	Number of cases 2019-20	Number of cases 2020-21	Number of cases 2021-22
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)

24. Non-Domestic Rates are charged on business properties in the County. There are currently 14,236 business properties in Northumberland, with a total rateable value of £235,787 million, and with a net collectable debit of £81.872 million for 2022-23.

25. 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).

26. A comparison with previous years is shown below:

	2018-19	2019-20	2020-21	2021-22
	£'000	£'000	£'000	£'000
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

27. In-year collection rates (this does not include arrears) for the past four years are shown below:

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

28. Benchmarking performance:

- This performance is below the average compared to the other 11 North East Councils (96.5%).
- This performance is, however, above the average compared to all local authorities in England (95.5%) but below the average of all Unitary authorities in England (96.3%).
- CIPFA Benchmarking has not been carried out since prior to the start of the Covid-19 pandemic in 2019-20.

29. The in-year collection rate at 30 September for the previous four years is shown below.

	30.9.19	30.9.20	30.9.21	30.9.22
	%	%	%	%
Overall Collection Rate	58.0	56.6	50.0	53.8

30. The in-year collection rate at 30 September 2021 was 50.0% and was below performance for prior years due to the impact of Covid-19.

31. Benchmarking performance:

- Quarter 2 performance comparison with the North East Councils at 30 September 2022 shows that the in year collection rate as at 30 September 2022 was the lowest of 11 of the North East Councils. This is due in part to a backlog in processing Valuation Office Agency schedules and an issue with posting NCC payments. these issues should be remedied in Q4.

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

	2018-19	2019-20	*2020-21	2021-22
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.

33. In the first half of 2022-23 the Council has issued:

- 2,155 Reminders
- 741 Summonses
- 464 Liability Orders

Reminders have been issued monthly since June 2021.

34. 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
Enforcement Agent	180	1,298
Committal (see notes 1 & 2 below)	1	3
Bankruptcy/Statutory Demand (see note 2 below)	4	104

Notes:

1. No ratepayers were sent to prison in the first half of 2022-23.

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

35. 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
	2018-19	2019-20	2020-21	2021-22
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

36. 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.
37. 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.
38. 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 £1.087 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.
39. A total of £1.446 million was recovered in 2021-22 compared to £1.616 million in 2020-21, £2.394 million in 2019-20 and £2.623 million in 2018-19. 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 in 2020-21 as result of the Covid-19 pandemic. Cash collected in 2021-22 amounted to £0.505 million compared to £0.436 million in 2020-21, £0.845 million in 2019-20 and £0.909 million in 2018-19.
40. As at 30 September 2022 a further £0.575 million overpayments have been identified, of which £0.309 million has been recovered (53.7%). A further £0.409 million has also been recovered in respect of overpayments identified prior to 1 April 2022.
41. A total of £0.718 million has been recovered so far this financial year. This compares to £0.680 million recovered in the same period in 2021-22. Cash collected to 30 September 2022 amounts to £0.286 million, compared to £0.211 million collected as at 30 September 2021.
42. There is currently £3.652 million outstanding in respect of housing benefit overpayments (£0.232 million in respect of overpayments identified in 2022-23 and £3.420 million in respect of prior years). £3.632 million is recoverable and recovery action is taking place utilising the following methods of recovery (with 30 September 2021 figures for comparison):

Recovery Method	No of cases/ invoices	30 Sep 2021 £'000	No of cases/ invoices	30 Sep 2022 £'000
On-going entitlement to benefit	502	762	404	557
Invoice stage	222	329	244	335

Recovery Method	No of cases/ invoices	30 Sep 2021 £'000	No of cases/ invoices	30 Sep 2022 £'000
Reminder stage	102	201	87	223
Final stage	939	1,077	562	747
External debt collector	124	154	224	224
Attachment of benefit (clerical claims)	11	64	9	58
DWP Referrals	1,216	1,277	1,008	1,233
Direct Earnings Attachment	181	280	164	255
CCJ obtained	0	0	0	0
CCJ cases with High Court Enforcement	1	1	0	0
Total	3,298	4,145	2,702	3,632

43. Invoices are raised for all recovery methods except where deductions are being made from on-going entitlement to benefit.
44. 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.
45. Benchmarking performance:
- The Council had the 4th 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.
 - Performance comparison with the North East Councils at 30 September 2022 is not yet available
 - CIPFA Benchmarking has not been carried out since prior to the start of the Covid-19 pandemic in 2019-20.
46. 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
Total	211	1,162	176	910

47. 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

48. 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.

49. 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

50. 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.

51. 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.
52. 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.
53. We continue to support customers in financial hardship of who may not be claiming all benefits they are entitled to. Our Welfare benefit Support Officers were able to generate £476,032.20 in 21/22. As of the end of September they had generated £356,802.31 in additional income for our customers.
54. 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

55. 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 2020	31 March 2022
Garage Arrears	£1,321	£1,934	£9,857	£4,760
Furniture Recharges	£1,134	£780	£93,736	£41,813
Repair Recharges	£61,156	£55,507	£880,584	£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	£5,085	£1,066
Court Costs	£104,390	£76,271	£171,342	£118,202

56. The targets for rent arrears in 2021-22 were:

- To collect 98% of rent owed by current tenants
- Former tenant as a % of the annual rent debit - 1.90%

Note - Tenant debt is a year-on-year cumulative total expressed as a percentage of the annual rent debit.

57. Quarter 2 performance to 30 September 2022 is shown below, together with Quarter 2 performance in 2020-21 for comparison:

Measure	Current Tenants		Former Tenants	
	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022
Arrears as a % of the debit	N/A	N/A	3.41%	2.82%
Rent collected (98% target)	99.50%	98.88%	N/A	N/A
Arrears Outstanding	£1,249,722	£1,318,438	£1,152,230	£926,915
Sheltered Arrears	£6,240	£7,257	£6,171.49	£6,049
Garage Arrears	£3,053	£2,366	£5,454	£4,672
Furniture Recharges	£1,008	£439	£62,807	£29,268
Repair Recharges	£56,878	£53,490	£729,572	£506,465
Housing Benefit Overpayments	£6,698	£6,698	N/A	N/A
Leasehold Service Charge	£62,528	£48,998	N/A	N/A
Bankruptcy	£3,379	£11,379	£0	£501
Court Costs	£89,757	£70,659	£142,835	£107,261
Notices of Seeking Possession	477	494	N/A	N/A
Evictions	0	5	N/A	N/A
Attachment of Earnings Orders	0	0	0	0
Debt Collection Referrals	0	0	67	257
Attachment of Benefit Orders	0	0	0	0

58. Full Service Universal Credit was introduced in Northumberland in November and December 2018. At 30 September 2022 2,965 tenants were in receipt of the benefit, up from 2,737 tenants in March 2022.
59. Tenants wait on average 5 weeks for their first monthly payment and it is during this period that arrears are accrued. At 30 September 2022 this had resulted in collective arrears of £477,006.72, up from £425,628.08 in March 2022. Despite the yearly increase, arrears directly associated with UC performance exceeded the target set.
60. The average rent for a Northumberland County Council property is £78.70 per week and on average those in receipt of UC are in arrears of £495.48 which equates to 6.3 weeks of rent payments. For those tenants not in receipt of UC the average arrears are £281.92.
61. There are 974 Alternative Payment Arrangements and 336 third party reductions in place for rent arrears.
62. In addition to UC, a further 32 tenants are affected by the Benefit Cap. This compares with 44 tenants as at 31 March 2022. The Council's Welfare Benefits Advisor is working closely with these tenants and, where possible, is assisting with their claims for Discretionary Housing Payment.
63. Officers continue to work pro-actively with all tenants in arrears. Officers work in partnership with other agencies such as Citizens Advice Northumberland, and use many different contact methods to try to support customers.

Other Housing Revenue Account Debt

64. 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 2019-20 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

65. Quarter 2 performance to 30 September 2022 is shown below, together with Quarter 2 performance in 2020-21 for comparison:

Measure	Current Tenants		Former Tenants	
	30 Sep 2021	30 Sep 2022	30 Sep 2021	30 Sep 2022
Valley Care	£2,230	£2,114	£2,352	£967

Recent and current developments

66. 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.

67. The Revenues and Benefits Service is currently undergoing a Service Review to incorporate both improvement and efficiency of resources and processes.
68. The Cabinet Office is working with local authorities to set up data sharing pilots with HMRC and DWP to share employment and benefits 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 data share will also help to identify potentially vulnerable customers. The Recovery Manager is a member of the National Working Group and leads a group comprising of Northumberland County Council and four of the five Tyne and Wear Councils. Go-live was expected to be early summer 2020 but was deferred due to the Covid-19 pandemic however the initial data was shared with HMRC and DWP in August 2021 and following lengthy delays the initial results were shared in August 2022. It is too early to measure the success of data share.
69. The Revenues Service will soon be implementing a pilot scheme using the Voicescape telephony tool which aims to increase engagement with customers in arrears with Council Tax at an early stage to allow payments to be made without the need to go through the Court process and incur additional Court costs.
70. 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

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	All debt recovery policies and the procedures they use have been subject to an equality impact assessment.

(Impact Assessment attached) Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>	
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 Consideration	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
Health and Wellbeing	None
Wards	All

Background papers:

Corporate Debt Recovery Policy

Report sign off.

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

	Full Name of Officer
Monitoring Officer/Legal	Suki Binjal
Interim Executive Director of Finance & S151 Officer	Jan Willis
Relevant Executive Director	Jan Willis
Interim 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