



# Northumberland

## County Council

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

12 July 2021

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#### **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

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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.

#### **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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Sundry debt	£104,856.31	£224,596.64	£266,343.83	£47,567.52
Council Tax	£876,976.87	£476,560.30	£158,220.13	£161,032.28
Business Rates	£611,495.46	£790,990.74	£1,057,697.40	£94,466.86
Benefit Overpayments	£166,866.27	£163,855.28	£103,005.65	£56,417.16
Housing Rent & Other Debt	£208,310.92	£394,903.58	£507,807.23	£434,020.33
Adult Social Care	£43,977.11	£37,671.68	£5,369.31	£0.00
<b>Total</b>	<b>£2,012,482.94</b>	<b>£2,088,578.22</b>	<b>£2,098,443.55</b>	<b>£793,504.15</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 2020-21.

## Sundry Debt

5. At 31 March 2021 the Council was owed £15.878 million by its sundry debtors. The debt, analysed by its maturity, is shown below (with 31 March 2020 figures shown for comparison):

Age of debt	31 March 2020		31 March 2021	
	Number of Invoices	Balance Due £'000	Number of Invoices	Balance Due £'000
Up to 3 months past due	1,522	2,801	1,235	9,087
3 to 6 months past due	796	1,023	510	1,664
6 to 9 months past due	802	528	441	928
9 to 12 months past due	406	1,546	505	484
1 to 5 years past due	1,362	1,526	2,664	2,285
Over 5 years past due	159	343	241	454
<b>Debt past due date</b>	<b>5,047</b>	<b>7,767</b>	<b>5,596</b>	<b>14,902</b>
Debt within terms	2,088	9,498	253	976
<b>Total debt</b>	<b>7,135</b>	<b>17,265</b>	<b>5,849</b>	<b>15,878</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.
  2. Six Corporate Resources (Finance) customers had invoices totalling £5.823 million that fell past due at the end of March 2021 and have since been paid.
6. Fifteen customers have past due balances of over £0.100 million at 31 March 2021. Details are shown below with 30 September 2020 figures for comparison. The total of £9.292 million past due represents 62.4% of the total debt past due as at 31 March 2021.

Customer	30 September 2020		31 March 2021	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
NHS Customer 2 (see note 1)	2	1,642	15	1,324
NHS Customer 4 (see note 2)	-	-	17	773
Customer 1 (see note 3)	12	120	12	120
Customer 2 (see note 4)	3	119	3	119
Company 3 (see note 5)	4	861	15	273
Company 10	8	790	-	-
Company 12 (see note 6)	-	-	1	300
Education 2 (see note 7)	-	-	2	118
Education 4 (see note 8)	1	714	9	1,048
Education 5 (see note 9)	-	-	1	767
Education 6 (see note 10)	-	-	1	216
Education 7 (see note 11)	-	-	2	794
Council 3 (see note 12)	-	-	6	157
Council 9 (see note 13)	-	-	8	135
Government	-	-	1	2,923
Department 1 (see note 14)	-	-	-	-
Agency 2 (see note 15)	-	-	1	225
<b>Total</b>	<b>30</b>	<b>4,246</b>	<b>94</b>	<b>9,292</b>

#### Notes:

1. 1 invoice is now paid and the remaining 14 invoices for £1,280,298 are being pursued.
2. 2 invoices are now paid and the remaining 15 invoices for £751,172 are 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 are being pursued.
5. 7 invoices are now paid and the remaining 8 invoices totalling £120,264 are being pursued.
6. Invoice being pursued.
7. Invoices are now paid.
8. 7 invoices are now paid and the remaining 2 invoices totalling £19,172 are being pursued.
9. Invoice is now paid.
10. Invoice is now paid.
11. Invoices are now paid.

12. Invoices are being pursued.

13. 6 invoices are now paid and the remaining 2 invoices totalling £26,992 are being pursued.

14. Invoice is now paid.

15. Invoice is now paid.

7. Analysis of the level of overdue debt as at 31 March 2021 by the service area raising the invoices is shown below (again with 31 March 2020 figures for comparison):

Service Area	31 March 2020		31 March 2021	
	Number of Invoices	Value Past Due £'000	Number of Invoices	Value Past Due £'000
Adult Services	2,678	3,847	2,968	4,702
Children's Social Care	137	681	135	656
Corporate Resources (Finance)	328	1,450	596	7,104
Corporate Resources (IT)	7	7	34	135
Corporate Resources (Legal and Health & Safety)	33	183	8	73
Culture, Heritage & Libraries	4	15	9	29
Fire & Rescue	34	21	20	18
Housing	9	6	9	11
Housing Services	5	1	5	6
Local Services (including Projects)	1,383	770	1,379	1,265
Property & Estate Management	60	140	90	457
Pension Fund	5	69	0	0
Public Health/Protection	287	215	265	214
Regeneration & Dev Man	12	177	9	55
Schools	63	169	69	177
<b>Total</b>	<b>5,045</b>	<b>7,751</b>	<b>5,596</b>	<b>14,902</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. Six Corporate Resources (Finance) customers had invoices totalling £5.823 million that fell past due at the end of March 2021 and have since been paid.
3. 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.

4. 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 156,691 domestic dwellings in Northumberland on 31 March 2021, with a net collectable debit of £211,214 million for 2020-21.
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 2021 £14.824 million was outstanding in total (£6.489 million relating to the 2020-21 financial year).

10. A comparison with previous years is shown below:

	2017-18	2018-19	2019-20	2020-21
	£'000	£'000	£'000	£'000
Arrears at 31 March	9,409	9,559	11,632	14,824
Arrears at 31 March relating to the last billed year	3,809	3,935	5,376	6,489

11. Arrears at 31 March 2021 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 2020-21 was 97.0% against a Covid-19 target of 96.6% (based on an anticipated reduction of 1.0% on the 2019-20 in-year collection rate).
13. The in-year collection rate at 31 March 2021 is at its lowest level since 2010-11. This is due to the impact of Covid-19 on collection and enforcement in 2020-21.
14. Benchmarking performance:
- The in-year collection rate for 2020-21 was again the highest of 12 North East Councils.
  - National benchmarking data is not yet published.
  - Due to Covid-19, CIPFA Benchmarking is unlikely to be carried out for 2020-21 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:

	2017-18	2018-19	*2019-20	**2020-21
	%	%	20	%
			%	
Overall Collection Rate	98.0	98.1	97.6	97.0

Council Tax Support Collection Rate	86.0	86.7	*82.6	**83.6
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Notes:

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

16. The number of customers paying by Direct Debit at annual billing (who had something to pay) increased to 86.0% for 2021-22. 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:

	2018-19	2019-20	2020-21	2021-22
	%	%	%	%
Number of customers on Direct Debit at annual billing (who had something to pay)	82.0	*74.4	77.1	**86.0

Notes:

- \* 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.
- \*\* The increase for 2021-22 is due to the Covid-19 Hardship Fund increasing the number of customers who have nothing to pay.

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

	2017-18	2018-19	*2019-20	**2020-21
1st or 2nd Reminders	40,401	39,598	47,211	7,773
Final Notices	3,700	2,885	3,051	0
Summonses	11,570	9,704	15,861	3,998
Liability Orders	8,784	7,846	11,815	3,231

Notes:

- \*Recovery notices increased in 2019-20 due to customers affected by the 8% reduction in Council Tax Support falling into arrears.
- \*\*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. Attachment of Benefit remained unchanged in the first half of 2020-21 but 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)	2,501	672
Attachment of earnings	772	399
Enforcement Agent (Formerly Bailiff)	2,763	1,439
Committal (see notes 2 & 3 below)	36	53
Bankruptcy/Statutory Demand (see note 3 below)	8	77
Charging Orders (see note 3 below)	19	99

**Notes:**

1. Includes 1,716 Attachment of Benefit from Universal Credit.
  2. No Council Tax defaulters were sent to prison in the first half of 2020-21.
  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:

	Number of cases 2017-18	Number of cases 2018-19	Number of cases 2019-20	Number of cases 2020-21
Attachment of benefit	3,647	3,196	4,500	2,176
Attachment of earnings	4,133	3,755	3,133	1,046
Enforcement Agent	5,066	4,506	4,802	1,243
Committal (see note 1)	46	0	0	0
Statutory Demands (see note 1)	12	16	10	0
Bankruptcy Petitions (see note 1)	4	7	2	0
Bankruptcy Orders (see note 1)	4	2	2	0
Interim Charging Orders (see note 1)	15	8	7	0
Final Charging Orders (see note 1)	16	6	7	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 13,619 business properties in Northumberland, with a total rateable value of £233.468 million, and with a net collectable debit of £48.845 million for 2020-21.
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 2021 £6.577 million was outstanding in total (£3.250 million relating to the 2020-21 financial year).

22. A comparison with previous years is shown below:

	2017-18	2018-19	2019-20	2020-21
	£'000	£'000	£'000	£'000
Arrears at 31 March	3,289	3,091	3,648	6,577
Arrears at 31 March relating to the last billed year	1,465	1,207	1,930	3,250

23. Arrears at 31 March 2021 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 93.3% in 2020-21 against a Covid-19 target of 96.2% (based on an anticipated reduction of 1.5% on the 2020-21 in-year collection rate).
25. Benchmarking performance:
- This performance is below the average compared to the other 11 North East Councils (94.4%).
  - National benchmarking data is not yet published.
  - Due to Covid-19, CIPFA Benchmarking is unlikely to be carried out for 2020-21 performance.

2. A comparison with previous years is shown below:

	2017-18	2018-19	2019-20	2020-21
	%	%	%	%
Overall Collection Rate	98.1	98.3	97.7	93.3

26. The number of businesses paying by Direct Debit at annual billing (who had something to pay) increased to 82.0% for 2021-22. 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:

	2018-19	2019-20	2020-21	2021-22
	%	%	%	%
Number of businesses on Direct Debit at annual billing (who had something to pay)	71.5	72.9	71.0	*82.0

Notes:

- \* 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.
27. For comparison, it was 71.0% in 2020-21 and 72.9% in 2019-20. 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.
28. During the previous four financial years the Council issued the following recovery notices:

	2017-18	2018-19	2019-20	*2020-21
Reminders	3,539	3,037	2,987	472
Summonses	701	571	780	0
Liability Orders	401	357	411	0

Notes:

- \*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.
29. 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
Enforcement Agent	76	299
Committal (see notes 1 & 2 below)	1	3
Bankruptcy/Statutory Demand (see note 2 below)	5	125

Notes:

- No ratepayers were sent to prison in 2020-21.
  - These cases can comprise one or multiple Liability Orders. No enforcement action was taken via the courts in 2020-21.
30. 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
2017-18	2018-19	2019-20	2020-21

Enforcement Agent	277	206	270	14
Committal (see note 1)	6	0	0	0
Statutory Demands (see note 1)	11	10	3	0
Bankruptcy Petitions (see note 1)	5	10	2	0
Bankruptcy Orders (see note 1)	3	2	1	0

Notes:

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

### Housing Benefit Overpayments

31. 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.
32. 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.
33. 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 2020-21 overpayments of £1.373 million were identified with £0.91 million recovered in year (66.3%). This compares with 54.1% being recovered in year in 2019-20, 56.0% 2018-19 and 53.3% in 2017-18. A further £0.706 million was collected in respect of overpayments identified prior to 1 April 2020.
34. A total of £1.616 million was recovered in 2020-21 compared to £2.394 in 2019-20, £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 in 2020-21 as result of the Covid-19 pandemic. Cash collected in 2020-21 amounted to £0.436 million compared to £0.845 million in 2019-20, £0.909 million in 2018-19 and £0.904 million in 2017-18.
35. There is currently £4.363 million outstanding in respect of housing benefit overpayments (£0.441 million in respect of overpayments identified in 2020-21 and £3.922 million in respect of prior years). £4.363 million is recoverable and recovery action is taking place utilising the following methods of recovery (with 31 March 2019 figures for comparison):

Recovery Method	No of cases/ invoices	31 March 2020 £'000	No of cases/ invoices	31 March 2021 £'000
On-going entitlement to benefit	800	1,059	540	832
Invoice stage	235	350	277	341
Reminder stage	132	264	597	705
Final stage	837	1,018	646	802
External debt collector	245	285	181	198
Attachment of benefit (clerical claims)	14	73	12	68
DWP Referrals	1260	1,013	1088	1,009
Direct Earnings Attachment	414	594	270	407
CCJ obtained	0	0	0	0
CCJ cases with High Court Enforcement	1	1	1	1
<b>Total</b>	<b>3,938</b>	<b>4,657</b>	<b>3612</b>	<b>4,363</b>

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

37. 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.

38. Benchmarking performance:

- The Council had the 5th lowest level of outstanding overpayments at the end of 2020-21 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 2020-21 performance.

39. The £1.373 million of overpayments identified in 2020-21 are broken down as follows with 2019-20 £2.402 million for comparison):

Overpayment Reason	2019-20		2020-21	
	Council Tenants £'000	Private Tenants £'000	Council Tenants £'000	Private Tenants £'000
Claimant Error	396	1,724	174	1,102
Local Authority Error	5	14	7	18
Administrative Delay	9	28	2	15
Fraud	32	135	14	22
DWP Error	3	11	1	2
Technical Overpayments	24	21	13	3
<b>Total</b>	<b>469</b>	<b>1,933</b>	<b>211</b>	<b>1,162</b>

40. In 2020-21 total Housing Benefit expenditure was £60,396 million and there were 16,190 claimants as at 31 March 2020. In 2019-20 total Housing Benefit expenditure was £68,670 million and there were 14,241 claimants as at 31 March 2020.

### Housing Rent and other debt

41. 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.

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

Measure	2017-18	2018-19	2019-20	2020-21
Annual Rent Debit	£31.2m	£31.0m	£30.2m	£31.7m
Current arrears as a % of the annual rent debit (changed to % collected in 2019-20)	1.51 %	1.88 %	98.52%	100.18%
Current tenant rent arrears outstanding	£471,631	£582,836	£753,659	£653,642
Former arrears as a % of the annual rent debit	3.76%	3.82%	4.10%	3.72%
Former tenant rent arrears outstanding	£1,174,006	£1,184,575	£1,238,348	£1,183,229

43. The targets for rent arrears in 2020-21 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.

44. 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.
45. 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 is an ongoing review of all debt within Housing Operations with an option appraisal carried out with recommendations and actions which is currently under review by senior management.
46. 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 2020-21 are not yet available.

47. 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>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Number of Notices of Seeking Possession	871	775	734	715
Number of Evictions	72	49	50	0

**Notes:**

- Throughout the Covid-19 pandemic there has been guidance issued around serving notices of seeking possession. As an emergency measure at the start of the pandemic notices were extended to six months and are gradually being reduced over a six-month period. In addition to this, there was also a ban on evictions which meant that any customer with significant arrears was unable to be evicted from their home.
  - Prior to the Covid-19 pandemic the work to support tenants to maintain their tenancies resulted in a significant reduction in the number of evictions carried out and Notices of Seeking Possession served since 2017-18.
48. In respect of all other housing debt, 2020-21 end of year performance is shown below, together with end of year performance in 2019-20 for comparison:

<b>Measure</b>	<b>Current Tenants</b>		<b>Former Tenants</b>	
	<b>31 March 2020</b>	<b>31 March 2021</b>	<b>31 March 2020</b>	<b>31 March 2021</b>
Garage Arrears	£2,400	£1,321	£9,857	£7,961
Furniture Recharges	£1,697	£1,134	£93,736	£79,952
Repair Recharges	£74,060	£61,156	£880,584	£873,524
HB Overpayments	£6,668	£6,668	N/A	N/A
Leasehold Service Charge	£59,203	£52,010	N/A	N/A
Bankruptcy	£7,394	£9,958	£5,085	£10,077
Court Costs	£135,857	£104,390	£171,342	£160,014

49. In seeking to recover debt over and above that undertaken on a voluntary basis the Council made 52 debt collection referrals in 2020-21. This compares with 55 in 2019-20 and 43 in 2018-19.
50. Full Service Universal Credit was introduced in Northumberland in November and December 2018. At 31 March 2021 2,266 tenants were in receipt of the benefit, up from 1,658 tenants in March 2020.
51. Tenants wait on average 5 weeks for their first monthly payment and it is during this period that arrears are accrued. At 31 March 2021 this had resulted in collective arrears of £471,732.45, up from £69,800 in March 2020. Despite the yearly increase arrears directly associated with UC performance exceeded the target set.

52. The average rent for a Northumberland County Council property is £76.02 per week and on average those in receipt of UC are in arrears of £484.73 which equates to 6.3 weeks of rent payments. For those tenants not in receipt of UC the average arrears were £255.59, therefore those on UC are performing better than those that aren't. There are 753 Alternative Payment Arrangements and 383 third party reductions in place for rent arrears.
53. In addition to UC, a further 44 tenants are affected by the Benefit Cap. This compares with 38 tenants as at 31 March 2020. The Council's Welfare Benefits Advisor is working closely with these tenants and, where possible, is assisting with their claims for Discretionary Housing Payment.
54. Officers continue to work pro-actively with all tenants in arrears. Home visits are suspended but Officers still work in partnership with other agencies such as Citizens Advice Northumberland, and have used many different contact methods to try to support customers throughout the challenging pandemic.

### 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 2019-20 for comparison:

Measure	Current Tenants		Former Tenants	
	31 March 2020	31 March 2021	31 March 2020	31 March 2021
Valley Care	£3,048	£2,263	£2,944	£2,552

### 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. Go-live was expected to be early summer 2020 but has been deferred due to the Covid-19 pandemic.
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 still in its infancy following the Housing Operations review and 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 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 has been expanded to use bulk text messaging for targeted welfare benefit and rent campaigns or sharing of information with customers to help them sustain their tenancy or maximise income.
62. There is an ongoing review of all debt within Housing Operations with an option appraisal carried out with recommendations and actions which is currently under review by senior management.

### **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: Write Offs 2020-21

**Report sign off.**

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

	Full Name of Officer
Monitoring Officer/Legal	Helen Lancaster
Interim Executive Director of Finance & S151 Officer	Jan Willis
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