

Council Tax Arrears Update

Summary

All the recommendations of the Group are in place except for 9.10 which has been agreed but will feature at no extra cost to Mendip as part of the new revenues contract with Capita, due to commence from July 2017. In addition we are to carry out further work as part of 9.4 as we start to work more closely in the 5 Councils partnership.

Two big plus points are that we have developed more direct and more effective links with our Citizens Advice partners, supported by the “good practice protocol” and we have implemented a new SLA with our Enforcement Agents to take on board the recommendations.

However we do have to be mindful that we have given our contractor a higher target for collecting council tax, linking in with that of the other 5 Councils. This does mean that they will have to make effective use of the full range of recovery actions, including referral to Enforcement Agents. The amounts the Enforcement Agents collect are substantial. At present we have referred 1,842 this year (although note visits and amount recovered are much lower so far), however traditionally referrals drop off towards the end of the year along with liability orders. We also may have less opportunity to make use of the attachment to earnings or attachment to benefits options in future as we can only make one attachment to earnings or benefit per council tax payer. So that option is not possible where one attachment is already in place. We therefore cannot say that referrals this year will be lower than last year. However what we can say with good confidence is that we have the safeguards in place to ensure that, partly due to the actions of the Task & Finish Group, recovery action is timely, effective but also fair and reasonable, particularly taking into account where vulnerability has been identified.

Update from the T&F Group Report of 21 March 2016

Updated Table 4 Referrals to Enforcement Agents

	April 2014 – March 2015	April 2015 to March 2016	April 2016 – 23 November 2016
The total number of debts referred to Enforcement Agents	2,474	2,347	1,842
Total value of the debts referred to Enforcement Agents	£1,635,372	£1,578,145	£1,193,624,
Total recovered debt	£667,269	£700,959	£245,674
Total number of visits undertaken by enforcement agents (number of households visited)	2,021	1,360	347

Nb We expect referrals to drop over the next few months as the number of summonses / liability orders drops. However we are also monitoring closely the amounts recovered.

Updated Table 5 Analysis of referred cases to Enforcement Agents

Status	2014-15	2015-16 (up to 31 January 2016)	2016-17 (up to 23 November 2016)
Referred	2,474	2,194	1,842
Duplicates (returned)	4	0	0
Absconded	236	223	62
Requested Return	149	92	47
No Contact	1	0	0
Nulla Bona	852	182	90
Defendant Bankrupt / In Liquidation	13	17	12
Deceased	1	0	0
Unable to execute	24	17	7
Others	5	14	3
Vulnerable group	48	62	32
Successful	795	510	160
<i>Total of successful and returned cases</i>	2,128	1,117	413

(These figures are snapshots at a point in time taken from the Enforcement Agents records)

Type	Status	As at March 2016	As at 23 November 2016
Live Cases	Arrangement	239	309
	Live	714	1052
	Trace	0	0
	On Hold	93	56
	Paid Not Remitted	31	12
<i>Total of Live Cases</i>		1,077	1,429

Update on Recommendations

1. RECOMMENDATIONS

- 9.1 Give more prominence on Mendip's council tax website pages in trying to get council tax payers in difficulty to contact the Council – either in person (at our five Council Access Points), by direct phone (to our specialist revenues Contact Centre) or e-mail (to the dedicated e-mail address).

In place – we have republished the information on our website for our customerservices e-mail address (our preferred method), the direct phone line to the revenues service and full details of our council access points.

- 9.2 To promote more widely on the website the link to Citizens Advice and the free Debt Advice line. This to include the Citizens Advice preferred contact point. The website is increasingly a preferred option for council tax payments, associated help and information, for example on whether there is likely entitlement to council tax support or any other discount / exemption / relief.

In place – our website now says:

It is not a legal defence to say you have money problems or you should be getting a reduction. You should always contact us to discuss your circumstances - we can usually resolve the matter with you. You should perhaps also be considering getting advice from an agency such as the Citizens Advice or National Debtline <https://www.nationaldebtline.org>.

We also have published the Mendip Credit Union “leaflet” which offers help, particularly in respect of possibly offering loans.

The links to claiming council tax support and our discretionary council tax reduction policies (which includes the hardship element as well as for all council tax payers that might want a reduction in their council tax) have been updated and are accessible via the website. We also have introduced a page specifically about universal credit.

- 9.3 On the council tax bill and notifications such as the reminder letter, promote the need to contact the Council, Citizens Advice and / or the free, independent Debt Advice line suggested by the Money Advice Trust at the earliest opportunity.

In place – we have made these changes to the reminder; important as this is the first notice - other than the text message where applicable - that may identify difficulty paying and the bills – i.e. those that we send out at the start of the financial year and those where there are new / amended accounts through the year.

- 9.4 Review of notifications. It was considered that the format and style of the notifications should be updated. This to include meeting Mendip’s standard in respect of font size. It was recognised though that the space on the council tax bill and notifications was limited due to the need to display statutory information etc.

In place although we intend to carry out further work as part of the 5 Council’s partnership. We have already obtained samples of the other 4 Council’s council tax and benefits notifications. Whilst the idea of the 5 Council’s will be to try and get “one best standard set” we will ensure that ours still meet Mendip’s local requirements.

- 9.5 Promote more widely the discretionary council tax support scheme and the associated hardship policy, procedure and fund.

In place – in particular we have pushed this amongst council tax staff and the contact centre staff – Members retained the £35k budget for 2015/16 and we propose the same amount for 2016/17.

9.6 In creating a new Service Level Agreement with the Enforcement Agent, review the content, in particular to highlight the importance of identifying and reporting vulnerability. This to include enforcement action where the household has dependent children. Specifically:

- Mendip District Council will require the Enforcement Agent, where possible, to consider affordability of the debtor in establishing a payment arrangement. In doing so, the Agent will consider any presented, valid Financial Statement prepared by Citizens Advice
- The Enforcement Agent office will try to make arrangements with the debtor before any visit (so avoiding additional charges). If this is not possible, then following any visit, if the Enforcement Agent has a reason to be concerned about the debtor the Agent / Agent office should contact Mendip District Council.
- Add in that Enforcement Agent training includes identifying and reporting vulnerability
- As part of safeguarding, if a minor answers the door to an Enforcement Agent, the Agent is obliged under legislation not to discuss the reason for the visit and to withdraw if the debtor is not available. If / when there is contact with the debtor, if there are dependent children present, the Agent will have regard to the need for privacy and confidentiality

In place – new SLA signed off between Mendip and Ross and Roberts effective from April 2016. Includes all these points.

- 9.7 Recommend a change in the council tax irrecoverable arrears thresholds to:
- Up to and including £1,000.00 – delegated authority to the Section 151 Officer. The S151 Officer may delegate to the Deputy Corporate Finance Advisor as required.
 - Above £1,000.00 and below £5,000.00 – delegated authority to the Section 151 Officer in consultation with the relevant Portfolio Holder. The S151 officer may delegate to Deputy Corporate Finance Advisor as required
 - £5,000.00 and over – referred to Cabinet.
- (this particular recommendation to be ratified by Cabinet)***

This was not part of the T&F group work – we just added this in on advice from the S151 Officer.

- 9.8 Contact Mendip Citizens Advice to sign the LGA / CA “Collection of Council Tax Arrears Good Practice Protocol”. This will more formally establish and embed effective working relationships and liaison with Mendip District Council and stakeholders.

In place – Protocol signed between Mendip and Citizens Advice (CA) May 2016

- 9.9 Ensure that major stakeholders are aware of how to report vulnerability and what sort of evidence is required. This to be part of our regular liaison with stakeholders and as part of signing up to the good practice protocol. When vulnerability is established, Mendip District Council will continue to consider payment arrangements on a case by case basis.

In place – in particular we have developed our work with CA. CA staff have more direct access to the back office Council Tax team when needed. This fits quite nicely with the partnership work we have awarded to CA in respect of Universal Credit – whereby there is now a direct referral process of claimants requiring personal budgeting support and help with digital claiming between the Job Centres of Frome and Wells, us (including Housing Options where relevant) and CA. CA are currently looking to expand their service from their Frome CA office too.

The next Revenues and Benefits stakeholders meeting is scheduled for 1 February 2017 at which there will be the usual opportunity for Q&A directly with our contractors Council Tax Manager and Benefits managers.

- 9.10 Set and promote a second instalment date (15th of the month). This is in line with that already offered by the 4 other councils in the new revenues contract. This will give Mendip council tax payers more choice – which is likely to be of more importance with the anticipated increase in Universal Credit claimants in Mendip.

Agreed. All the other 4 Council's have at least two DD dates and this is part of the new Revenues contract. We have stated we want the 15th as an extra date set from April 2017 however as there may be a cost to Mendip if we start ahead of the new contract we may leave this until the new contract starts (July 2017). Nevertheless we do make use of making alternative payment arrangements on a case by case basis. This is particularly useful as Universal Credit expands in Mendip, when payments vary claimant by claimant.

Steve Shrimplin
24 November 2016