

Report of the Principal Revenue and Benefits Manager

**REVIEW OF COUNCIL TAX AND HOUSING BENEFIT OVERPAYMENTS
COLLECTION POLICY****1 Purpose of report**

This report has been written to inform members of the collection policy in relation to council tax, with regard to those in receipt of council tax support (CTS), and also collection of housing benefit overpayments.

2 Executive summary

The collection of council tax and housing benefit overpayments follow statutory processes. Detail of the council tax recovery policy and the timings employed for full charge payers, and the alternative timings for 2013 CTS cases paying 8.5% of their council tax charge for the first time are included at Appendix 1. Detail of the housing benefit recovery policy is included at Appendix 2.

3 Appendices

Appendix 1 – Council tax recovery policy.

Appendix 2 – Housing benefit overpayments recovery policy.

4 Proposed action:**4.1 The committee is invited to note the content of this report.****5 Background**

Members requested details of the revenue collection policy and the procedures in operation for the recovery of debt, to include the policy for those in receipt of council tax support. This report is in response to that request.

6 Discussion

6.1 The collection of council tax is a statutory service and the options available to the council for recovery are defined in regulation. Tables showing further detail of the main elements of the debt recovery process are attached at appendices 1 and 2.

6.2 The government changed the way they fund council tax benefit in the 2012-2013 financial year. This change means that for the first time people previously in receipt of full council tax benefit are expected to contribute 8.5% towards their council tax charge if they are of working age.

6.3 There has been an increase in the number of calls taken and customers seen in the council tax department as a result.

- 6.4 Council tax collection procedures were modified with effect from April 2013 to allow for the additional financial pressures placed on CTS cases. Additional time was built into the recovery process to allow first time council tax payers to contact us and understand the changes.
- 6.5 The effect of this has been that the majority of CTS cases to receive a summons were delayed until 24 October. A small number of CTS cases received a summons prior to this date, but only where a prior debt existed. On 24 October, 250 CTS cases received a summons. This equates to 6.87% of CTS cases, compared to 7.52% of non CTS cases who also received a summons (2254).
- 6.6 Where CTS cases present with particular financial pressures, the council tax team advise them to seek debt advice. A service agreement currently exists as part of the council's voluntary sector grants programme, to provide an advice and information service for preventing debt and for tackling personal debt across the borough of Wellingborough. The grant of £30,000 pa for three years up to March 2015 was awarded to Nene Valley Citizens' Advice Bureau (NVCAB), now a member office of Central and East Northamptonshire CAB.

The main anticipated outcomes of this funding are:

- Reduced personal debt across the borough of Wellingborough.
- Maximising the income of the borough's most financially deprived communities.
- Increased access to preventative and generalist budgeting and personal debt advice through a range of channels.
- Increased financial benefit take up across the borough.

The borough council is working closely with NVCAB to ensure that the outcomes provide a service that benefits the customer and the borough in reducing and managing their debts.

- 6.7 In addition to the organisations the council funds, we also signpost to other partner organisations who are better placed to assist in particular circumstances eg the FISH shop, Community Law, Midland Community Finance and Bromford Housing. 'Drop in' sessions are provided by some of the above organisations within the 'one stop shop' at Tithe Barn Road offices to provide improved access to advice and support.

7 Legal powers

Local Government Finance Acts 1988 and 1992

8 Financial and value for money implications

No additional implications to matters highlighted in the report.

9 Risk analysis

| Nature of risk | Consequences if realised | Likelihood of occurrence | Control measures |
|--|--|---------------------------------|--|
| Ineffective recovery of local taxation debt. | Insufficient funds to meet outgoings and risks future council tax rises. | Low. | Revenue Services policy and procedures. |
| Recovery is not seen to be carried out fairly. | Risk of reputation damage. | Low. | Comprehensive system of procedures & training. |

10 Implications for resources

There are no direct effects resulting from this report.

11 Implications for stronger and safer communities

None.

12 Implications for equalities

The collection policy and procedures are consistent with the council's equal opportunities policies.

13 Author and contact officer

Jill Stewart, Council Tax Supervisor.
Nigel Robinson, Principal Revenue and Benefits Manager.

14 Consultees

None.

15 Background papers

Regulation and best practice guidance.

Appendix 1 Council tax recovery policy

| Action | Description | Full charge payers | Council tax support cases |
|---|---|--------------------|---------------------------|
| Debt raised | Annual bill payable by 10 statutory instalments, or 12 instalments by request. | 06/03/2013 | 06/03/2013 |
| Reminder | Issued after a missed instalment. If any missed instalments are not paid, the right to statutory instalments may be lost. | 22/04/2013 | 02/08/2013 |
| Second reminder | If a further instalment is missed, a second reminder notice is issued. If the missed instalments are not paid, then the right to statutory instalments may be lost. | 03/06/2013 | 02/09/2013 |
| Telephone reminder | Every attempt is made by the recovery team to speak with the charge payer prior to the issue of a summons. | | |
| Final notice of impending court action | Final notices issued for accounts which have lost instalment rights or defaulted on an arrangement 18 days after a reminder. | 17/05/2013 | 16/09/2013 |
| Summons to the Magistrates Court | Should payment arrangements not be forthcoming, 11 days after the final notice, a summons is issued on behalf of Clerk to the Magistrates. | 13/06/2013 | 24/10/2013 |
| Application to Court | A Court date falls 18 days after summons was issued and an application is made for a Liability Order to give the Council additional recovery options. These include attachment of earnings, attachment of benefit, bailiff action or charging order. | 08/07/2013 | 25/11/2013 |
| Write off | Cases are considered for write off when all recovery avenues have been explored or the debt is uneconomic to pursue. Categories include debts deemed uneconomical to pursue, debtor is deceased with no estate, whereabouts unknown, insolvency, debtor is detained in prison or a prison sentence has been served in lieu of unpaid Council Tax. | | |
| Counselling | Debt counselling & advice is provided on request. Liaison with Welfare Benefits agencies, CAB, Welfare Rights, FISH. | | |
| Arrangements | Payment arrangements are sought throughout the process. Attachment may be used in Benefit cases. Arrangements are separately monitored, with reminders issued by letter and telephone. | | |

Appendix 2 Housing benefit overpayment recovery policy

| Action | Description |
|---------------------------------------|---|
| First reminder | If payment not received, issued 4 weeks after invoice date |
| Second reminder | If payment still not received, issued 14 days after 1st reminder |
| Telephone reminder | Telephone call and DWP check made |
| Apply for payment from DWP | If possible, attach to current benefits |
| Attachment of earnings | If possible, attach to earnings |
| Court action | Court Action considered depending on value and circumstances e.g. Application for a Charging Order or County Court Judgment |
| Debt collection/bailiff action | Bailiff action considered depending on value |
| Write off | Cases are considered for write off when all recovery avenues have been explored or the debt is uneconomic to pursue. Categories include debts deemed uneconomical to pursue, debtor is deceased with no estate, whereabouts unknown, insolvency, or debtor is detained in prison. |
| Counselling | Debt counselling & advice is provided on request. Liaison with Welfare Benefits agencies, CAB, Welfare Rights, FISH. |
| Arrangements | Payment arrangements are sought throughout the process. Arrangements are separately monitored, with reminders issued by letter and telephone. |