

Finance & Performance Scrutiny Panel

January 2021



Agenda

- National environment and context for draft Fair Debt and Income Strategy
- Current performance
- Principles of draft Strategy
- Work delivered to date
- Work to be delivered as part of new programme
- Next steps

National Environment

Nationally Council funding has changed so that Councils are reliant on local taxation as a source of income as Govt Grant has reduced

Spotlight on vulnerability

- Differentiate “can’t pay” and “won’t pay”
- CAB most casework on council debt not credit card debt
- Bailiff Practices and spiralling debt
- Breathing space legislation
- Vulnerable people who fall behind with Council Tax payments to have greater protection from debt enforcement

National Environment

Post COVID recovery/recession

- Long term adverse collection impact on council tax and business rate collection.
- Impact of the end of the job support schemes
- Personal indebtedness rising linked to unemployment

Impact of Welfare Reform - e.g. The Benefit Cap, lack of access to data on those impacted by Universal Credit

Local Context

Large, complex system of debt

- Enfield raises over £500m each year in fees and charges
- 3 separate IT systems hold specific collection customer data and invoice and collect income

Multiple customer records

- Debt recovery used standard escalation policies within each system depending on the statutory processes
- Customer records are not matched across each system so there are multiple records for the same person across all three systems

Reactive service

- Debt recovery tends to be reactive, i.e. varying our process if a customer contacts us, unless information is already held within the collection system. Otherwise enforcement action will continue

Enfield income raised 2019/20

Service	Collectable Debit
	£M
Council tax	161.7
Business Rates	119.4
Council rents	61.8
Temporary Accommodation rents	46.8
Housing Gateway rents	5.3
Housing Benefit Overpayments	9.5
Sundry Debts	94.7
Social Care	<u>19.2</u>
Total	518.4

2020-21 Collection Performance - Council Tax

London

- Total cash loss so far is £97.0m. The London average is £2.9m (£3.7m in Inner London and outer London £2.4m in Outer London)
- At 30 Oct 2020, London's average CT collection rate was 61.8%, 2.7% lower than 30 October 2019. On current trends, this will be 3.7% down by the end of the financial year
- Every reporting borough experienced a decrease in their CT collection rates between Oct 2019 and Oct 2020, ranging from -0.5% to -5.9%

Enfield

- In year collection as at 30th Nov 72.46%, 0.71% lower than 19/20. N.B. Government funded hardship payment of £250 per council tax support claim has reduced the net collectable debit by £6m. This is unlikely to be replicated in 21/22
- Overall cash loss including arrears collection £2.7m

2020-21 Collection Performance - Business Rate

London

- At 30 Oct 2020, London's average collection rate was 58.8%, **7.0% lower than 30 Oct 2019**. On current trends, this will be 11.7% down by the end of the financial year
- The difference in collection rates between Oct 2019 and Oct 2020 across London boroughs ranges from +1.4% to -15.7%
- Collection rates are **6.9% down for Inner London boroughs** and **7.0% down for Outer London Boroughs** compared with Oct 2019

Enfield

- In year collection as at 30th Nov 65.21%, 8.06% lower than 19/20.
- Collection is continues to be impacted by business lockdown closures, resources concentrating on paying lockdown grants and magistrates court restrictions for summoning non paying businesses

2020-21 Collection Performance - Rent and Benefit Overpayments

Enfield Council Housing

Rent Collection as at Feb 20 – 102.1% Arrears 1.9M

By June had dropped to 100.78% - Arrears increased to £2.2M

By November, collection 102.87%, Arrears £1.7M

Generally Housing Associations and London Councils are reporting reductions in collection and increasing arrears

Enfield Temporary Accommodation

Rent Collection as at Nov 20 – 97.34% (0.66% up despite COVID)

Temporary Accommodation rent arrears £4.2M (£475k less than March 20)

Housing Benefit Overpayments

Benefit Overpayment Collection as at Mar 20 – 77.52%

Benefit Overpayment Collection as at Mar 20 – 92.43% (14.91%)

2020-21 Collection Performance - Sundry and Social Care income collection

Year End 2019/20 Performance

	Target	Target	Actual	Actual
	at YE	at YE	2019/20	2019/20
	In Year	Historical	In Year	Historical
Sundry Income Collection	90%	75%	94%	80%
Social Care Income Collection	80%	50%	76%	30%

2020/21 Performance

	Target	Target	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21
	at YE	at YE	Q1	Q1	Q2	Q2	Q3	Q3
	In Year	Historical						
Sundry Income Collection	90%	75%	63%	52%	79%	60%		
Social Care Income Collection	80%	50%	69%	13%	73%	18%		

Fair Debt and Income Strategy Aims

To be presented to March Cabinet, to

- Modernise council debt recovery
- Maximise income to the Council
- Deliver fair and equitable treatment of our customers
- Improve access to benefit advice and debt support and reduce the escalation of charges

Principles Draft Fair Debt and Income Strategy

- ✓ **Proactive data driven collection services which prioritises enforcement where there is evidence of deliberate non-payment and offers help and support for those that need it.**
- ✓ **For vulnerable or low-income households customers - protection from automatic court action, enforcement agents and additional costs and specialist benefit and debt help and support when needed.**

Supported by consistent measurable standards across the council, including:

- **Clear consistent processes** across all debt and income services with standard escalation points in cases of default
- **Agreed debt policies** for each service to ensure customers are clear about the help available and consequences of default
- **A full range of internal and external collection and enforcement services** is available across all services, including debt collection, tracing and legal support agencies to ensure income is maximised for all debts
- Consistent policies and procedures to **protect vulnerable** and low-income households with tailored collection services to meet customer needs
- **Welfare and debt advice** across all debt services
- **Standard customer service standards**, methods of payments and dispute and complaint management
- **Standard digital service** provision for all debts
- Standard processes to protect the **public purse from fraud and error**

Income and Debt Strategy Objectives

Objective 1 - Maximise Collection

Objective 2 - Increase Income to the Council

Objective 3 – Minimise the cost of collection

Objective 4 - Protect vulnerable and low-income households

Objective 5 - Improve the provision of co-ordinated welfare and debt advice

Objective 6 - Provide easy, consistent access for customers to transact with the debt and income services, including local business.

Objective 7 – Protecting the Public Purse

Delivered to date

Maximise Collection

- ✓ Year on year reductions in council tax single person discount since 2010 through monthly data matching with credit reference data, resulting in a 4.75% drop in discounts and increased income of c£2.5m.
- ✓ An overall collection rate of 98% for council tax, the 9th highest in London

Increase Income to the Council

- ✓ Payment programme delivering e-billing and cheaper automated on-line payment and face to face payment facility 'paypoint'
- ✓ 3-year extension to the RentSense contract enabling the Council to maintain excellent collection performance for council rent collection (102%) while achieving minimal evictions

Protect vulnerable and low income households

- ✓ Framework agreement with Indesser, the part Government owned collection service, to collect in year council tax debt for low income households, the first agreement council in the country to do so. This should reduce court action.
- ✓ Pre reminder texting (costing 1p per text) and emailing (at no cost) using the Gov.Notify service to gently prompt tax payers to pay on time

Delivered to date

Improved provision of welfare and debt advice

- ✓ Introduced a comprehensive benefit take up process for new temporary accommodation tenants helping to housing benefit in payment by over 3% and increasing collection by just under £1m
- ✓ Created a new welfare advice and debt team to help maximise entitlement to benefits for residents – first campaign to increase take up of Pension Credits underway now, and Free School Meals campaign to start early in 2021
- ✓ 2000 Referrals to the team since March 20 – Increasing income, dealing with benefit errors, reducing debts, preventing homelessness, discretionary financial support, dealing with multiple complex housing, income and debt issues

Easy consistent customer transactions

- ✓ Purchased the Civica Portal to transform on-line customer self-service for council tax, business rates and benefit customers (implementation spring 2021)



Work to be delivered as part of new programme

Key Objective 1 Maximise Collection

Comprehensive council debt management scorecard across all areas of debt

Publicise collection policies for each debt service

Single view of debt - Investigate use of Multiview or other software to help provide a single view of customer debt

Consistent use of debt collection (enforcement) agencies and court referrals across all debt services

Key Objective 2 Increase Income to the Council

Regular reviews of council tax and business rate discounts, exemptions and reliefs - e.g. single person discount. Use internal and external data sources to review and enrich collection

Maximise social care contributions to the Council by maximising benefit take up by social care recipients

Maximise inspection regime to ensure property and people records are maintained

Key Objective 3 Minimise the cost of collection

Payment up front as default setting - 'book it, pay for it, deliver it' (Automated DD, web payments)

E-billing – replace paper and reduce costs (live April 21)

Text reminders via GOV.UK Notify

Online view of customer account with details of debt and payments

Integrated email and document management to allow customers to send information easily resulting in speedy response

Key Objective 4 Protect Vulnerable and Low income households

Better identification of client groups known to other services e.g. HB /CTS, Parking Debt, Waste, ASC etc...

Covid grants – Ensuring the most vulnerable and low income households are supported via Isolation payments, Council Tax Hardship and Covid Winter food grant

Access to affordable access to credit (including Credit Unions)
– develop thinking about how the council can support this in the borough

Money management skills starting in early help settings, informal accessible advice

Key Objective 5 – Improve the provision of co-ordinated welfare and debt advice

Benefit Take up & Maximisation

identification of entitlement and checking at all touch points with the resident that benefits are maximised eg:

- Pension Credit, Health Start vouchers, Free School Meals, disability benefits

Welfare Advice and Debt Support

- Advice on what benefits to claim (incl covid related– Furlough Scheme & Self Isolation Payments)
- Referrals to the Welfare Advice and Debt Team for case work support
- Develop collaboration with VCS and Community Hubs to create an easily accessible early help system
- Continue to train staff in community hubs to identify and triage financial hardship needs of residents
- Further develop relationship with VCS information, advice and guidance organisations to ensure that residents get the full range of support

Key Objective 6 Provide easy, consistent access for customers to transact with us

Making enquiries easy

- Provide consistent and accessible enquiry access for customers
- Publicise ways to make enquiries regarding the amount due, ways to pay, help with payment and customer service standards
- Identify solutions for customer debt issues at first point of contact

Payment arrangements

- Ensure debt services offer affordable payment arrangements to customers
- Comply with council data security requirements

Disputes and Complaints

- Agree and publicise a standard complaints service for debt services.
- Ensure customer comments/complaints/suggestions and customer insight is captured, reviewed and actioned where appropriate.

Supporting Business

- Ensure Business Rate, Commercial Rent, Trade Waste and other commercial debt services support e-commerce
- Apply reliefs for business rates in a timely manner without the need for an application if possible
- Ensure good communications about all covid related grants

Key Objective 7 Protecting the Public Purse

- Ensure debt services use data matching and other services to identify and recover incorrectly claimed reliefs and benefits
- Play active role in National and London Fraud Prevention Initiatives to help identify and minimise potential fraud

Next Steps

- New Programme - Action Plans for each objective
- Monthly Fair Debt and Income Board monitors implementation, chaired by the Director of Customer Experience
- Quarterly progress report to lead Cabinet Member and EMT