

Committee: **Corporate Overview Scrutiny Committee**  
Date of meeting: **19 November 2019**  
Report Subject: **Bridging the Gap - Income Recovery Strategic Business Review**  
Portfolio Holder: **Cllr. N. Daniels  
Leader & Executive Member Corporate Services**  
Report Submitted by: **Rhian Hayden, Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Audit Committee	Democratic Services Committee	Scrutiny Committee	Executive Committee	Council	Other (please state)
	29/10/19	06.11.19			19/11/19		12/12/19	

**1. Purpose of the Report**

To provide Members with an opportunity to scrutinise the work undertaken as part of the Income Recovery Strategic Business Review and consider the options identified.

**2. Scope and Background**

2.1 The Income Recovery Strategic Business Review is a strand that sits under the Maximising Income theme of the Bridging the Gap programme.

2.2 The scope of the Income Recovery Strategic Business Review is to undertake an internal review of the current income recovery activities to ensure best / efficient practices are in place to allow income due to the Council to be maximised.

The Council Tax element was initially part of the WAO Financial Resilience Review however it has been widened to also incorporate other income recovery areas.

2.3 Objectives of the strategic business review are to ensure:

- Income is maximised
- income recovery policies are appropriate and include early intervention actions
- agreed Fees & Charges are implemented
- payment in advance of service delivery (where appropriate) thereby avoiding administration costs of issuing invoices and subsequent recovery
- customers have easy access to a variety of payment methods
- use of technology is maximised
- reducing the costs of collection

These objectives will be underpinned by a thorough understanding of the data and intelligence around income recovery and the influences that impact upon collection activities.

2.4 The review has to date considered the current levels of debt for Council Tax and Sundry Debtors, historic write off of debts and debtor profiles in an attempt to identify potential supportive measures the Council could implement which could minimise debt within its community.

2.5 The review will also consider the current systems and operating policies and practices in place for income recovery activities to determine their appropriateness and whether changes can be made to improve the efficiency of the activities (including earlier identification and action against those residents who won't pay as opposed to those who can't).

### 3. **Options for Recommendation**

3.1 The options for recommendation are:

3.2 Option 1 (preferred option) – the Committee scrutinise the findings at this stage of the review, support the proposed actions for implementation (paragraphs 6.8 & 6.12) and recommend to Council that the review progress.

3.2 Option 2 – the Committee scrutinise and provide specific comment on the findings and the proposed actions prior to recommending to Council.

### 4. **Evidence of how does this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 This topic supports the achievement of the Corporate Plan priorities specifically:-

- supporting vulnerable people to ensure their household income is maximised, and to work in partnership to reduce and alleviate the impact of poverty;
- to be an efficient council by providing efficient services, improving online public services and ensure people have access to the appropriate digital technology and to generate income and deliver cost reductions to make local services sustainable.

### 5. **Implications Against Each Option**

#### 5.1 ***Impact on Budget (short and long term impact)***

5.1.1 The aim of the proposals in paragraph 6.9 will be to prevent or minimise the risk of residents going into debt by maximising their household income enabling them to pay their bills.

If successful, this will increase collection rates and have the effect of reducing the current level of arrears which as a consequence will either lower the level of write off and/or decrease the amount of bad debt provision required (a 1% reduction in bad debt provision could release approximately £40k to the general reserve).

However the Council operates a Council Tax Reduction Scheme (CTRS), maximising household income could potentially result in an increase to the amount the Council spends on this Scheme (the 2019/20 original budget for CTRS is £9m).

- 5.1.2 It is estimated that the proposed actions identified in paragraph 6.10 will generate resource efficiencies of £54,000 (or 2 full time equivalents), implementation costs are unknown at present.

## 5.2 ***Risk including Mitigating Actions***

- 5.2.1 There is a risk that the early intervention / prevention proposals do not result in reduced level of arrears and that the numbers of residents claiming their entitlement to CTRS will result in a cost pressure for the Council. This will be monitored closely to identify early signs of spend exceeding budget.

- 5.2.2 Changes to income collection activities may not result in anticipated efficiencies, this combined with reduced resources could increase pressure on staff and impact upon service levels (and arrears). Changes will be tested to determine impact, workload may need to be reprioritised and some service standards may be realigned.

## 5.3 ***Legal*** *n/a*

## 5.4 ***Human Resources***

- 5.4.1 Implementation of the proposals included in the Strategic Business Review will impact upon staffing levels within the Revenues team.

## 6. **Supporting Evidence**

### 6.1 ***Performance Information and Data***

#### **Levels of Debt:**

#### **Council Tax:**

- 6.2 Since the introduction of Council Tax in 1993, the total amount levied to the 31 March 2019 was £432.6m and arrears stood at £4.47m (approx. 1% of total amount due). As at 31 August 2019, for liability up to 31 March 2019 this reduced to £3.93m, of this £3.37m relates to the period from 1 April 2014 with the remaining £545k for prior periods (Appendix 1 profiles this debt by year).

- 6.3 The Council's in year collection rate is around 94.5% however this rate increases to in excess of 99% after a number of years. As a result of the long term success in collecting these arrears, during the previous 5 years only £62k of debt has been written off.

**Sundry Debts:**

- 6.4 The Council raises approximately 18,000 invoices per annum for sundry accounts e.g. ground rents, industrial units rents, charges for services generating in the region of £18m per annum.
- 6.5 Appendix 1 profiles this debt over the last 5years, this identifies that there is £840k debt outstanding (0.8%) and £587k has been written off in the same period i.e. less than 0.6%.

**Housing Benefit:**

- 6.6 As at 31 March 2019, the value of Housing Benefit Overpayments outstanding was £1.68m covering the period from 2007/08 to 2018/19.
- 6.7 Analysis of all debtors against the ACORN consumer classification has been undertaken. The ACORN classification analyses demographic data, social factors, population and consumer behaviour to provide an understanding of different types of people and their circumstances. This analysis has identified that there appears to be a strong correlation between those households with Council debt with those geographical areas classified as having moderate means, striving families & struggling estates (see Appendix 2).
- 6.8 Discussions with Citizen's Advice Bureau and other stakeholders has also highlighted an increased number of Blaenau Gwent residents approaching these organisations for advice around money management and debt. This suggests that some families are struggling to pay their bills (including Council Tax and other Council debt), this corresponds with the experiences of Council staff in dealing with residents.
- 6.9 To support residents it is proposed that working with partners the Council:-
- take a proactive approach to enable Blaenau Gwent residents to maximize their income, by advising them of potential entitlements e.g. Universal Credit, Pension Credit, Council Tax Reduction Scheme
  - encourage struggling individuals to seek advice and support

To identify and test the most suitable method of engagement / support with residents a pilot scheme is to be implemented within the Flying Start Hub in Cefn Golau.

Colleagues within Flying Start, Housing Benefit & Revenues will develop the potential approaches and test their effectiveness prior to roll out further.

**Current Recovery Practices:**

- 6.10 Visits have been made to a number of other Welsh councils where in year collection rates have been identified as higher, to identify best practice in collection techniques.

6.11 In addition an independent review of Council Tax, by CIPFA, has also been commissioned. The final report is expected early November 2019.

6.12 Some process / procedural differences have been identified which may improve the efficiency of collection activity these include:-

- payment in advance of service delivery (where appropriate) thereby avoiding administration costs of issuing invoices and subsequent recovery

Appendix 1 – the profile of Sundry Accounts identifies that the numbers of invoices being raised is reducing. This in part is a result of some services taking payment upfront prior to delivery of a service (e.g. Waste Service for bulky waste collection), it is proposed that this be introduced for other appropriate services i.e. room hire at the General Offices.

- implementing an online self-serve module for customers.
- encourage greater take up of direct debits or other electronic payment methods.

Of the accounts needing to make a payment for Council Tax, around 63% currently use direct debit as their payment method. Blaenau Gwent also offers payroll deductions for staff and standing order/bank transfers as additional payment methods with approximately 4% of accounts paying by these methods.

- Allocate Council Tax payments to current debt (in the first instance) rather than older debt.

6.13 It is anticipated that the changes identified will enable resource efficiencies to be made.

## 6.2 ***Expected outcome for the public***

6.2.1 Early intervention / prevention proposals are anticipated to minimise the risk of residents going into debt by maximising their household income enabling them to pay their bills and providing support / advice to help them manage their finances .

## 6.3 ***Involvement (consultation, engagement, participation)***

6.3.1 A cross Council approach has been undertaken for this Strategic Business Review involving colleagues from Social Services, Policy & Performance, Housing Benefit and Revenues.

## 6.4 ***Thinking for the Long term (forward planning)***

6.4.1 The aim of the Strategic Business Review for Income Recovery is to reduce levels of arrears, support residents to maximise household income. The review is part of the Bridging the Gap programme supporting the Council's financial resilience.

6.5 ***Preventative focus***

6.5.1 Proposals included in the report include early intervention / prevention actions which are intended to reduce the risk of individuals/families being indebted to the Council by maximising household income (signposting to entitlements).

6.6 ***Collaboration / partnership working***

6.6.1 The Strategic Business Review proposals are being developed by a cross council team from a variety of service areas.

6.7 ***Integration(across service areas)***

6.7.1 The Strategic Business Review proposals are being developed by a cross council team from a variety of service areas.

6.8 ***EqIA(screening and identifying if full impact assessment is needed)***

6.8.1 n/a

7. **Monitoring Arrangements**

7.1 Outcomes from the review will be monitored through highlight reports on the Bridging the Gap programme.

**Background Documents /Electronic Links**



Appendix 1 - Profile  
of Arrears.xlsx



Appendix 2 - Bridging  
the Gap Proposals - II

