

NORTH LINCOLNSHIRE COUNCIL

**CABINET MEMBER
POLICY AND RESOURCES**

**LOCAL TAXATION AND BENEFITS SHARED SERVICE
DEBT RECOVERY**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider the creation of two fixed term posts of council tax debt assistant to strengthen council tax collection arrangements and maximise debt recovery, following the introduction of the new Council Tax Support Scheme from 1 April 2013.
- 1.2 Funding has been provided by Government in recognition of the changes which result from this reform. The reform means an increase in the number of households paying council tax, and an increase in the amount many will pay, some of whom will need help in managing their finances.
- 1.3 The posts will be pro-active in contacting customers to make payment arrangements, and, where appropriate, signpost customers to help that is available for managing their debts. They will integrate with the wider arrangements the council is putting in place to support vulnerable groups through partners from the housing, voluntary and health sectors in the Finance Inclusion Group.

2. BACKGROUND INFORMATION

- 2.1 After a period of consultation over the summer/autumn of 2012 the Council on 27 November 2012 approved a new Local Council Tax Support Scheme. This new responsibility for the council is part of the government's Welfare Reform agenda and replaces the previous national Council Tax Benefit Scheme, which the council administered on behalf of Government, from 1 April 2013.
- 2.2 The process of consultation and design of the new Scheme highlighted concerns relating to new taxpayers who may be required to pay Council Tax for the first time. Under the new Scheme funding has reduced, so this means around 8,000 working age households who were receiving Council Tax Benefit will have an increased amount to pay. In some cases people whose Council Tax was fully covered by the benefit will receive a bill for the first time. These are people with limited financial resources, facing a range of benefit changes, many of whom have poor budget management skills. This poses a risk for tax collection which was recognised in part when setting the council taxbase for 2013/14 in a 0.5% decrease in the overall collection rate.
- 2.3 The council tax still needs to be collected to fund the 2013/14 budget agreed at Council on 19 February 2013. In order to maximise council tax recovery, pro-actively support this

group of claimants and to head off recovery action which may result in additional costs being added to the debt, approval is sought for two additional FTE staff to be employed in the Council Tax team, for a fixed term of two years. Grant is available from government to fund these costs in 2013/14 and 2014/15.

3. OPTIONS FOR CONSIDERATION

- 3.1 The new roles will identify cases where new Council Tax payers have not paid in accordance with their tax demand, and will be pro-active in contacting these customers to make payment arrangements, and where required, to signpost customers to other support available such as budget management training sessions. It is intended that the new staff will intervene before the accounts reach summons stage, thereby reducing the possibility of additional costs being added to the account.
- 3.2 Job descriptions for the new roles of council tax debt assistant have been prepared and evaluated at Grade 3. The annual cost for 2 posts (mid-point plus on-costs) equates to £35k. There are two options:
- **Option 1;** - Approve the creation of the new posts
 - **Option 2;** - Do nothing
- 3.3 The council is working with its partners through the Finance Inclusion Group to ensure there is a co-ordinated approach to providing support to vulnerable groups who need help accessing benefits, debt advice, budgeting and other support. This includes social landlords, Health and Local Government professionals, and voluntary groups. The new posts will be able to contribute to ensuring effective help for those facing debt problems by working in an integrated way with this wider network.

4. ANALYSIS OF OPTIONS

4.1 Option 1

Approval of the creation of the new posts will enable the Local Taxation & Benefits Service to pro-actively engage with Council Tax payers at an early stage before additional costs are incurred against relatively small debts. The postholders will engage with customers to make affordable arrangements thereby maximising income to the Council, and signposting customers to additional support.

4.2 Option 2

If the posts are not approved an opportunity will be lost to maximise Council Tax collection, and would limit the council's ability to support and engage with those affected by the new scheme.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Finance

The new posts can be funded from a specific government grant which has been provided to manage the change-over from Council Tax Benefit to the new Council Tax Support Scheme. Initially this is for two years:

2013/14	£103k
2014/15	£106k

Funding for later years' will be determined in the Government's next Comprehensive Spending Review.

5.2 This grant can accommodate the £35k annual costs of the two posts. It is anticipated that funding will also be needed to support the Customer Service team during the transitional period following annual billing and to cover publicity, additional printing and postage costs. The balance would be held as a contingency for potential additional ICT costs which may be incurred if Council wishes to alter the agreed scheme for 2014/15.

5.3 Staffing

It is proposed that the posts are added to existing structures. There is no impact on the grading of the Team Manager post which will absorb line management of the two posts into an existing team.

5.4 IT issues

Changes have already been made to the Council Tax IT System in conjunction with the software supplier using the 2012/13 grant allocation. The new Council Tax Support Scheme is now operational and initial bills have been calculated and despatched for 2013/14. If changes are made to the scheme for a later year the council will work with the software supplier to implement them.

5.5 Property

There are no property considerations directly associated with this report.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

There are no other implications associated with this proposal.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

7.1 Affected staff have been consulted on the above proposals.

8. RECOMMENDATIONS

8.1 It is recommended that approval be given to the creation of two additional posts to support debt recovery for a fixed term of two years, and

8.2 That the work of these posts is integrated with the wider support arrangements for vulnerable groups being put in place through the Finance Inclusion Group.

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Background Papers used in the preparation of this report

Localising Council Tax Support, Council, 27 November 2012

Calculating the Council Taxbase for 2013/14, Council, 27 November 2012