

DEBTORS REPORT

The Debt Recovery Team currently consists of Revenues Manager, 1 x Senior Officer, 4 FT and 3 PT members of staff. The Team is responsible for the collection and enforcement of Council Tax, Non Domestic Rates, BID Levy, Housing Benefit Overpayments, Miscellaneous Income (Sundry Debts) and monitoring of the enforcement of unpaid Parking Fines (collected via external collection agents).

NHDC was joint second within Hertfordshire for the Collection of Council Tax for 2012/2103 with 98.2% in-year collection. The Council traditionally does not fare so well with in-year collection of Non-Domestic Rates, finishing eighth in the County with 97.1%. Collection of Non-Domestic Rates in North Herts is more difficult because of the make up of the properties. This Council has a large number of small Non-Domestic properties with higher than average turnover of occupation compared with other Councils where there are fewer, much larger properties. For example in Stevenage, Glaxo accounts on its own for around 17% of the Rates due.

Collection Rates quoted above and the collection figures used in the Tables below are in-year, i.e. the position at 31 March 2013 for the 2012/2013 financial year. Eventual collection rates will normally exceed 99.5% but will take two to four years to reach this figure

2012-2013

| | Number | Value £ |
|---------------------------|--------|------------|
| Council Tax | | |
| Collectable Debit | | 67,399,747 |
| Reminder Notices Issued | 8,754 | |
| Court Summonses Issued | 3,044 | 460,077 |
| | | |
| Non-Domestic Rates | | |
| Collectable Debit | | 38,268,636 |
| Reminder Notices Issued | 816 | |
| Court Summonses Issued | 281 | 730,953 |
| | | |
| BID Levy | | |
| Collectable Debit | | 401,448 |
| Reminder Notices Issued | 723 | |
| Court Summonses Issued | 40 | 16,275 |

Referred to External Collection Agents

Penham Excel Ltd – Hitchin & Rural Area

| Debt Type | Cases/Value | Value Paid £ | Under Collection £ | Returned to NHDC £ |
|-------------|-----------------|--------------|--------------------|--------------------|
| Council Tax | 1759/£1,453,587 | 285,643 | 511,223 | 348,569 |
| NNDR | 161/£906,256 | 262,045 | 235,777 | 337,257 |
| BID Levy | 7/£1,367 | 346 | 0 | 1,021 |

Balances are currently under enforcement action, such as tracing/visit.

Marston Group – Letchworth Garden City Area

| Debt Type | Cases/Value | Value Paid £ | Under Collection £ | Returned to NHDC £ |
|-------------|--------------|--------------|--------------------|--------------------|
| Council Tax | 988/£600,765 | 65,334 | 102,425 | 189,142 |
| NNDR | 63/£635,983 | 43,324 | 8457 | 483,645 |
| | | | | |

Balances are currently under enforcement action, such as tracing/visit.

Cases returned to NHDC can be for a number of reasons, such as Unable to Trace; Deceased; Bankrupt; Refusal to pay (consideration is then given to Committal Proceedings or Legal Action). A high number of NNDR cases have been returned as unsuccessful due to businesses no longer trading.

NHDC does use other External Agents to recycle debt, that has not been collected by the initial agents. This process is particularly useful as some debtors often abscond for a period of time, and then 'surface' again. Also a second attempt at collection at a different time, may prove more successful as debtors circumstances may have changed.

All debts follow the prescribed recovery process for collection and enforcement.

- If a debtor is in receipt of a welfare benefit an application is made for a third party deduction from the entitlement, at the prescribed rate.
- If a debtor is found to be in employment a request is made to the employer for an attachment of earnings, at the prescribed rate.
- Cases where debtors cannot pay as required or are refusing to pay, are required to attend a means inquiry hearing at the Magistrates Court, with a view to commitment to prison.
- Where a debtor has assets, consideration is given to making application for a Charging Order to be placed over property or the issue of a Statutory Demand with a view to personal bankruptcy.

Housing Benefit Overpayments

| | |
|---|------------|
| Raised | £1,119,807 |
| Collected | £602,455 |
| Collected via deductions from ongoing entitlement | £346,909 |
| Secured by way of a CCJ (undergoing recovery) | £82,873 |
| Recovery ongoing/arrangements/visits/pre legal | £87,569 |

These debts are notoriously difficult to collect and are generally a result of customers no longer being in receipt of benefit, but have not necessarily increased their disposable income by any considerable amount.

The collection and enforcement of the above debts is now being carried out internally, as using an external agent proved not to be cost effective. It has taken some time to set up the procedures for collecting this type of debt, as it differs from other revenue collection. Debts are enforced via the County Court and County Court appointed Bailiffs, which is not as effective as being able to utilise private Bailiff Companies. So with this in mind we have had to make attempts to chase/encourage payments internally, which is a time-consuming process. Procedures are now in place to ensure collection and enforcement of these debts is carried out effectively.

The initial report shows, at 8.3, that a 'trial' is taking place. This is ongoing and has not been in place for sufficient time to draw any useful conclusions

Miscellaneous Income (Sundry Debts)

As with Housing Benefit Overpayment collection, the collection and enforcement of the above debts is now being carried out internally. So with this in mind we have had to make attempts to chase/encourage payments internally, which again is a time-consuming process. Procedures are now in place to ensure collection and enforcement of these debts is carried out effectively.

There is an onus on individual service area managers to manage the income due to them, via the monthly aged debt reports, as well as the opportunity for them to feedback information to the Recovery Team if they feel a debt needs to be pursued further. There are times when the service area will know something about a debtor/company, that the Recovery Team will not know, hence the changes to processes for individual service areas such as Estates/Asset Management and Planning. These services have methods of recovery that are available to them, once the 'normal' process has been exhausted and before any potentially expensive County Court action is actually taken. Careline debts are treated in a slightly more sensitive manner, due to the nature of the invoices.

| | |
|---------------------------------------|---------------|
| Invoices raised during 2012/2013 | £5,948,367.49 |
| Outstanding balance as at 15 May 2013 | £318,032.60 |

| | |
|---|-------------|
| Invoices raised 1/4/2013 – 15/05/2013 | £851,872.56 |
| Outstanding balance as at 15 may 2013-05-29 | £239,063.39 |

There are two cycles of Recovery for Sundry Debts, one for Careline, which has a softer approach with 28 days to pay. All 'other' debts are on the 'normal' cycle of 14 days to pay.

Careline Invoices

| | | |
|------------------------|-----|------------|
| Reminder issued | 200 | £64,752.64 |
| Final Notice Issued | 78 | £31,204.00 |
| Pre-Enforcement Letter | 52 | £28,852.29 |

'Other' Invoices

| | | |
|------------------------|-------|---------------|
| Final Notice Issued | 1,644 | £2,578,087.43 |
| Pre-Enforcement Letter | 672 | £678,328.18 |

| | | |
|---|----|------------|
| Invoices currently on arrangement | 8 | £5,046.88 |
| Invoices being pursued (by Recovery Team) | 86 | £77,541.89 |

Invoices that are being pursued follow an 'in-house' procedure which entails telephone contact and/or a visit carried out where possible. If not further letters advising of potential court action are issued and where necessary County Court action will be taken.

Car Parking Fines

These are referred for External Collection once the Warrant of Execution has been granted by the Traffic Enforcement Centre. NHDC uses two agents for collection of these debts.

Whyte & Co

| Cases/Value | Value Paid £ | Under Collection £ | Returned to NHDC £ |
|-------------|--------------|--------------------|-----------------------|
| 301/£28,767 | 6,872 | 18,221 | 2,632 |

Balances are currently under enforcement action, such as tracing/visit.

Penham Excel Ltd

| Cases/Value | Value Paid £ | Under Collection £ | Returned to NHDC £ |
|-------------|--------------|--------------------|-----------------------|
| 205/£19,620 | 6,154 | 5,538 | 7,452 |

Balances are currently under enforcement action, such as tracing/visit.