

Report to Scrutiny and Overview Committee

25 July 2016

Business Transformation Manager

INFORMATION REPORT



**Horsham
District
Council**

Not Exempt

Supporting Vulnerable Individuals and Families in Financial Difficulties - Report on Council Tax payments, debt and improving outcomes

Executive Summary

This report examines:

- i) the potential flexibility in council tax payment dates as a means to reduce council tax arrears cases
- ii) action required to intervene with those in debt in order to improve positive long-term outcomes for individuals, families and the council

Recommendations

To note the report.

Reasons for Recommendations

To improve outcomes for individuals/families currently in council tax debt.

Background Papers

Minutes of 7 March 2016 Social Inclusion Working Group meeting.

Wards affected:

All

Contact: Raymond Warren, Business Transformation Manager

Background Information

1 Introduction and Background

1.1 On 7 March the Social Inclusion Working Group received a presentation from the Financial Inclusion & Engagement Officer from West Sussex County Council. The minutes of this meeting were reviewed by the Scrutiny and Overview Committee on 14 March 2016.

1.2 After the meeting on 14 March the Scrutiny and Overview Committee issued the following question to the Finance Portfolio Holder:

“That the Cabinet Member for Finance and Assets review the Council Tax fixed collection date with a view to having more flexibility in the system. By engaging with those in debt at an early stage rather than simply pursuing them for payment would have a positive outcome on the Council by reducing costs (e.g. bailiff costs) and potentially reducing cases of homelessness.”

1.3 The sooner a family receives the right support, the sooner they are able to improve their situation, preventing the need for prolonged support. Early help includes support for parents-to-be and very young children. It describes interventions and support provided to families where:

- their needs are not being met by routine or 'universal' services
- they do not meet thresholds for statutory interventions.

Horsham District Council is involved in the Early Help and Think Family partnership, which includes specialist keyworkers in the Think Family Keyworker Service. This targets families with multiple or complex needs who require coordinated multi-agency support, to prevent the need for statutory social care intervention. Think Family is West Sussex name for the national program 'Helping Troubled Families Turn Their Lives Around'.

1.4 It is the Early Help including Think Family programme that are the focus of investigating suitable strategies to intervene earlier in the financial management process to improve outcomes.

2 Relevant Council policy

2.1 This report supports two key aims of our Corporate Plan 2016-19

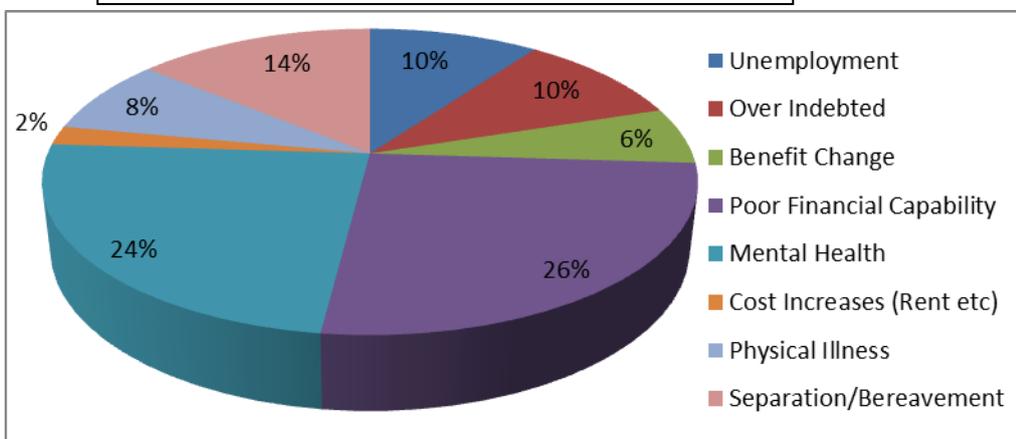
- i) Support our communities
- ii) Great value services

3 Details

3.1 Council Tax Payment Dates

- 3.1.1 HDC currently offers 3 payment dates for Council Tax Direct Debits on 1st, 5th and 25th of the month. This is quite a common structure of date choices. A small number of councils also offer 5 dates and Wyre Council, for example, offers a choice of 'any date' in the month.
- 3.1.2 It is argued that offering an 'any date' choice for direct debit payments, therefore giving customers the ability to coincide payments with income payment dates into their account, will enable individuals/families to manage their money more effectively.
- 3.1.3 There is already substantial choice for individuals on how to pay for council tax. Alongside other methods, Direct Debits and Standing Orders offer ways of regular payment. **Direct Debits** give the Council permission to take money from an individual's bank account on an agreed date and also give more consumer protection under the Direct Debit Guarantee. **Standing orders** give the bank an instruction to pay an exact amount to another account regularly. The Council has three fixed dates from which to choose for Direct Debits primarily for its accounting purposes and would be difficult to change in the short-term. However, council tax payers already have the choice of 'any date' through the standing order method and this is already promoted well online and in hard-copy literature.
- 3.1.4 As evidence shows, most cases in council tax debt that the Think Family / Early Help programme are currently involved with are not as a result of 'inability' to pay. With the introduction of the Welfare Reform measures for the benefits cap, this may change over time, but over-indebtedness, currently only forms a small proportion of cases (see Figure 1). In order to sustainably solve ongoing debt issues, effective money management skills are a key component for individuals and families. There is little clear evidence that introducing additional choice to direct debit dates, beyond the flexibility that already exists, would in fact help to solve the underlying wider money management issues.

Figure 1 Primary Causes of Debt



3.2 Enforcement Options

3.2.1 The council already retains a number of options on the most appropriate enforcement action to take within its existing powers. It can apply discretion to the following scenarios:

- The elderly
- Evidence of mental health issues or confusion
- Persons with disabilities
- Long term sickness, serious injury or frailty
- Profound sensory disability
- Recently bereaved
- Pregnant women and single parent families
- Persons suffering financial hardship and/or in receipt of Income Support/Jobseekers Allowance
- Persons in a hospital or nursing home
- Those who have difficulty in understanding, speaking or reading English

3.2.2 In addition there are exceptional circumstances where debt write-off can be considered:

- The debt is uneconomic to pursue
- The debtor has absconded
- The debt has been remitted by Magistrates at a Committal Court Hearing
- A term of imprisonment has been served (no further recourse to recover the outstanding amount)
- The debtor has been made bankrupt or the company liquidated and there are no funds available to creditors
- The debtor has died

3.2.3 It is in both the Council's and the individual's (or family's) interest to resolve these issues, before it even reaches enforcement stage. Debt is compounded as the case passes through each stage of enforcement with the individual incurring a £105 fee when the cases goes to court, a further £75 fee upon referral to enforcement agents, a £235 when an enforcement agent visits the address. None of these costs are incurred by the council, rather they are passed directly onto the individual's, increasing their existing debt.

3.2.4 The current process, from missed payment to enforcement action is as follows:

- Bill
- Reminder
- 1 x Payment arrangement if it clears by end of financial year.
- Payment arrangement reminder notice. If the payment arrangement fails then the arrangement is cancelled and the debt is secured through the court.

- Summons
- Liability order – also sent with the notice of Liability Order is an income and expenditure form which enables us to consider the most appropriate method of collection.

3.2.5 As part of this process, individuals are signposted to the Citizens Advice Bureau for advice and assistance to help them with their difficulties. This relies on the individual to make contact themselves. There is no data to show how many take this option.

3.2.6 The ICT system for Council Tax has little personal information on it with regards to the individuals, families, households or contacts with other services the council provides. For example, due to advice from the Information Commissioner, we cannot make it compulsory to provide telephone or email contact details. Initial contact is therefore always by letter. This also makes it difficult at the initial 'non-payment' stage to make any decision as to the payees ability to make the payment or their circumstances.

3.2.7 Offers are made in writing to the individual at this stage to resolve the issue. However, it is often the case that the individual does not contact the Council back to make an arrangement, and the case proceeds to the next level of the enforcement action.

3.2.8 It is at this point in the collection process, that a further proactive intervention can be taken, to investigate whether a resolution of the outstanding payment could be managed better. This requires data matching between the CenSus Revs and Bens database and that of Early Help / Think Family. With permission to do this from those involved to share their data, we can open up better support options at an earlier stage of the process in an attempt to improve long-term outcomes for all involved.

3.3. Using data to improve outcomes

3.3.1 As part of developing this case, the details of 239 Horsham district families with "In Progress" or "Pre Assessment" Early Help plans were provided to CenSus for data matching purposes. 'Early Help' includes families that are being supported under 'Think Family', the local name for the national 'Helping Troubled Families Turn their lives around' programme. During the year the number of Early Help Plans increases and decreases as families join and leave the programme, 239 was the case load as at April 2016.

3.3.2 The data for **Council Tax arrears** shows:

- 56 of the 239 open Early Help Cases (a snapshot as at April 2016) have Council Tax Arrears.
- **Total arrears** across the 56 case load = £28,127.16
- **Average arrears** across the 56 cases is: £502.27

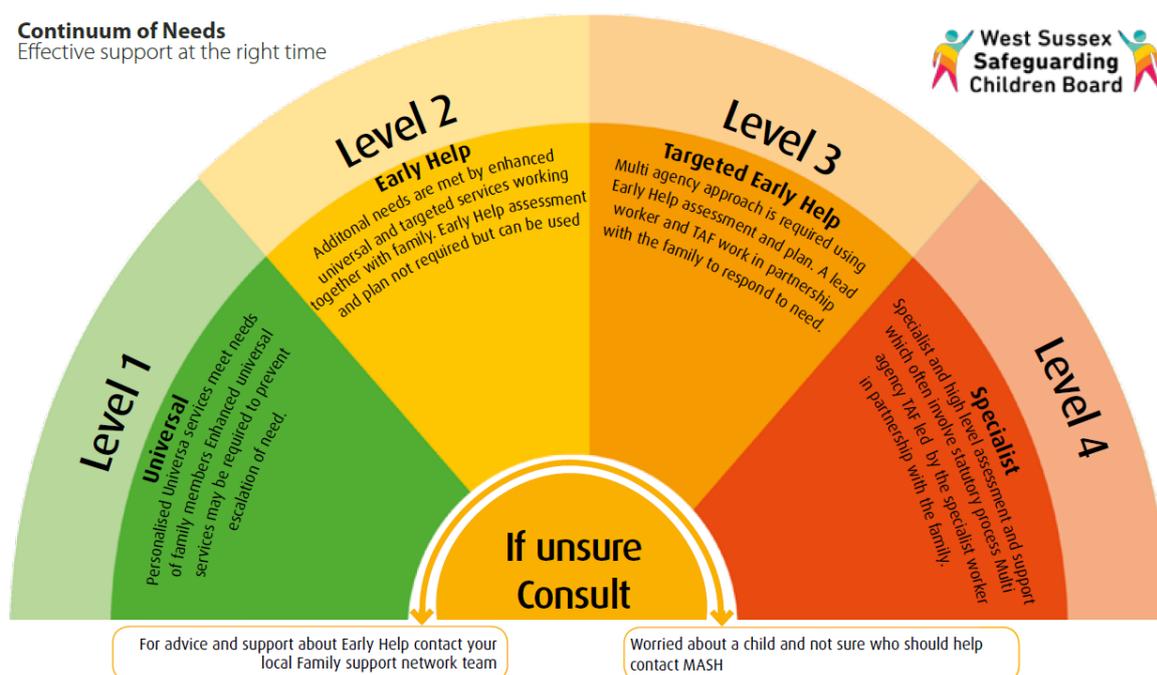
3.3.3 The data for those cases that had progressed to **Enforcement Action** shows:

- 26 of the 56 cases have been taken to enforcement stage

- **Total arrears** outstanding of those at enforcement stage: £26,612.46
- **Average arrears** outstanding of those at enforcement stage: £792.79

3.3.4 The 56 Early Help cases with Council Tax arrears in Horsham district have been broken down into the respective lead services supporting each of the families. The lead service identification does not necessarily represent the level of complexity of a family’s case or the family’s position on the continuum of need (see Figure 2). The table below aims to identify the field in which the lead service *primarily* works within Early Help.

Figure 2 Continuum of Needs - West Sussex Safeguarding Children Board



Children, young people and their families can require support from services that respond to different levels of need across the continuum from Universal to Specialist support. The challenges of family life can mean that some children and families will move between different levels of support. Local Safeguarding Children Board are committed to ensuring that this journey is supported by effective partnership working informed by good assessments and managed with care providing simple communication and clear accountability.

Think Family key workers supporting families under the Government’s programme [‘Helping Troubled Families Turn their Lives Around’](#) work alongside families with more complex and multiple needs, generally speaking at the top end of level 3 on the continuum of need.

Levels of Council Tax Arrears within Early Help Cases:

<i>Lead Worker Service</i>	<i>Number of cases</i>	<i>Total outstanding balance across case load</i>	<i>Average outstanding balance</i>
Level 2 Early Help			
Service Unknown / not indicated on Early Help Plan	3	£550.21	£183.40
Schools	13	£4,685.76	£360.44

Level 2 to 3 Early Help into Targeted Early Help			
Children and Family Centre	17	£10,015.35	£589.14
Early Help Resource Team	2	£1,766.21	£883.11
Sussex Police	1	£227.70	£227.70
Voluntary Sector (Domestic Abuse Hub)	4	£2,658.25	£664.56
Young People's Service	1	£571.30	571.30
Community Health	2	£49.15	£25.58
Health Acute	1	£63.53	£63.53
Level 3 Targeted Early Help			
Think Family (Helping Troubled Families turn their lives around)	10	£6,825.94	£682.59
Level 4 Specialist			
Social Care	2	£2,284.36	£142.18
TOTAL	56	£28,127.16	£507.27

3.3.5 As this table shows, only a small proportion of the total families currently in 'Early Help' are receiving the higher level of support from the Think Family programme.

3.3.6 The primary aim of the Think Family and Early Help programme is to ensure positive and sustainable long-term outcomes for individuals and families in difficulty. A significant proportion of the actions necessary are intensive support and education in order to improve their life-chances. Successful money management is one of those outcomes, included within indicator four: Work and Benefits.

3.3.7 In light of these cases having Council Tax arrears we would hope to see this reflected in their Early Help Plan 'Identification of Needs'; by the relevant headings having been selected during the family's assessment(s) (see Figure 3). However, of the total 56 cases with Council Tax arrears, it was found that 48 (or 86%) do not have the correct indicators identified on their Early Help Plan.

Figure 3: Think Family Indicator 4 – Work & Benefits

This family includes ...

- Recipients of out-of-work benefits (pre Universal Credit).
- Recipients of Universal Credit - subject to a work related condition.
- Family members with low educational attainment (risk of becoming NEET).
- Family members who have left school and are NEET.
- Family members at risk of homelessness.
- Family members at risk of financial exclusion.
- Family members have No Recourse to Public Funds (NRPF).

- 3.3.8 In the majority of cases, lead workers are unaware of the wider financial position of the families they are supporting. The consequence of this is that families are not offered or able to access the full range of support they need, and ultimately their situation will be worsening. It is clear from this data that Horsham District Council and CenSus, working together with Think Family / Early Help, has a key role to play. The main aim of this proposal is to ensure that the 86% of families currently not indicating that they could be financially excluded or at risk of homelessness; are more strongly linked in to support in an efficient way to improve their long term outcomes.
- 3.3.9 Having investigated the likely impact of waiving outstanding debt, there is no positive outcome in the learning of money management. It will also be difficult to reasonably judge which cases are more 'deserving' than others. There would, of course, be a cost to the council in waiving outstanding debt.
- 3.3.10 However, incentivising individuals and families to maintain support through the duration of the Early Help and Think Family programme, and achieving the prescribed indicators of success, is a key component for better outcomes.
- 3.3.11 One way of achieving this is to ensure the close working of Think Family / Early Help and CenSus Revs and Bens service.

3.4 New Cases

- 3.4.1 A proposed approach is that when a new council tax arrears case arises, the contact details, with consent of the individual in Early Help and Think Family programme, will be shared with our Think Family Coordinator. The proactive offer is then made to explore in more detail their circumstance and receive support via the Money Management Outreach Service and agree the Think Family action plan in collaboration with the family themselves and their lead worker.
- 3.4.2 To incentivise participation in ongoing support, an offer will be made to pause enforcement action for the duration they are involved in the programme, as long as an achievable repayment plan and ongoing direct debits/standing orders are adhered to. Support will be offered to ensure that the payment plan is achievable and that the household also have access to Money Management to ensure that they are improving their position long term.
- 3.4.3 Once involved the Think Family Programme, the individual/family will be supported throughout to achieve better long term outcomes for them. A key component of which is effective money management.

3.5 Existing Cases

- 3.5.1 For those cases that are currently in the enforcement stage, the same offer can be made to those individuals, if they consent to do so. This would pause further enforcement action while the individual/family adhere to the same policy as described in section 3.4.2.

4 Next Steps

4.1 The following steps will now be taken:

- i) the current choices for direct debit dates will be maintained.
- ii) we will not write-off the debt of existing cases but retain the normal discretionary powers consistent with our existing policy.
- iii) A 12 month pilot will be undertaken:

New Cases of Missed Council Tax Payment

- An immediate referral is made at the first point of missed Council Tax payment to the Money Management Outreach Worker in the Think Family/Early Help programme for new cases – with the Think Family Coordinator and CenSus Revs and Bens service working together to achieve that.
- The suspension of enforcement action remains in place for the whole duration that they are actively involved in the programme and a repayment plan is put in place and adhered to.
- Monitor the Council Tax payments of those on the Think Family / Early Help programme and assess effectiveness on the following measures:
 - Number of new Early Help referrals with Council Tax Arrears engaged with relevant support
 - Number of Council Tax arrears cases now with up to date payment arrangements, prevented from progressing to enforcement action
 - Decrease in the number of incorrect identification of needs assessments within Horsham Early Help families (currently at 48% of the 52 Council Tax arrears Early Help case load)
 - Economic saving to Housing, potential prevention of homelessness cases

Existing Cases Undergoing Enforcement Action

- The individual family is contacted to make an offer to pause enforcement action for the whole duration that they are actively involved in the Think Family programme and a repayment plan is put in place and adhered to. The same offer of support from Money Management Outreach Support is also made.
- iv) Explore other opportunities for more proactive intervention to support other vulnerable people/families and understand the resource requirements to do that.
 - v) Report back to the Scrutiny and Overview Committee after 6 and 12 months of the pilot to:
 - assess extent of the achievement of outcomes against the agreed indicators

- identify recommendations for improvements to the process, data sharing and customer experience

5 Views of the Policy Development Advisory Group and Outcome of Consultations

5.1 The following officers were consulted in preparing this report:

- i) Director of Corporate Resources
- ii) Community Development Officer (Think Family)
- iii) Head of Revenues and Benefits (CenSus)
- iv) CenSus Revenue & Enforcement Manager
- v) Head of Finance

6 Other Courses of Action Considered but Rejected

6.1 Not applicable for this report.

7 Resource Consequences

7.1 Any resource consequences experienced will be reported at the 6 month review back to Scrutiny and Overview, as outlined in section 4 of this report.

8 Legal Consequences

8.1 There are no further legal consequences.

9 Risk Assessment

9.1 There is a risk that the actions taken here do not result in improved outcomes. However, the nature of this pilot work is to fully understand these issues and find further long-term solutions to ensure we can improve outcomes.

10 Other Considerations

10.1 Not applicable to this report.