

<b>Meeting:</b>	Decision Session - Executive Member for Finance, Performance, Major Projects and Equalities
<b>Meeting date:</b>	19 March 2024
<b>Report of:</b>	Pauline Stuchfield Director of Customer and Communities
<b>Portfolio of:</b>	Councillor Katie Lomas - Finance, Performance, Major Projects and Equalities

## **Decision Report: Council Tax Debt Pilot**

### **Subject of Report**

1. This report provides feedback from the Household Support Fund debt pilot undertaken during 2022/23. The premise of this work was that the council recognised that arrears of council tax can indicate residents are facing other issues in their lives for example other debts, and complex health and/or family relationship problems. If the council can get a better understanding of all the issues including council tax debt and offer broader wrap-around support this could provide longer term benefits for our residents, prevent further debt, improve wellbeing, reduce administration and lead to more resilience and positive personal and community outcomes.
2. This paper sets out the learnings from this work along with a set of recommendations for the Executive Member to approve that will seek to support with debt issues for York residents.

### **Benefits and Challenges**

3. There are no negatives within this report's recommendations rather they are a set of actions that if implemented should start to address the debt and broader linked issues affecting some York residents. The current resource issues both financial and capacity of the council and its community partners for the foreseeable future presents a challenge and a risk in finding capacity to deliver the recommendations.

## **Policy Basis for Decision**

4. The new Council Plan, which was adopted in September 2023, contains four core commitments to enable it to deliver the vision for the next four years this includes 'affordability'.
5. The commitment states - 'We will find new ways so everyone who lives here benefits from the success of the city, targeting our support at those who need it most, supporting communities to build on their own strengths and those of the people around them.'
6. The approval of the recommendations of this report will contribute to supporting this commitment by helping them resolve their debt and associated issues affecting parts of our community allowing them to live better lives, participate in the success of the city and improving their wellbeing.

## **Financial Strategy Implications**

7. The recommendations of this report are intended to be non-financial cost measures utilising changes to current processes and working in partnership with community partners. It has to be acknowledged that resource is likely to impact the speed at which any change can be made. There may also be some minor costs around early notification of debt but these are not likely to be material.
8. Whilst the purpose of the proposed recommendations is about helping and preventing debt within our communities better management of debt and early intervention can also help with the collection rates for council tax.

## **Recommendation and Reasons**

9. The recommendations contained within this paper are intended to provide immediate support at the point a resident may fall into debt following good practice early intervention. The broader recommendations contained within the detailed report (Annex B) require additional capacity and will be considered as part of the customer experience transformation programme and business as usual training. The Executive member is asked to approve the following recommendations that will start to help our residents

affected by debt and address the broader linked issues within our communities:

- To set up a voluntary non-cost multi-agency debt group including community sector partners – to look in more detail during 2024 at all the issues raised by residents in the debt pilot.
- The establishment of non-cost debt surgeries at West Offices following issue of Council Tax (CT) reminders during 2024 – there is little resource for one-to-one support across the city so establishing a surgery with partners may help in dealing with a larger number of residents issues.
- To issue text messages to all residents getting CT reminders about continuing to pay something and inviting them to attend a debt surgery. This is to help prevent residents getting further into arrears through the debt recovery process and provide broader advice and support.
- To review the wording on CT reminders and summons and pilot alternative wording to see if there is any beneficial effect. This also responds to and supports recent comments from the Poverty Truth Commission.

## **Background**

10. The council acknowledges that some of its residents struggle to meet their council tax payments and fall into arrears but often this is a symptom of wider financial stress and in some cases broader complex needs. To explore this and understand how both the council and its voluntary and community sector partners could help a one-year pilot was undertaken to engage with those residents presenting with council tax debt who were willing to talk to the council about their problems.

The pilot ran across the 2022/23 year and residents who were in council tax debt were offered the opportunity to participate. The details of the pilot in terms of participant numbers and benefits of the work set out in the options analysis and evidential basis below and in detail at Annex B.

## Consultation Analysis

11. The consultation was mainly direct with City of York Council residents. However, in undertaking the pilot support was provided through York University and input received from organisations such as Healthwatch. Key staff involved in the collection and recovery of council tax were also interviewed to ensure a balanced view within the pilot and its output.
12. Debt of any kind is a very difficult issue for someone to deal with. It can be emotive and can cause stress and associated mental health problems. In undertaking the pilot there was a need to ensure that any recommendation was something that could help in supporting all residents and not just related to a specific individual.
13. The report has to acknowledge the situation the council is in with regard to its duty to collect local taxes to ensure it can deliver its services and as well as provision of support to bill payers in the city with varying financial capacity to pay.

## Options Analysis and Evidential Basis

### What we learnt

14. The key themes and findings for the pilot are:
  - Many residents struggling to pay Council Tax are missing out on support available to them, such as Council Tax Support and Single Person Discount.
  - Universal Credit (UC) is having an impact on the take up of Council Tax Support; People are unaware or confused by what they need to do to claim.
  - Getting advice and support to apply for assistance improved people's financial situation. However, effective processes are not in place to refer people directly for advice and support.
  - There is agreement that arrears should be dealt with as quickly as possible. However, the lack of advice creates a barrier to residents who have missed CT payments.
  - The council recovery process, bills and letters are viewed by some to be confusing and difficult to understand.

- Residents who contacted the council or asked for advice about their arrears sometimes had complex reasons as to why they had not been able to pay.
- When people contact the council about their arrears, if they are unable to pay the full amount to bring their account up to date they have no way of paying until the liability order is obtained.
- Many residents have ‘stacked’ multi-year council tax debt which affects their ability to pay ‘in-year’ council tax.
- Some advice and support workers found it difficult to get information on their client’s situation and to engage in dialogue with CYC to resolve issues for their clients.
- A snapshot of residents who are in debt was provided by ‘Healthwatch’ and is attached at Annex C of this paper.

### What was achieved

15. The following tables set out what was achieved during the project:

Table A

Referrals	
No. of Referrals	Referral route
4	Age UK York
1	Benefits & Contribution Advisers
1	Bellfarm Community Centre
7	Customer Service Representatives
1	Housing Management Officers
9	Local Area Coordinators
3	Peasholme Charity
3	Self-referral
1	Social worker
21	CT Project outreach
3	CT Reminder list
<b>54</b>	

Table B

Applications for Financial Support	
No	Type of Support
15	Council Tax Support
1	Housing Benefit
1	York Financial Assistance Scheme
7	Council Tax Single Person Discount
1	Universal Credit
11	Discretionary Housing Payment
17	Discretionary Council Tax Reduction
7	Yorkshire Water Charitable Trust
7	£150 Energy Rebate
2	Household Support Fund
2	Other
<b>71</b>	

Table C

Financial Gains			
Source	Gain	No Households	Average Gain
Council Tax Support	£4,554	6	£759
SPD	£1,546	4	£386
DHP	£965	2	£482
Council Tax Reduction	£1,446	5	£289
Yorkshire Water Charitable Trust	£809	2	£405
Energy Rebate	£3,300	22	£150
Other	£840	2	£420
HSF	£1,800	9	£200
<b>Total</b>	<b>£15,260</b>	<b>52</b>	<b>£3,091</b>

### What has been achieved since the project?

16. Since the completion of the project further work has taken place resulting in:
- The Revenues service has re-established its relationship with Citizens Advice York (CAY) and is working more constructively in managing residents' debt in line with the good practice protocol that both organisations signed on the 20<sup>th</sup> December 2016.
  - Residents now have the option to go online pre-court to make a payment arrangement that goes across year-end to help them with lower payments during the ongoing cost of living crisis. This goes some way to addressing the following comment '*When people contact the Council about their arrears, if are unable to pay the full amount to bring their*

*account up to date, they are often told there is nothing they can do about it except wait until the Liability Order is obtained and after this more information will be sought, and a payment arrangement can be made'* However where an attachment to state benefits is required it is not possible to do so without a Liability Order as this is a Government rule.

### The next actions

17. The next steps are set out in the recommendations of this paper at paragraph 9.
18. This paper has condensed down the large amount of work undertaken during this pilot including consultation with our third sector partners and residents. The project report, which is attached at Annex B, provides a more detailed summary of the work undertaken and the findings.

## **Organisational Impact and Implications**

19. The purpose of the pilot was to look at residents' whole financial and personal position through talking to those who have council tax arrears. There is no direct impact on City of York Council, but it is hoped by introducing the recommendations of this paper that residents can be better supported.
20.
  - **Financial**, *There are no direct or indirect costs associated with this paper of its recommendations. Early intervention may benefit council tax collection (improved cash flow) but not in terms of actual liability.*
  - **Human Resources (HR)**, *There are no HR implications*
  - **Legal**, *there are no changes proposed to the Council's debt policy. The Council will continue to discharge its obligation to collect council tax in accordance with the relevant legislation and guidance. The review of how best to support customers struggling with debt is timely and consistent with broader responsibilities to meet the needs of vulnerable people in the area.*

- **Procurement**, there are no procurement implications.
- **Health and Wellbeing**, whilst there are no direct health and wellbeing implications from this paper, helping individuals to address debt issues can significantly impact their health, improving their mental and physical health, behaviours, and choices.
- **Environment and Climate action**, There are no Environment or climate action implications.
- **Affordability**, There are Affordability implications but this is a report by the Director of Customer and Communities and therefore the whole report seeks to improve resident's financial resilience and reduce debts.
- **Equalities and Human Rights**, This report has an EIA
- **Data Protection and Privacy**, there is no DPIA needed to present the recommendations for approval but that from their decisions, there will be work done to identify any data protection work needed (review /update the DPIA).
- **Communications**, There no communication issues associated with this paper
- **Economy**, There are no direct economy implications associated with the recommendations in this paper.

## Risks and Mitigations

21. There are no direct risks to city of York council in relation to this report and its mitigations. There are risks in relation to delivering the recommendations mainly with regard to internal and external capacity. There is also the risk that if the recommendations are not introduced then the position of financially vulnerable residents will not improve and may even deteriorate leading to further demand for support from the council and its partners including health and social care.
22. The way to mitigate these risks is in relation to managing any capacity available and prioritising those that are deemed to provide the most effective support. As Government and council support falls away (Household Support Fund/Additional Universal Credit /Reduction in York Financial Assistance Scheme) there are likely



to be further residents falling into arrears with debts including council tax so implementation of any or all of the recommendations may do no more than mitigate the scale of any increase.

## Wards Impacted

23. Wards with high levels of deprivations and individual households across the city.

## Contact details

For further information please contact the authors of this Decision Report.

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## Background papers

All relevant background papers must be listed.

None

## Annexes

- Annex A: Equalities Impact Assessment (EIA)

- Annex B: Detailed Debt Pilot Report
- Annex C: Healthwatch snap shot

## **Abbreviations**

CT – Council Tax

UC – Universal Credit

SPD – Single Person Discount

DHP – Discretionary Housing Payment

HSF - Household Support Fund

LGA – Local Government Association

CTS – Council Tax Support

DWP – Department for Work and Pensions

YFAS – York Financial Assistance Scheme

GDPR – General Data Protection Regulations

PTSD – Post-traumatic Stress Disorder