

## Council Tax

# Debt Analysis or Hard Arrears Team

## Fife Council

### Contact for Enquiries

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### Summary and Background

The initiative was to set up a small team of staff, utilising existing resources, to look at various categories of dormant, uncollected council tax debt. The team were tasked with investigating these cases and looking for any information that could help recover these debts, e.g. obtaining up to date addresses or employment information.

### Intended Outcomes

The main aim of the team is to take a proactive approach to investigate potentially dormant, uncollectable debts and maximise income on these accounts.

### Actions and Approach

The first work done by the team involved selecting certain categories of outstanding debt to work through and investigate. Cases were selected on an adhoc basis and initially involved reviewing Fife Council tenants with council tax arrears. Staff reviewed notes held on in-house data systems, credit reference systems, as well as social media websites to find diligence information or up to date addresses for debtors. Fife Council tenants were tackled first, as staff felt this is a category of high level debtors within Fife. Any information obtained is updated in the debtor's council tax account and diligence information is passed straight to sheriff officers to progress on our behalf. This results in very little follow up work being done in-house.

More recently work has been done on fully analysing and categorising all our outstanding debt so we can see exactly what is outstanding, whether it is currently suspended and if so for what reason. This is helping us to be more focused in which categories of debt to tackle next. As well as continuing to look at council tenants we have now expanded the work in the team to include private tenants as well as cases suspended gone away and accounts returned from sheriff officers as uncollectable.

## Results

The team was originally set up in May 2013 and since that date we have been able to allocate more resources to this work and more than triple the size of the original team.

Results are mostly measured on cash collected on the accounts where information has been obtained and we previously identified them as dormant or uncollectable. Cash collected for this financial year so far (from 1.4.14 to 28.2.15) amounts to £706,213.

More recently we have also started recording the number of cases where employment details have been found and earnings arrestments can be instructed. In Jan 2015 a total of 81 cases were identified and for Feb 2015 the number of cases amounted to 87.

As staff work through categories of debt they have found that, in some instances, poor housekeeping in the past has added to the volume of inactive accounts. Improvements to current work processes are being suggested to help prevent similar problems in the future.

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## How Do You Know It Worked?

Additional cash collected by the team towards these dormant debts is our best indicator that the project is working. Our three and five year collection rates have also seen an improvement over the past year and this will have been directly affected by the cash collected on the previously dormant and uncollectable debt.

The cash collected figures are also broken down into cash collected for each category of debt being dealt with. This allows us to assess the viability of each project we undertake.

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## Obstacles and Issues

The type of work involved in this project is proactive and in the past was only ever done during quieter work periods and as and when resources were available. To be able to set up a permanent team with constant focus on the dormant debt has meant reducing resources elsewhere in the team. This means that staff in other areas are much busier than they were previously and for some staff it took them a while to accept and get used to this change.

Liabilities for individuals set up on our system very often do not run concurrently. Individuals can be set up with several different PIN numbers meaning it can be difficult to establish a customer's full indebtedness. This is a historic issue and does mean the Debt Analysis staff spend a lot of time on each case trying to link debts up. We are hoping that when our Corporate Debt team is established any system procured will provide a matching facility that may reduce this manual work.

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## Learning

The key learning points have been that carrying out a full analysis of the debt pool is a very useful activity and is something that in hindsight should have been done in the beginning. This exercise not only highlighted what activities the team need to focus on but also some housekeeping issues that need to be addressed. E.g. a large volume of accounts are regularly returned from one external agent we deal with as uncollectable but our other external agent tend to hold onto the debts despite them being dormant. This issue needs to be addressed to prevent accounts sitting as inactive for long periods of time. We also came across issues where accounts were suspended from further recovery due to mail having previously been returned gone away but after scrutinising our records up to date addresses were actually known but not updated.

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## Next Steps

Due to the initial success of the project a business case was submitted to retain the Debt Analysis team on a permanent basis. The business case has now been approved and the team will form a cornerstone of our new Corporate Debt Team.

At team level, work is continuing on the different categories of debt. Initially staff worked through these categories of debt and assessed whether working on this type of debt is fruitful i.e. whether in the majority of cases diligence details are established and cash can be collected or whether the exercise is a basic housekeeping exercise that can be carried out on a regular basis by another part of the team. By analysing each exercise in this way, we are establishing a timetable of activities that can be carried out by the team at regular intervals in the future.