

Impact of Council Tax debt for the Housing Allocations

Background to analysis

An analysis of the Housing waiting list provided of 5,122 cases was done by cross matching National Insurance numbers and also by cross matching the name and address provided by Housing.

This will not have picked up cases where we do not have a National Insurance Number on the Council Tax system (where no benefit claim has ever been made) or where we do not hold the exact same name and address provided to us by Housing.

Unfortunately any debts not picked up by this cross match could only be identified by manual analysis of each case on the list and there was not sufficient time available to do this. It is anticipated therefore that the number of cases in arrears and the total outstanding balance will be higher than the values listed in this analysis, although not substantially.

The analysis looked for outstanding council Tax debt which had reached Liability Order (L/O) stage.

A Liability Order is granted by the Magistrates Court following failure to maintain payments as demanded. It is only after obtaining the Liability Order that the authority is able to take recovery action.

Breakdown of stages

A total of 585 prospective tenants were found to have outstanding Council Tax at Liability Order stage with a total debt value of £362k.

The 585 cases equates to 11.4% of the waiting list.

As most cases have different L/O's at different stages, usually where there is multiple years' debt outstanding, they have been categorised based on the most serious stage of action.

Stage	Number of Applicants	Average Value	Total L/O Debt
Pre Bailiff	37	£361	£13,356
Arrangement for Payment	49	£388	£19,009
Attachment of Earnings	19	£594	£11,292
Attachment of Benefits	279	£290	£80,767
Enforcement Agents (formerly Bailiffs)	117	£980	£114,757
Committal	84	£1,461	£122,733
	585	£619	£361,914

- **Pre Bailiff**

- These are in the main recently obtained L/O's which will shortly have recovery action taken against them or L/O's where a recovery action such as attachment of benefits has recently failed and warning has been given of the next action.

- **Arrangement for Payment**

- Arrangement for payment of the debt has been made on these cases by the debtor.

Of the 49 cases 13 are currently in default (27%) and these will shortly have alternative recovery action taken.

- **Attachment Of Earnings**

- Attachment of Earnings order currently running.

Deductions are made by employers in accordance with a sliding % scale provided by central government. Deductions are based on net earnings.

Where wages are low deductions can often be below ongoing Council Tax instalments and as such despite payments being received the actual outstanding balance increases month on month.

- **Attachment of Benefits**

- Deductions are set each year by central government and this year stand at £14.60 per month.

Currently a working age benefit claimant when in receipt of full CTRS (91.5%) will have to pay Council Tax of £82.94 for a couple or £62.21 for a single adult. These figures are for an unparished Band A property.

The recovery process takes a minimum 3 months from billing before deductions can be requested and usually a delay of 3 months before DWP actions the request and makes payment to the authority. Any changes to benefit during the year (including sanctions) means that deductions have to be requested again generally meaning a further minimum 3 months delay.

These delays mean that unless additional voluntary payments are made, for most cases Council Tax arrears are increasing year on year even in the cases where deductions are running smoothly.

Of the 279 cases at this stage only 64 have a balance of £100 or less and are likely to be collected in year. The remaining 215 cases are likely to see arrears increase each year.

The average balance is £290. A total of 34 cases have balances of over £500 of which 12 have balances in excess of £1,000.

The largest balance at this stage is £4,321 which dates back to 2009. This will take at best 24 years to clear, without additional voluntary payments, by which time a further 24 years debt will have accumulated.

- **Enforcement Agents (formerly Bailiffs)**

- These cases are currently with Enforcement Agents for collection

Cases at this stage tend to have a larger balance with the average being £981 and the largest being £5,647 which dates back to 2010.

A total of 44 cases have a balance of in excess of £1,000.

- **Committal to prison**

- Once Enforcement Agents return a case they are unable to collect the only available recovery action tends to be the commencement of proceedings for committal to prison. This is a very costly (£240 for committal summons alone) and time consuming process with the returns low.

Again the balances tend to be larger at this stage with the average being £1,461. The highest balance at this stage is £5,187 which dates back to 2008. A total of 23 cases have a balance in excess of £2,000 which a further 19 have a balance in excess of £1,000.

Tenant Bands

The waiting list has been split into Bands of tenants so we have analysed the debts by stage of action within the Bands.

The data is shown in the two tables below with the number of applicants in table 1 and the value of their debt in table 2

Table 1 - Numbers of applicants

Stage	Band 1	Band 2	Band 3	Transfer Band
Pre Bailiff	1	8	20	8
Arrangement for Payment	5	12	24	8
Attachment of Earnings	1	2	8	8
Attachment of Benefits	28	87	100	64
Enforcement Agents (formerly Bailiffs)	11	27	60	19
Committal	5	20	42	17
	51	156	254	124

Table 2 – Value of debt

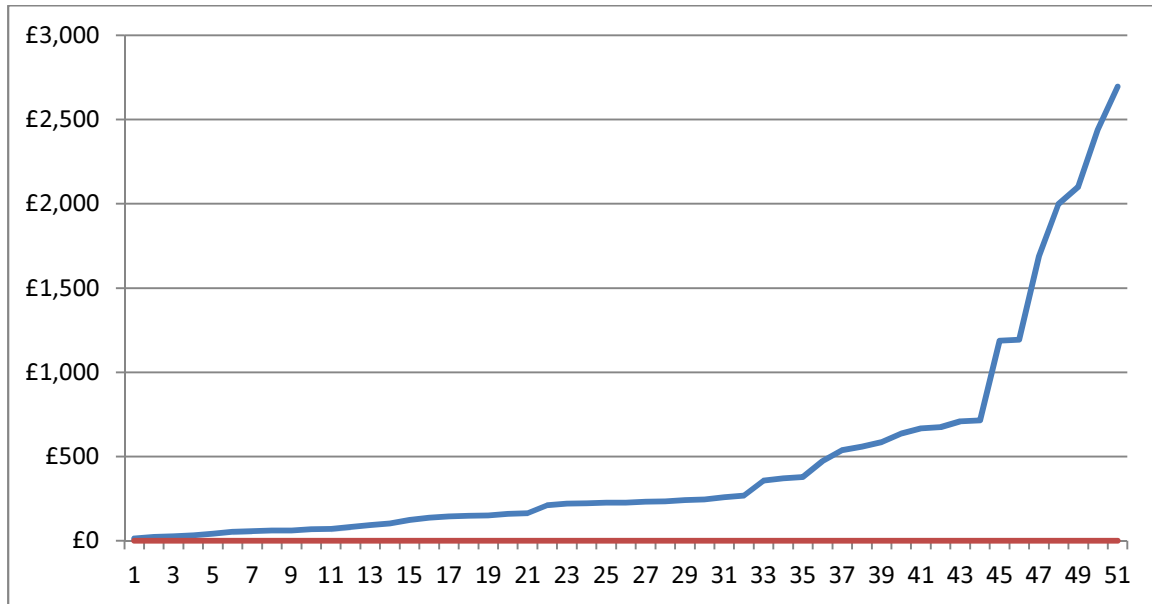
Stage	Band 1	Band 2	Band 3	Transfer Band
Pre Bailiff	£71	£1,726	£8,756	£2,807
Arrangement for Payment	£963	£5,496	£9,240	£3,310
Attachment of Earnings	£675	£1,491	£3,722	£5,353
Attachment of Benefits	£6,084	£24,464	£34,656	£15,563
Enforcement Agents (formerly Bailiffs)	£9,598	£21,026	£64,649	£19,485
Committal	£6,998	£28,925	£61,139	£25,717
	£24,389	£83,128	£182,162	£72,235

Distribution of debt within Bands

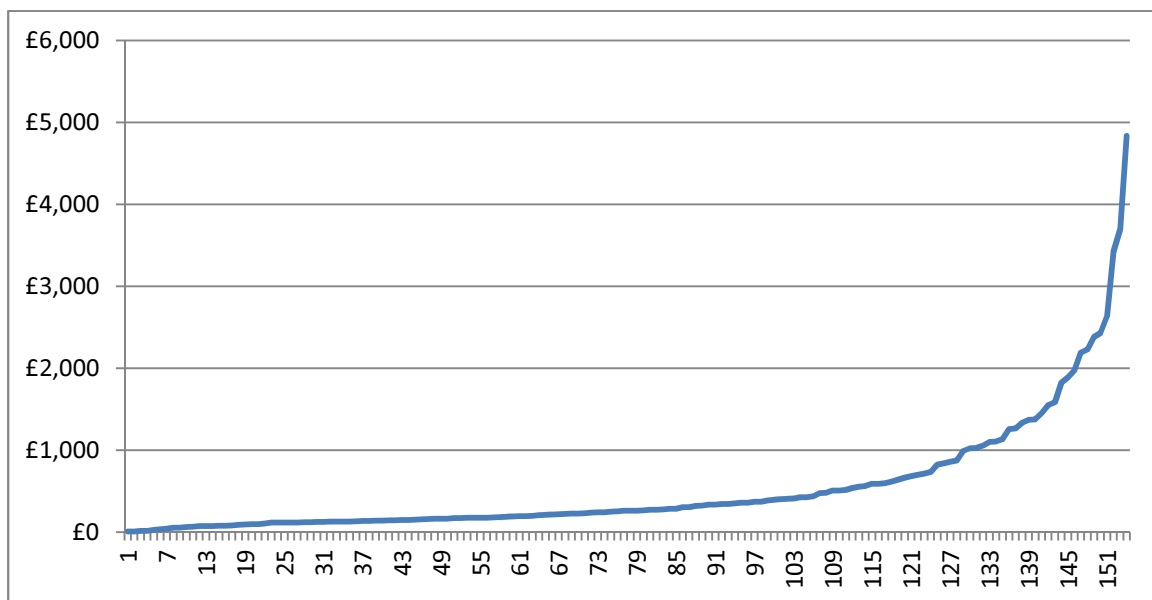
The following Charts show how the distribution of each debt within the four Bands.

The horizontal axis shows each debt within the band while the vertical axis shows the value of each debt.

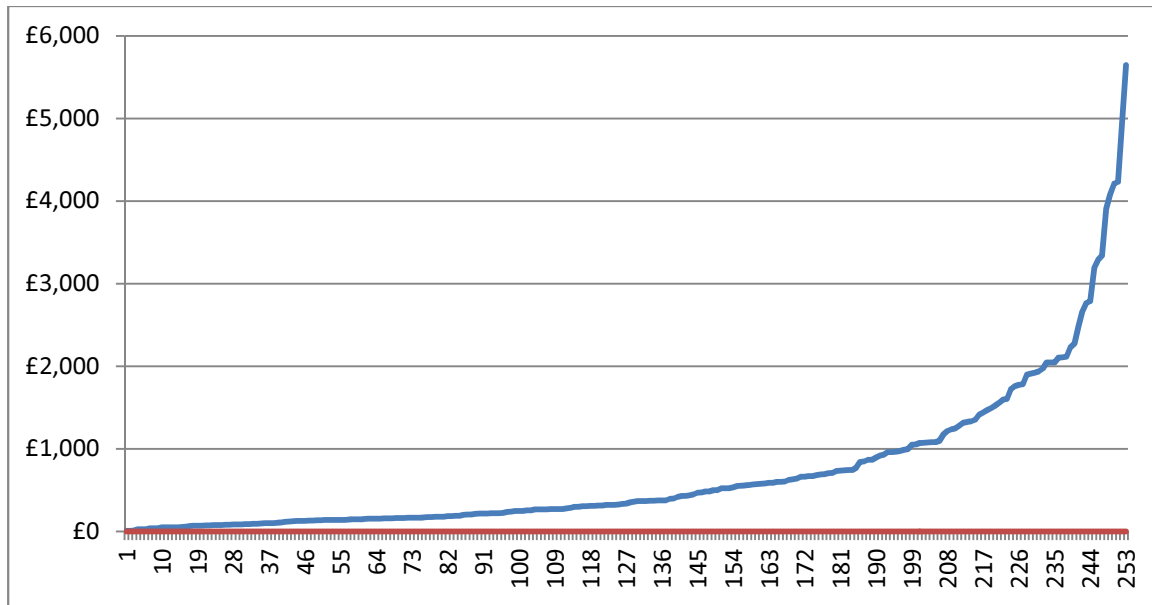
Band 1



Band 2



Band 3



Transfer Band

