

Manchester City Council Report for Resolution

Committee	Resources and Governance Overview and Scrutiny Committee
Date	19 June 2008
Subject	Annual update on performance in the Revenues and Benefits Unit
Report of	City Treasurer

Purpose of Report

The purpose of this report is to update members on performance in the Revenues and Benefits Unit.

Recommendations

Members are requested to note the contents of the report and the steps being taken to increase Council Tax collection in the future and improve both the speed and accuracy of Benefits administration.

Consequences for the Revenue Budget

Improved collection of Council Tax and benefits overpayments has a positive impact on the Council's financial position.

In targeting all monies due to the Council, including previous years arrears, income to the Council and spending on essential services is maximised.

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Background documents

Annual Council Tax collection figures
Comprehensive Performance Assessment for Benefits administration
Quarterly reports

Wards Affected: All

Implications for:

Anti poverty

Maximising the collection of Council Tax increases the funds available to the Council to fund all its services, including the provision of debt advice to those residents with debt problems.

The Benefits Service deals directly with those in most financial need within the city. Any delays in processing benefits directly impacts on them emotionally and/or financially.

Equal Opportunities

Vulnerable individuals and groups are provided for within the Council Tax legislation and are otherwise considered on an individual basis.

Any delays in processing benefits could potentially affect the viability of housing schemes designed to assist particular vulnerable groups.

Environment

None directly

Employment

Any delays in processing benefit claims can have a detrimental impact on employment levels in that people may be put off taking temporary or short-term contracts due to perceived problems with benefits, rent and Council Tax.

1. Introduction

This report provides members with annual performance results for the Revenues and Benefits Unit and covers the following areas:

- Council Tax collection;
- Benefits administration; and
- Business Rates collection.

The report also provides an update on developments or key issues affecting the service, including:

- Changes to the Benefits inspection and performance regime;
- Self service and electronic access;
- Changes to the telephone system;
- Update on the bailiff contract; and
- Legislation changes.

Finally the report will cover development of the service areas for the year ahead and the headline targets and objectives.

2. Context

Council Tax

The Council has 214,000 domestic properties that are liable for Council Tax. After various discounts, exemptions and Council Tax Benefit, the amount due to be collected within 2007/8 was £114M.

The number of properties within the city has been increasing annually and has increased from 199,000 in 2000 to 214,000 this year. This represents growth of 7.5%.

Of the 214,000 properties, approximately 62,000 households at any one time receive some Council Tax Benefit towards their bill, of which 75% of these households will receive full Council Tax Benefit.

The levels of transience in terms of the overall movement within the caseload and the levels of people going on and off benefits, along with the high levels of deprivation in the city make the collection of Council Tax challenging and complex.

Housing Benefit

The Council pays out Housing Benefit (rent) to around 58,000 households at any one time. Of these approximately 8,500 are private tenants and the rest is split between registered social landlords and Manchester Housing tenancies. This profile is changing as properties move from Manchester Housing stock to other arrangements. These changes make the Benefits caseload more complex and require additional management arrangements and increased evidence requirements to support benefit claims.

Business Rates

The Council collects Business Rates on behalf of Central Government from 21,000 businesses in the city. This amounts to around £260M annually.

3. Performance in the collection of Council Tax

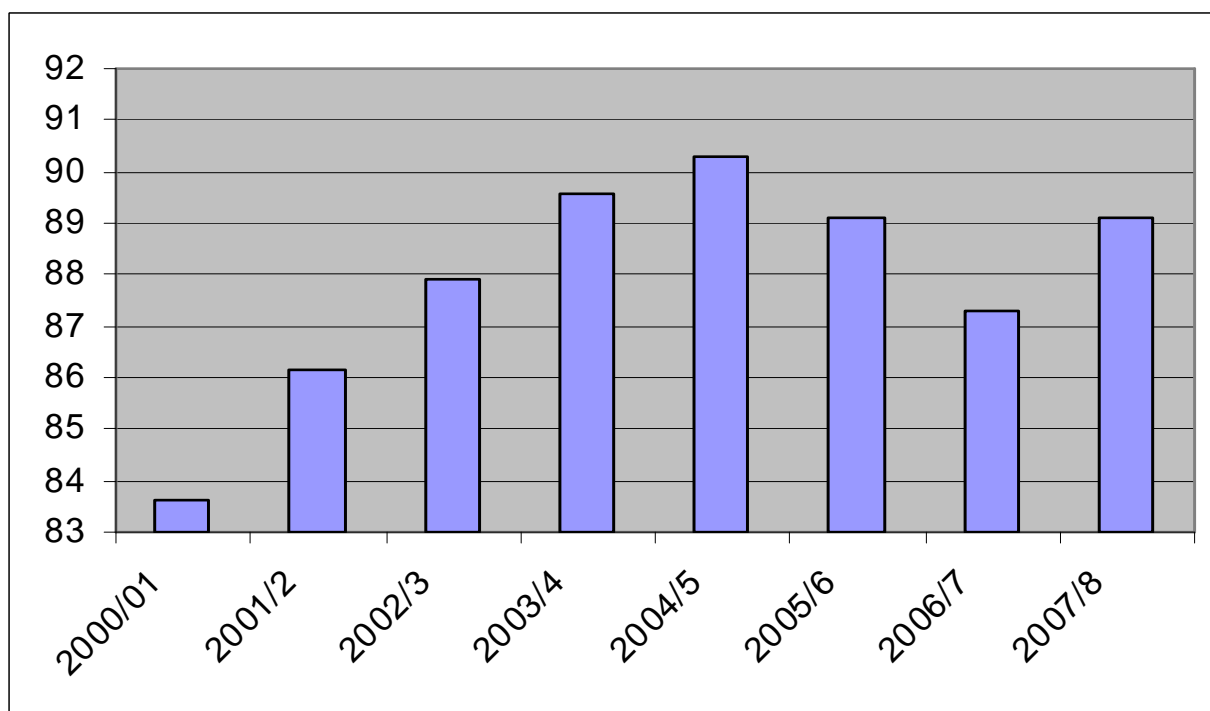
3.1 Current year performance

The national Council Tax collection figures for 2007/8 have now been released. This annual performance figure measures the percentage of Council Tax due that the Council collected between 1 April 2007 and 31 March 2008.

The Council collected 89.1% of the amount due for the year and this represents an increase of 1.8% on 2006/7, when we collected 87.3%.

In overall financial terms this represents an increase in cash collected of 8.8% compared with the previous year. This includes additional cash collected as a result of the tax increase, the increase in the number of properties in the city and also the improvement in performance. The following table and graph tracks performance against the in year collection.

Council Tax	2000/1	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8
In-year Council Tax collection	83.6%	86.2%	87.9%	89.6%	90.3%	89.1%	87.3%	89.1%



Collection does not stop at the end of the financial year but continues for as long as it is cost effective. In the long term, collection is expected to be around 98%. However, this takes several years to achieve.

Each financial year the Council collects around £7M in Council Tax arrears from previous years. Details are as follows:

	2004/5	2005/6	2006/7	2007/8
CTax arrears collected	£6.4 M	£6.7 M	£6.5 M	£7.1 M

3.2 Issues affecting collection performance

The in-year collection figure of 89.1% is still not at the level required and there is further work to do to achieve acceptable in year collection levels.

The Council continues to take a robust approach to recovery and comparisons with other high performing councils do not show that they are doing any more than we are doing to achieve much higher in year collection results. What is clear when compared to other Councils, is that collection in Manchester is more challenging with less customers maintaining the payments as requested on the initial Council Tax bill. As a consequence of both the non-payment and transience the Council sends a high number of summons, 70,000 for the 2007/8 financial year, to collect as much of the tax raised as possible.

In addition, collection performance between the wards in the city varies greatly. As a result, there is further work to do to encourage prompt payment from all residents and this includes a robust approach to collection as well as ensuring that residents receive the benefits and discounts to which they are entitled.

When a summons has been issued for unpaid Council Tax there are a number of methods that councils can use to recover the debt, including:

- A mutually agreed payment plan to clear the current year plus an amount of any arrears;
- An attachment of earnings;
- A deduction from Income Support;
- Distraint (Bailiff activity);
- Committal to prison;
- Charging order; and
- Bankruptcy Proceedings.

Although the Council actively pursues Council Tax, the available recovery processes can be limited in some cases. There are a number of owners or tenants that can be effective in avoiding action. Examples include:

- Customers who are in receipt of Incapacity Benefit or tax credits and have an amount to pay. We are unable to deduct from any benefit other than Income Support or Jobseekers Allowance.
- Customers who refuse to open the door to bailiffs and communicate with the Council. Local advice agencies in the city have been known to put out fliers to residents advising them not to open their door to bailiffs.
- Committal action is extremely time consuming and is rarely effective. In the past 7 years, magistrates have only sent two people to prison for non-payment in Manchester.
- Customers who are self employed or on a low income, whose income is topped up by large tax credit awards. For these cases we are unable to attach to wages or the amount that we are allowed to attach under an order is below the amount of the accruing debt. The rules do not allow the Council to attach to tax credits.
- Absentee landlords/owners based outside the UK. The majority of the enforcement activity only has jurisdiction within the UK and even to implement very serious action such as Charging Orders and bankruptcies the court usually requires the Council to have an address to serve papers. This is a particular problem in the city centre where properties have been purchased for investment.

Although this is a problem we continue to work on debtor profiles and undertake targeted activity on large owners and persistent non-payers with an accruing debt. This may include more formal action including court action for failing to supply income details or further tracing activity to identify employer details.

3.3 Council Tax Write-offs

There has been a high level of publicity about the amount of Council Tax that is written off annually, with Manchester quoted as a council that writes off high levels of uncollected tax. In real terms the amount written off amounts to less than 2% of the Council Tax for the Council.

A copy of the Council's write off policy document is attached as Appendix 1.

The Council takes a robust and challenging approach to collection and recovery and write off is only considered in very few cases, detailed as listed below:

- Remission by the Court;
- Imprisonment (warrant of commitment issued);
- Bankruptcies and liquidations;
- Death of the chargepayer (where there is no estate);
- Absconder who cannot be traced; or
- Small balance/amount uneconomical to collect (less than £25 and have left the area).

3.4 Bankruptcy Activity

Following a successful trial the Council now uses bankruptcy proceedings where appropriate.

The volume of work being passed for bankruptcy has significantly reduced over the last year as fewer cases where bankruptcy could be successfully used have been identified. This is because most of the existing cases where bankruptcy could be considered have already been progressed.

	2004	2005	2006	2007	2008
Bankruptcy petitions	3	435	355	82	24

The table below gives an overview of money collected and costs charged since the Council started passing accounts for bankruptcy proceedings to be taken. This excludes those people who have made contact and made arrangements to clear any debts due when the Council has sent them a warning letter that it intends to start bankruptcy proceedings against them.

Number of cases sent for bankruptcy proceedings	1,438
Total amount sent for bankruptcy proceedings	£ 4,149,000
Total costs incurred	£ 1,332,000
Total collected (including costs recovered)	£ 3,359,000
Number of debtors bankrupted	412

When a Bankruptcy Order has been granted, the Court appoints a Trustee in Bankruptcy

and it is at this stage that the costs can escalate. The table below details the progress made by the Trustees in recovering Council Tax and costs owed to the Council. It is expected that the Council will eventually recover more than 80% of the debts passed for bankruptcy proceedings.

Number of cases in hands of Trustees	412
Total debt passed:	£ 1,215,000
Total collected:	£ 863,000

4. Performance in Benefit administration

4.1 Performance Results

The Council has made incremental improvements in all areas of benefits processing since our major backlogs in 1999/2000. The table below shows the profile of performance and shows backlog recovery and the impact of the new system implementation in March 2006.

Performance Measure	Target	2000/1	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	2007/8
Processing New Claims	31 days	130 days	88 days	54 days	64 days	52 days	49 days	63 days	31 days
New claims in 14 days	93%	29.49%	36.46%	46.46%	48.6%	76.1%	75.3%	71%	90.9%
Changes of circumstances	15 days	47 days	50 days	31 days	40 days	21 days	15 days	21 days	12 days
Accuracy of processing	99%	93.8%	96.4%	96.4%	97.8%	96.8%	99.6%	98%	98%

4.2 Fraud Activity

The Council continues to be active in dealing with Benefit fraud. This is by both the targeted intervention of claims in payment (where we check the details that we are holding on the claim are correct) as well as the more investigative fraud investigations work.

The Fraud Investigation Group recorded 389 sanctions in the 2007/8 financial year. The breakdown is as follows:

- 211 Cautions;
- 100 Administrative Penalties; and
- 78 Convictions

This result has exceeded last year's sanctions performance and has meant that the Performance Measure score for sanctions activity has improved from 3 to 4. Activity of the Fraud Investigations Group only, has resulted in overpayments of £1.138M being identified and raised for recovery. In total some 788 benefit claims were either ended or the amount of benefit payable was reduced.

The Unit also carried out interventions on over 19,000 benefit claims and completed 100% of the datamatches passed over for investigation from central government. Any fraud or error identified within claims was updated, any underpayments paid and any overpayments recovered, where possible from ongoing benefit.

4.3 Implementation of Local Housing Allowance (LHA)

The Council introduced the new LHA legislation from 7 April 2008. This is a major change to legislation affecting tenants of private landlords and is part of the government's Social and Financial Inclusion Agenda.

The major changes to the Housing Benefit legislation include:

- LHA introduces flat-rate rent levels that are set by the Rent Service. The figures are published so claimants know in advance how much they will receive.
- The rent used to work out benefit is based on the number of bedrooms the claimant needs, which may be different than the number of bedrooms they have.
- Rent levels are set using a range of rents in what are known as 'broad rental market areas' (BRMAs).
- There is no need for referrals to the Rent Service.
- Payment of Housing Benefit is normally to the claimant.
- Claimants can rent accommodation below their LHA rate and any excess benefit up to £15 per week is kept by the claimant;
- There is no right of appeal against the LHA. It is a pre-set rate that applies to all.

This was a major initiative and the Council was provided with a government grant to assist with the implementation project. The implementation included a major communication plan, with sessions for landlords and advice agencies, changes to our stationary and computer systems and training for all Benefits staff and stakeholder groups. The project was delivered within budget and to timescale with no problems identified.

4.4 Benefit Overpayments

Within the 2007/8 financial year, £4.97m was collected from benefit claimants who had been overpaid Housing Benefit. £2.19 M was collected at the assessment stage by making deductions from ongoing benefit entitlement.

Our Recovery Team collected a further 2.78M, against an annual target of £2.6M. This is a positive result, as this type of overpayment can be difficult to collect, in that the people who have been overpaid often leave with no trace or remain on a low income or other benefits.

Where there is large-scale landlord or owner-occupier fraud resulting in large overpayments the Council has successfully used bankruptcy proceedings for several cases.

4.5 Benefit Take Up

Details of how to claim Council Tax Benefit were included in a leaflet sent with all 2008/9 Council Tax bills. In addition, the Council will undertake targeted activity throughout the year using both data match reports and more general activity using the Mobile Advice Centre.

We have recently attended open days at the following venues:
Eastlands Housing;
Willow Park Housing Trust; and
Parkway Green.

Our Council Tax Benefit leaflet has also been updated and will be distributed shortly.

4.5.1 Mobile Advice Centre

The Mobile Advice Centre is jointly owned by all the Greater Manchester Councils and was funded by a central government grant. Manchester has access to the MAC for four weeks in the year and this is used for targeted take up activity.

Recent activity has included the MAC being at the following venues in May.

May 6	Tarnside House, Crumpsall
May 7	Newton Heath Market
May 8	Tesco Burnage
May 9	Harpurhey Market

4.5.2 Pension Credit Exercise

The Benefits Service has been doing a special exercise based on information provided by the Department for Work and Pensions. The list was provided by the DWP, cross-referencing their Pension Credit cases with our lists of customers liable for Council Tax, but who didn't receive Council Tax Benefit. We then looked into the cases and where necessary have visited.

Action has now been taken on 70% of the cases on the report and the initial results are extremely positive. The Visiting staff have completed 81 claim forms - 63 Council Tax Benefit only, 17 Housing Benefit (HB) & Council Tax Benefit (CTB) and 1 Housing Benefit only (customer severely mentally impaired and exempted from Council Tax).

Of the 81 claim forms completed, 68 of these have been assessed so far (54 CTB and 13 HB/CTB), leading to a total weekly entitlement of:

CTB £889.23 (average of £13.27 per claim)

HB £721.14 (average of £51.51 per claim)

Most of these have been backdated for 12 months.

In total this equates to approximately:

CTB £46,000 (average of £690 per claim)

HB £37,500 (average of £2,678 per claim)

The table below gives details of some of the customers whose income has significantly increased as a result of their new entitlement.

Area	Weekly HB amount	Weekly CTB amount	Paid from
M20	£96.00	£14.23	23 April 2007
M14	£103.85	£21.68	1 February 2007
M14	£67.63	£12.19	21 May 2007
M15	£70.42	£12.19	21 May 2007
M19	£67.30	£16.26	23 April 2007
M21	£66.10	£16.26	9 July 2007
M23	£66.50	£12.19	14 May 2007

We will complete this exercise and will then look at other areas for benefit take up as detailed in our take up plan.

5. Performance in the collection of Business Rates

The collection rate for Business Rates is calculated in the same way as the Council Tax measure, although any money that is collected is passed through to central government as part of the national pool.

Within the 2007/8 financial year, 98.6% of the net (collectable) debit was collected. This is a 0.5% improvement on last year's performance and is the Council's best ever result for in-year Business Rates collection.

From 2008 the Council is required to collect full Business Rates from empty properties (previously some of these properties were exempt and the remainder paid 50%). Preparation for the difficult task of collecting Business Rates from empty properties for the first time is complete and a full canvass of all empty property has been undertaken.

Intelligence suggests that collecting from this new area will have an impact on overall collection levels for the 2008/9 financial year. To measure the impact of this change, the Council will monitor the collection from both occupied and empty properties as well as the usual Business Rates performance measure.

6. Key issues affecting the Unit

6.1 Future inspection regime and performance returns

There have been some major changes to the way Benefits administration is monitored, measured and inspected from 2008. As part of this, the Benefit Fraud Inspectorate has been replaced by the Audit Commission for all future inspections.

The new regime now only has two main Performance Indicators for benefits administration. These are:

- The 'Right Time' indicator- measures the average time taken to process all new claims and change events.
- The 'Right Benefit' indicator- measures the annual number of increases and decreases in benefit entitlement.

Although the number of Performance Indicators has reduced, the Council still has to report to central government on the headline performance information across all areas of benefits administration. The Audit Commission will then use this information when deciding whether inspection is appropriate.

In addition, the Department for Work and Pensions (DWP) has recently published its new Good Practice Guides, details of their key lines of enquiry and the associated scoring methodology. The DWP have been very clear that the new regime is very different and it is likely that some authorities could get a lower score under the new criteria, even if they had maintained what had previously been deemed to be 'excellent' performance. The new regime is much broader in scope and they give comment on specific issues within two broad areas, including:

- How good is the service? and
- What prospects are there for improvement?

As a result of the new inspection regime there is more work to do to ensure compliance against the new standards and expectations. Furthermore, because the new Performance

Indicators are much broader in their scope it will be harder to compare councils' performance. This is because as well as being affected by the council's performance, the results could be skewed or affected by specific caseload and local issues including, the level of transience, the number of new claims compared to changes etc. We will therefore be ensuring that all existing performance measures are maintained to show performance trends across key service priorities, for example, speed of processing new claims and changes of circumstances.

6.2 Self Service and electronic access

There are two main areas for self-service and electronic access:

- The on-line claim form and calculator (Benefits)
- The Account and Claim Tracker

6.2.1 The On-line claim form and calculator

This product was developed by the Council and a private partner (Team Netsol) and was funded by a targeted central government grant. The product is now being sold to other councils across the country. Because of our input with the development of this product the Council receives free support, maintenance and upgrades for the lifetime of the product and 10% of any ongoing license fees from future sales.

The product was launched in July 2007 and is now being used by customers and registered social landlords (RSL) to submit benefit claims online. At the present time the system is used predominantly for new claims or changes of address and the Council is now receiving over 100 claims online each month.

The website gives the customer a choice of downloading a 'Change of Address' claim form for either a private or Manchester Housing property, or the option of completing an online claim if they aren't already on benefit. The online claim is an addition to the existing benefit calculator. Customers do a calculation to see how much benefit they could get, and then complete a claim for benefit online.

As part of the rollout there is a training programme for staff who work for RSLs or within the advice network on how to assist people with their online claims to ensure that claims arrive complete and with all evidence required. The training also includes an overview of who can or can't claim, training for validation of documents for benefit claims, an overview of the Account and Claim Tracker and an overview of who can claim HB/CTB. In addition to promoting online services, the aim of the training is to speed up payment of benefit and reduce the number of claims refused due to missing information.

Future plans include being able to complete a change of address claim online and notify changes in circumstances, and a facility to scan evidence online with automatic feeds into the processing system.

6.2.2 The Account and Claim Tracker

This was also launched in July 2007 and is an online product that allows residents and businesses to check their Benefits claim details or their Council Tax or Business Rates account. Landlords and RSLs can also access certain details where they receive direct payments for their tenants.

This product has been developed with Capita who supply the Council's main processing system for Revenues and Benefits.

The Account and Claim Tracker is now available on the Council's website. Users are invited to register and they are then sent a PIN number. Once the PIN is activated they can access their details using their user name and password created when they registered together with their account or claim reference number (landlords & RSLs need their creditor reference number).

There are now more than 2,000 residents registered with the site. The next stage is the development of a Trusted Access system for Citizens Advice Bureaux (CAB) and other external advice agencies. This target for this next phase is September 2008 and the intention is to begin a trial with a designated CAB office over the next couple of months.

6.3 Changes to the Council Tax telephone system

In response to customer demand, the automated system has been significantly amended and updated with a reduced amount of pre-recorded information available and more access to Council Staff. The new system has been developed in house and is much more popular than the previous system, with only two complaints being recorded since its implementation in January 2008.

6.4 Bailiff Contract

The Council's contract for bailiff services is due for re-tender. To avoid duplication and reduce costs and overheads, the Council has joined with other Greater Manchester councils to undertake a joint procurement exercise.

This exercise is in its final stages and the process will be completed by July 2008. The expected outcome is that the Council will have a select list of bailiff companies available to undertake bailiff or collection activity as the Council's agent.

Attached as appendix 2 is a copy of the Council's Code of Practice for bailiff activity. This covers both the legal and Council expectations of the bailiffs who are employed as the Council's agent for Council Tax and Business Rates collection.

6.5 Changes to legislation

6.5.1 Employment and Support Allowance (ESA)

The ESA will be introduced in October 2008 and will replace Incapacity Benefit and Income Support paid on incapacity grounds for all new customers. It is expected that the new legislation will mean that where there are Council Tax arrears, Councils will be able to deduct from this new benefit. However this has not yet been confirmed.

6.5.2 Proposed changes to backdating rules for Housing Benefit and Council Tax Benefit

The government has proposed changes to the backdating rules for Housing Benefit and Council Tax Benefit to make them consistent with other welfare benefits. The proposed changes will limit the time that a claim can be backdated, up to a maximum of 3 months rather than the current 12 month limit. This proposed change could have a major impact on some vulnerable households who may not have acted promptly due to a variety of reasons, where we are currently able to backdate both the award of CTB and HB up to 12 months.

Councils have been feeding back concerns about the proposed changes through the Local Government Association.

7 Targets for the Year ahead

7.1 Headline Performance Targets

The targets that have been set are challenging and require further incremental improvement in all areas of the service.

Benefits	
Average days to process new claims	25 days
Average days to process changes of circumstances	12 days
New claims processed in 14 days	94%
Accuracy of processing	99%
Amount of benefit overpayments recovered after an invoice has been raised	£2.65 Million
Council Tax collection	
% of Council Tax collected in year	91%
Amount of Council Tax collected in the year	£160 Million
Amount of cash collected from historic debts	£7 Million
Business Rates	
% of Business Rates collected in year	98%

7.2 Objectives for the year ahead

7.2.1 Restructure

As part of the Service Improvement Programme, a review of the current structure, staff numbers, grades, roles and responsibilities has been undertaken. The new structure will mean that there are increased resources for Council Tax administration and collection and the Benefits and Council Tax phone service.

The structure is going through its implementation stage and is due to be finalised in the autumn.

7.2.2 Single Person Discount Review

The Government is making plans for a national drive against people who incorrectly or fraudulently claim a single person discount. This involves matching Council Tax records against the electoral roll and other databases. Within Manchester, from the Council Tax caseload of 214,000 households, approximately 86,000 households claim single person discount.

The exercise will be carried out as a joint exercise between the Council's Council Tax and Fraud sections and will involve reviewing all discount claims. The exercise will initially require claimants to confirm that their circumstances are the same and the discount is correct. Failure to respond following a reminder will result in the charge being removed from an agreed date. Where the Council can prove fraudulent activity, particularly where this involves other benefits, prosecution will be considered.

8. Conclusions

The collection of Council Tax is still not at the level required for in year collection. We continue to take a robust approach to collection and further improvements should be seen in the year ahead.

Performance in Benefits administration is positive. However, the new performance regime brings with it some new challenges and there is ongoing work to ensure that performance results are maintained.

The impending restructure provides additional resources for Council Tax administration and the phone service.

Richard Paver
City Treasurer



MANCHESTER
CITY COUNCIL

**Council Tax Service
Revenues and Benefits Unit**

Write off Policy Document

1. Purpose of document

Normally all Council Tax debt is considered recoverable and the Council Tax Service will make all necessary efforts to collect Council Tax due. However, there will be limited circumstances when it is appropriate to either write off the debt, or consider the write off of monies owed to the Council. Some of this is covered by statute or an instruction by the courts and other areas are considered by local management in accordance with agreed policy.

This document outlines the Council's policy and approach to Council Tax debt for either remission or write off.

This policy will ensure that the Council's approach to these processes is both consistent and complies with relevant legislation.

2. Situations when write off may be appropriate

This document will cover the Council's policy and approach in the following areas:

- Remission by the Court;
- Imprisonment (warrant of commitment issued);
- Bankruptcies and liquidations;
- Death of the chargepayer;
- Absconder who cannot be traced;
- Small balance/amount uneconomical to collect;
- Court, bailiff and other costs; or
- Miscellaneous reasons

2.1 Remission by the Court

If the magistrates' court finds that the failure to pay the amount due is not 'blameworthy' and the debtor is unable to pay the debt, it can remit the debt. Remission may be in part or in full of the total debt. Even though a debt(s) may be remitted, liability for subsequent years will continue. Following the decision of the court, we will process the write off and store a copy of the Court Remission Sheet on our files.

2.2 Imprisonment (warrant of commitment issued)

If a debtor is committed to prison for non-payment, the debt has to be written off once the full term (less any allowance for good behaviour) has been served. No further recovery action can be taken in relation to the relevant amount – the statutory enforcement process has come to an end. Liability for subsequent years and for any debts covered by separate Liability Orders will continue

2.3 Bankruptcies and liquidations

In the event of a successful bankruptcy petition or successful winding-up proceedings for limited companies, when the court has made an order, no other recovery action can be taken. This covers the debts that are covered within the order only and ongoing subsequent Council Tax liability is unaffected from after the date of the orders.

These debts will then be subsequently written off, but only if the insolvency practitioners report that there are no assets out of which the creditors can be paid.

In the majority of Bankruptcy / Insolvency cases where the Council has not instigated the action, there is little or no dividend payable to the Council. On receipt of the statement of affairs from the Trustee / Liquidator, it is usually evident of the amount, if any, that is available for creditors. The balance will be written off as irrecoverable.

2.4 Death of the chargepayer

In the majority of cases the debt remains collectable, either from a jointly liable person or from the estate of the deceased chargepayer. However, in certain circumstances it is not possible to collect and the debt will be written off, commonly where there are no assets or, in rare cases, where a debtor dies intestate (without a will) or where we cannot trace who the legal executors are.

Where there are assets and the Executors fail to make the necessary payment to clear any debt, the Council will take separate action to recover this debt (civil enforcement proceedings).

2.5 Absconders who cannot be traced

It is inevitable that some debtors abscond leaving debts. In all cases concerted efforts will be made to trace the debtor. This includes:

- An internal check using the Council's internal and external systems and other tracing tools;
- Passing the debt to a bailiff company to see if they are able to trace the debtor through their internal processes;
- Passing the debt through an external tracing agency for a through check of all commercially available databases that can be used to trace debtors.

If all these actions are unsuccessful then there is no alternative but to write off the debt. This activity is usually processed as a bulk exercise and a summary report passed to the City Treasurer for his signature. See Section 4.

If a debtor comes back into Manchester or is subsequently traced, the debt will be raised and recovery action will continue.

2.6 Small balance/amount uneconomical to collect

Legal enforcement proceedings will be taken for sums of money owing in excess of £25. On occasions where debtors have left the area, it is considered uneconomic to pursue these small balances beyond the issue of copy bills being sent. These debts are written off on an annual basis.

3. Other Write off Situations

3.1 Court, bailiff and other costs

Legal fees and costs incurred in the recovery process are always written off separately for accounting purposes, when the debt is being written off for one of the reasons described above.

There will be occasional cases that are taken to court and subsequently issued to bailiffs where the liability is incorrect, but the Council was unaware at the time the action was

taken. In correcting the liability it is ethical to cancel the costs providing the Council is satisfied that the chargepayer is not 'blameworthy'.

3.2 Miscellaneous

The Council will encounter debts from time to time that are simply not cost effective to pursue and will be written off. These will be in exceptional in nature and approved by the Head of Revenues with full details held on file.

4. Processing a write off request

This is covered by separate staff procedure notes using appropriate computer system transaction codes so that the reason for the write off can be identified and monitored.

With the single exception of bulk absconder write-offs, Microsoft Word write off style sheets will be completed by technical officers for each write-off of an amount in excess of £25. These will then be verified and counter signed by team managers.

5. Management Checks

The Council Tax Service has a range of management controls to ensure that debt is only written off in accordance with this policy document. The controls and management checks include:

- A schedule of all write offs produced on a monthly basis. This gives details of every individual debt written off.
- To ensure the write off procedure has been properly applied, a division manager examines a 10% sample of this schedule.
- For bulk absconder exercises sampling is not required. For these exercises management will balance the numbers of write-offs done on 'no trace' codes with the numbers of cases on the 'no trace' files returned from the tracing agency company.
- Additionally, the Revenues Manager or his nominated deputy examines and countersigns all write off amounts over £1,000.
- The City Treasurer then signs off this monthly schedule, within one month of its production.

6. Policy Review

This procedure will be reviewed on an annual basis in order to ensure it remains valid, effective and relevant.

Council Tax Service Revenues and Benefits Unit

Bailiff Code of Practice and Council expectations

Introduction

This code of practice outlines the way that any bailiff company collecting debts on behalf of Manchester City Council's Revenues Service should conduct themselves. It includes:

- The professional standards they must adhere to;
- The procedures they must follow;
- Guidance on how quickly the money should be repaid; and
- When it is inappropriate to take action.

Professional standards

The Council and the bailiff firm will ensure that all bailiffs, employees, contractors and agents have an appropriate knowledge and understanding of all relevant legislation, case law and powers, and at all times act in accordance with them. The bailiff must comply with Data Protection legislation where applicable and should be aware of the relevant Articles in Human Rights legislation.

Bailiffs and employees, contractors and agents of the bailiff firm must be aware that they represent the Council in their dealings with debtors. They should at all times act lawfully and in accordance with the provisions of the Local Government Finance Act 1992. They should also act in a responsible, professional and courteous manner and be aware that their behaviour, appearance and attitude have a great influence on the success of the debt recovery process.

The bailiff firm must at all times have:

- Professional indemnity insurance, ensuring the fullest indemnity against legal proceedings resulting in compensation awards due to illegal or irregular distress. Details of such insurance should be made available to the Council on request. The bailiff firm must also maintain a separate client bank account for monies received from debtors, evidence of which must be supplied to the Council on demand.

The bailiff must adopt a firm but correct attitude when dealing with the public, they must be polite and courteous and avoid being provoked by vexatious debtors. In the event of a breach of the peace occurring as a result of a bailiff visit, the Council must be debriefed of the circumstances as soon as practicable. At all times, they must carry:

- Photographic proof of their identity (County Court general certificate issued under Section 7 of the Law of Distress amendments Act 1888) which must be shown when visiting a property to distrain. The bailiff must at all times make clear to the debtor the purpose of his visit and the fact that he is acting on

behalf of, and, as agent of the Council. Visits to be after 8am and before 9pm, with no visits on Sundays or bank holidays.

- Written authorisation of the Council should be shown on request and the bailiff must hand to the debtor or leave on the premises the relevant documentation including details of costs incurred and procedure, legislation (Reg. 45) relating to distress and any additional guidance notes. The debtor will be invited and is required to sign any walking possession agreement (which lists all goods distrained upon) at the time that the distress is levied, in presence of the debtor or the partner only after its meaning has been explained and understood by the debtor.

Levying distress

This means entering a debtors property and listing goods belonging to the debtor that may be removed and sold at auction with the proceeds being paid towards the amount owed to the Council and costs incurred by the bailiff. Only a bailiff properly vetted and trained by the authorised firm and under the control of a bailiff who is certificated by the County Court may levy distress or remove goods in respect of Liability Orders on behalf of the Council.

Upon receipt of any instruction to levy distress, the bailiff company shall ensure that a visit is made to levy distress within 14 days from receipt of the instruction. Where more than one Liability Order is held for a debtor, the bailiff, where practicable, will attend the property for all Liability Orders at the same time, with only one set of costs being made. 'First call' and 'second call' visits must be made on different days.

Arrangements to pay the debt

If, on attendance, contact is made with the debtor, the bailiff should attempt to recover the amount as quickly as possible, taking into account the circumstances of the debtor. Wherever possible, if payment is not made in full at the time of the first visit, the debtor should be given the opportunity to enter into a walking possession agreement or instalment arrangement (instalment arrangement at no cost to the debtor other than the direct cost of making a payment). Enquiries should be made about possible eligibility to a discount or rebate. Information regarding employers or benefit details should be requested and passed to the Council.

Arrangements for payment of the total amount due can be agreed at the bailiff's discretion over a period of up to three months for Business Rates. Council Tax arrangements should be made over a period of up to six months but a period of up to 52 weeks can be considered if the debtor's circumstances warrant this. If the arrangement for payment offered is beyond these timescales and the bailiff considers it inappropriate to remove goods or there are exceptional circumstances the bailiff should refer back to the Council before agreeing to an arrangement exceeding these timescales.

When the bailiff should consider taking no action

The bailiff should at all times use his professional judgement to refer back to the Council if he considers that, due to the personal circumstances of the debtor, it would be inappropriate to proceed to levy distress. In particular, where the debtor:

1. Appears to be over 70 years of age **and** may be easily confused.

2. Appears to be severely physically or mentally ill, severely disabled or suffering mental confusion.
3. Has young children and severe social deprivation is evident.
4. Is disputing liability or claims to have paid, applied for a rebate, discount or any other relief not yet granted. Under these circumstances the bailiff should levy distress and then report to the Council.
5. Is heavily pregnant.
6. Is in mourning due to recent bereavement (within three months).
7. Is having difficulty communicating due to profound deafness, blindness or language difficulties.
8. Is unemployed and provides proof that they are in receipt of Income Support or Job Seekers Allowance (Income Based), payments from the Department of Works and Pension (DWP) and details are obtained of the debtor's National Insurance number.
9. Is consulting his or her local councillor or Member of Parliament.
10. Has long term sickness or serious illness including the terminally ill.

Please note: Points 3, 5 and 8 do not apply to Business Rates.

The bailiff must take no action if it appears that no responsible adult is present at the debtor's address. If an adult is present, the bailiff must attempt to establish their identity. If the debtor is unavailable the bailiff must ascertain when they will be available. No reference will be made to the nature or purpose of their visit. The bailiff should be aware of the sensitive and confidential nature of this work and should take care to ensure that information regarding the debtor's circumstances are not passed on to, or discussed with, a third party. If children are present the debtor should be encouraged to ask them to leave the room. Any documents must be left, marked 'Private and Confidential', in a sealed, clearly addressed plain envelope.

Removing goods from a debtor's home

Before attending to remove goods, the bailiff must send a letter to the debtor warning of the intention to send a van and also warning of the costs involved if this happens. However, if there are circumstances that indicate that by telling the debtor it may compromise the ability to remove goods (for example if a company is about to go into liquidation or the debtor is about to abscond) then attendance can be made without a letter being issued.

It is important that bailiffs be aware that they should not attend at a Company Director's personal address when the liability order is not in his specific name.

In the event of the need to force entry to the debtor's premises, the bailiff must obtain the express permission of the Council's representative before doing so.

In the case of Council Tax debts, no goods should be removed from sale which fall within the categories listed in (The Council Tax Administration and Enforcement) Regulations 1992 (as amended) being:

- Basic clothing, beds, bedding and household linen.
- The main form of cooking - if the debtor has a cooker and a microwave oven, it would be in order to seize the microwave oven. If the debtor only has a microwave oven, this must not be seized.
- Fridges, freezers and essential room heaters.
- Dining table and chairs.

- Washing machine, vacuum cleaner and iron.
- Toys primarily for the use of any child who is a member of the debtor's household.
- Articles reasonably required for the care or upbringing of a child who is a member of the debtor's household.
- Medical aids or medical equipment reasonably required for the use of the debtor or any members of the debtor's household.
- Articles which are required for safety reasons in the home.
- Any goods bought with a Social Fund loan or grant.
- Any items of a personal nature with a nominal or no cash value, for example, videos of family occasions, family photographs or pictures, etc.
- Any other items protected by law.
- Such tools, books, vehicles and other items of equipment as are necessary to the debtor for use personally by him or her in his or her employment or business.

(Please note: in the case of Business Rates 13 does not apply).

Only goods belonging to the debtor may be seized. Goods subject to higher purchase or credit sale agreements will not be removed (in accordance with the Consumer Credits Act 1974).

Costs charged to the debtor should be strictly in accordance with the provisions of the Council Tax (Administration and Enforcement) (Amendment) (No.2) Regulations 1993 (as amended) or the Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended) as appropriate.

When the debtors goods are removed and sold at public auction, the Council and the debtor must be provided with a full statement which:

- lists the goods sold;
- lists the amount realised;
- lists the costs incurred; and
- details the amount subsequently outstanding or overpaid as appropriate.

The debtor should be notified of the date, time and place of sale, to give them the opportunity to make payment and return their goods. Any goods taken must be transported and stored with due care and attention whilst in their care including relevant security and insurance provisions. The bailiff should not remove goods for sale unless it is anticipated that the sum realised will be sufficient to settle a reasonable proportion of the account outstanding to the Council (30% to 50%), including costs. As a general rule, the value of the goods can be divided by 5 to give an approximate value if auctioned.

(Please note: For Business Rates in some cases the bailiff may still remove goods if the value is less than 30 - 50%, i.e. so that ongoing trading ceases or if it is likely to become insolvent.).

Where the bailiff is unsuccessful

A minimum of 3 unsuccessful visits to the debtor's address are required before the case is returned to the Council as unpaid. At least one of these visits should be made to the debtor's address outside normal office hours (Monday to Friday 8am or 9am to 5pm). Documentation issued to debtors must be agreed with the Council and be in plain English. Documentation must be left at the property after each visit is made and give details of the date and time of the visit the debt and charges incurred;

it must give the name of the bailiffs and a contact telephone number. It must be left in a sealed envelope addressed to the debtor.

Where the bailiff is unsuccessful in his attempts to obtain payment and the Liability Order is to be returned to the Council, it should clearly show that the person making distress was unable (for whatever reason) to find any or sufficient goods of the debtor on which to levy. It should also be returned with a report summarising the action taken by the bailiff together with any details ascertained concerning the financial or personal circumstances of the debtor.

Where the debtor has left the property

If the debtor is no longer resident, the bailiff should make appropriate discreet local enquiries to ascertain the debtor's date of leaving and new address. This information (or lack of it) should be referred back to the Council. If the debtor has moved locally within the Council boundaries, the bailiff may levy at the new address and then refer the information back to the Council.

In the normal course of events, cases should be completed within six months of being issued by the Council as debtors have either paid in full or the bailiffs have not been able to make contact or collect money.

Reporting requirements

Payments and payment schedules must be submitted weekly to the Council on the agreed days. The company must account for all monies received and provide a proper system for dealing with unpaid cheques.

Monthly statistical reports in the agreed format must be submitted to the Contracts and Compliance Manager.

Monthly reports must be submitted to the Council for those cases that are still outstanding after six months. Where a case has been outstanding for eight months or more the report must contain full details of all action taken.

Responsibility

The Authorised Officer together with the Principal of the bailiff firm, will be responsible for the operation of this Code of Practice and for resolving any complaints from the debtor. The bailiff firm must establish and maintain an internal complaints procedure overseen by a senior member of staff. The Authorised Officer shall be responsible for ensuring that any complaints received from debtors or their authorised representatives by the Council are handled efficiently and promptly.

The Council reserves the right to make amendments and add new procedures at any time resulting from changing practices. The bailiff will be notified in writing of any proposed changes and invited to make comments.