
Report To:	Policy & Resources Committee	Date:	17 September 2024
Report By:	Chief Financial Officer	Report No:	FIN/53/24/AP
Contact Officer:	Alan Puckrin	Contact No:	01475 712090
Subject:	Finance Services Update		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to provide Committee with the annual debt recovery performance update and updates on various matters being progressed by the Revenues & Benefits service.

1.3 The report provides updates to Committee on the following:

- Debt Recovery Performance Report 2023/24
- Non-Domestic Rates – Empty Property Relief
- Transitions to Universal Credit
- Scottish Welfare Fund
- Discretionary Housing Payments & Policy
- Social Security Scotland

1.4 An amendment to the current DHP Policy is proposed and requires to be approved by Committee.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the annual debt recovery report, the current position of the NDR Empty Property Relief Budget, the feedback from service users and providers regarding the transition to Universal Credit, the next planned UC migration and the Social Security Scotland update.

2.2 It is recommended that the Committee approve the updated DHP Policy changes set out in appendix 3.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

3.1 Finance Services are responsible for a range of functions which are key to the overall finances and governance of the Council. This report provides an update of the main matters being progressed at this point in time, all of which relate to the Revenues & Benefits team.

3.2 Debt Recovery Annual Report- Year Ended 31 March 2024

There is a requirement within the Financial Regulations for the Committee to consider on an annual basis the performance of the Council in terms of Debt Recovery including the Council's debt recovery partner

3.3 Council tax collection in 2023/24 was 94.7% of Council tax billed which compares with 95.9% in 2022/23, which was assisted by £5m in covid and cost of living one-off grants. The Scottish average collection in 2023/24 was 95.5% with Inverclyde being placed 24 of the 32 councils. The effect of cost-of-living pressures and changes to Debt Recovery Regulations on Council tax collection affected performance. Collection of all Council tax billed since 1993 at 31st March 2024 was 97%, matching the position at the same point in 2023. The Council exceeds the budgeted collection rate for all years up to and including 2019/20.

3.4 Payment of Council tax by direct debit in 2023/24 was the highest level to date at 83.3% of in year receipts, an improvement of 0.2% on 2022/23. Direct debit continues to be promoted as the preferred payment method. Council Tax Online, launched in January 2020 allows Council tax payers to manage their account remotely. 2,619 Council tax payers have online accounts and of these 1,669 have opted for an e-bill

3.5 Council Tax debt recovered by the Council's debt recovery partner increased by 11% while Non-Domestic Rates debt recovery declined by 19%. Non-Domestic Rates legislation changed in recent years allowing debt to be recovered sooner after bills are issued allowing more debt to be passed to the Council's debt recovery partner for collection in year. In-year Non-Domestic Rates collection was 93.84%, 1.57% more than 2022/23.

3.6 Debt recovery continued to be more challenging with inflationary pressures and comparatively high interest rates affecting disposable income. The increase of the protected minimum balance in bank accounts from £566.51 to £1,000 also had an effect. Appendix 1 shows the level of debt collected against respective years; it also compares total collection with 2022/23 and 2021/22.

3.7 Services are in place to support those who ask for help by way of spreading payment over 12 months instead of 10; help to claim Council Tax Reduction; and referral to money and debt advice services. A sensitive approach continues to be followed by the Council's Sheriff Officer

3.8 The gross debt as at 31 March 2024 is £25.2 million as shown in Appendix 2. There is a bad debt provision of £21.9 million, leaving a net debt of £3.3 million.

3.9 Non-Domestic Rates Empty Property Relief

The Non-Domestic Rates Empty Property Relief (NDR EPR) budget is £500,000. Expenditure at the point of the report being prepared for the first of the three-year funding period from 2023/24, was £307,800, with relief being provided in respect of 277 accounts. It has been agreed that the unallocated balance is transferred to a smoothing earmarked reserve.

3.10 Expenditure in 2024/25 is currently £381,000 with relief being provided in respect of 120 accounts. The total includes the sum of £192,000 paid in respect of the premises formerly occupied by Amazon for the balance of 6 months at 100% relief until 1st August 2024 followed by

10% until the premises are occupied. Expenditure is expected to increase further as NDR ratepayers engage with the service to apply for the relief for the current year.

3.11 The amendments to the Non-Domestic Rates Empty Property Relief policy agreed in February 2024, to encourage owners to bring empty premises back into use take effect from 1st October 2024. The impact of the amendments equalising relief provided for industrial premises with non-industrial premises and tapering relief provided for listed buildings over a period of 24 months, will be included in future update reports.

3.12 **Universal Credit**

The Committee 4th June 2024 asked for further information on user experiences on the move to Universal Credit (UC). Services represented on the Financial Inclusion Partnership were approached and a small sample of clients of The Trust were surveyed which captured a range of views. A number of people have no issues with UC; others reflect on the move to UC being stressful but now find it now quite straightforward. Difficulties with budgeting were mentioned referring to the level of benefit being insufficient along with the need to use a Pantry for the first time and the preference for more frequent payments when multiple benefits were paid across the month. The way UC is structured was highlighted in one response with the respondent stating they were less likely to take up short term work to avoid payments being disrupted. Finally, some continue to require help from services to manage their online claim.

3.13 A common theme cited by service providers is the extent of specialist benefit face-to-face support required by those selected to migrate to UC. HSCP Advice Services, Financial Fitness and River Clyde Homes Financial Wellbeing Service ensure clients' current benefits are in order before migration to ensure people receive the correct level of transitional protection. They carry out follow up checks with their clients on their UC award and they verify that help with housing costs, Council tax reduction and discretionary housing payments have transitioned. The Central Library Service assists 30-60 customers each month set up email accounts and to access the UC portal to make a claim and many customers use libraries free Wi-fi to log in through mobile devices. Customers are referred to CLD classes for help building CVs and digital skills.

3.14 An important aspect of benefit advice services is their advocacy role, helping clients rectify problems with their claims. HSCP Advice Services identified inaccuracies with Kinship Carer UC awards resulting in Welfare Rights supporting these clients with their applications to make sure claims are assessed correctly. Services cross refer depending on clients' needs, with demand for specialist benefits services increasing. All services anticipate the need will increase further with the advancement of the ESA cohort into the programme.

3.15 DWP have started to issue migration notices to the final cohorts of legacy benefit claimants. The groups are a combination of tax credit only households, those on Income support and tax credits with housing benefit, housing benefit (HB) only customers, ESA (Employment Support Allowance) with child tax credits and the pension age tax credit cohort who have been identified to be moved to pension credit. State Pension age tax credit claimants in scope to move to UC will be issued a migration notice from September 2024. The DWP's planning assumptions are to begin notifying ESA claimants with or without HB, to move to UC from September 2024.

3.16 Enhanced support provided by DWP for more vulnerable customers is now at scale with outbound telephone calls and potentially home visits to those who do not respond to migration letters. Safeguarding teams support those customers at risk, with the advanced customer support senior leaders supporting the most complex cases, collaborating with multiagency partners.

3.17 The latest published estimated data from November 2023, shows there are 2,631 households still to migrate to UC and of these 1,622 households have incapacity related benefits and 563 are households with children.

3.18 Scottish Welfare Fund

Expenditure on the Scottish Welfare Fund in the 4 months to 31st July was £254,000, equalling the Scottish Government programme funding at that point. In addition to the Government funding, Anti-Poverty funding there are ear marked reserves totalling £220,000. An increase in applications is expected following the completion of a programme of SWF awareness refresher sessions with HSCP services and Financial Inclusion Partnership front-line practitioners. The objective of the sessions is to reach people who would not ordinarily apply to the fund, through the services they normally use. Expenditure will continue to be closely monitored and will be included in future update reports.

3.19 Discretionary Housing Payments

The legislative basis for the Discretionary Housing Payment (DHP) scheme in Scotland changed as of 1 April 2024 and from that date the scheme is regulated by the Social Security (Scotland) Act 2018. Following the Government's consultation on the Scottish statutory DHP guidance, working with COSLA and their advisors, the guidance was published online www.gov.scot/isbn/9781836010234. The changes extend DHP eligibility to more claimants and to a greater extent than the guidance it replaced. Officers' assessment is that the financial impact will be minimal

3.20 The main changes are as follows:

1. DHP can help with an unavoidable overlap in liability for rent, not met by Universal Credit or Housing Benefit legislation, when the applicant is treated as temporarily absent from their main home. Circumstances includes those who flee their home because they are a victim of domestic abuse; a couple, where one is a student having to reside elsewhere; a family housed by a housing authority in two separate dwellings. An individual moving home where housing costs were reasonably incurred and the need to move can be demonstrated.
 - a. Universal Credit (UC) claimants can receive help with housing costs in respect of one home at any time, unlike Housing Benefit (HB) claimants who can receive HB for up to 4 weeks for two dwellings when there is an unavoidable overlap. The new DHP guidance allows DHP to be paid to UC claimants in these circumstances. A common scenario is where a notice period is being served on the home they left to take up the tenancy of a home better suited to their needs. The new DHP criteria helps mitigate a restriction on UC claimants that does not apply to HB claimants.
2. A new award of DHP for those on UC and affected by the Benefit Cap. DHP can be paid to take account of any costs considered to be reasonably incurred in connection with housing to ensure the accommodation is habitable. Examples of costs reasonably incurred are service charges not met by the housing cost element of UC.
3. The guidance provides more detail about the recovery of overpaid DHP, emphasising it is for the local authority to decide on recovery.
4. DHP can be backdated for a period of twelve months or longer in exceptional circumstances. While this was not explicitly stated before this approach has been adopted.

The DHP policy is updated at appendix 3, to include the new category at (1a) above and to add examples of supporting evidence overlooked in previous policy reviews.

3.21 Social Security Scotland

Social Security Scotland's Carer Support Payment replaces the Department for Work and Pensions Carer's Allowance. It will be rolled out for new applicants and will be available across all council areas from 21 October 2024. The case transfer from Department for Work and

Pensions to Social Security Scotland commenced in February 2024. There are currently around 145,000 claimants in receipt of Attendance Allowance (AA) in Scotland who will be transferred to Pension Age Disability Payment (PADP). Applications will open for PADP in Inverclyde from April 2025, with cases being transferred from AA beginning in February 2025.

3.22 Following the UK Government announcement on the Winter Fuel Payment to older people, the launch of the Scottish Government’s new replacement benefit, Pension Age Winter Heating Payment (PAWHP) will be deferred from this winter to 2025/26.

4.0 PROPOSALS

4.1 It is proposed that the Committee note the annual debt recovery report, the current position of the NDR Empty Property Relief Budget, the feedback from service users and providers regarding the transition to UC including the next planned migration and the Social Security Scotland update.

4.2 It is proposed that the Committee approve the updated DHP Policy changes set out in appendix 3.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk		x
Human Resources		x
Strategic (Partnership Plan/Council Plan)	x	
Equalities, Fairer Scotland Duty & Children/Young People’s Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

The expected financial impact arising from the changes to the DHP policy are expected to be relatively minor and will be contained in the existing budgetary allowance.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.3 Legal/Risk

There are no legal/risk matters arising from this report

5.4 Human Resources

There are no HR matters arising from this report.

5.5 Strategic

Ensuring individuals are supported in receiving the benefits/financial support to which they are entitled assists the Council meet a number of its strategic priorities.

5.6 Equalities, Fairer Scotland Duty & Children/Young People

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process and do not believe a separate EqIA is required for the relatively minor change to the DHP policy.

6.0 CONSULTATION

6.1 The survey of UC recipients was carried out in consultation with partners in the Financial Inclusion Partnership.

7.0 BACKGROUND PAPERS

7.1 None.

Analysis of Debt Recovery Partner Performance 2023/24

Council Tax		Non Domestic Rates	
Financial Year	Payments Received £000's	Financial Year	Payments Received £000's
Pre 2000	5	Pre 2000	0
2000/01	4	2000/01	0
2001/02	5	2001/02	0
2002/03	5	2002/03	0
2003/04	8	2003/04	0
2004/05	9	2004/05	0
2005/06	15	2005/06	0
2006/07	14	2006/07	0
2007/08	12	2007/08	0
2008/09	12	2008/09	0
2009/10	17	2009/10	0
2010/11	18	2010/11	0
2011/12	18	2011/12	0
2012/13	21	2012/13	0
2013/14	24	2013/14	0
2014/15	31	2014/15	2
2015/16	33	2015/16	1
2016/17	42	2016/17	0
2017/18	57	2017/18	1
2018/19	72	2018/19	1
2019/20	112	2019/20	11
2020/21	153	2020/21	3
2021/22	206	2021/22	1
2022/23	439	2022/23	70
2023/24	1060	2023/24	341
Total	2392	Total	430

Comparison 2021/22, 2022/23 & 2023/24

	2021/22	2022/23	2023/24	Difference: 2022/23 – 2023/24	
	£000's	£000's	£000's	£000's	%
Council Tax	2466	2161	2391	230	11%
Non Domestic Rates	268	531	430	-101	-19%
Total	2734	2692	2821	-129	-5%

Appendix 2

	Position 31/03/2024 £'000	Position 31/03/2023 £'000	Movement £'000
<u>Council Tax</u>			
Gross Debt	19,244	18,325	919
Less: Bad Debt Provision	<u>17,782</u>	<u>17,076</u>	<u>706</u>
Net Debt	<u>1,462</u>	<u>1,249</u>	<u>213</u>
<u>Sundry Debt</u>			
Gross Debt	2,343	1,732	611
Less: Bad Debt Provision	<u>638</u>	<u>604</u>	<u>34</u>
Net Debt	<u>1,705</u>	<u>1,128</u>	<u>577</u>
<u>Industrial & Commercial Rent</u>			
Gross Debt	52	105	(53)
Less: Bad Debt Provision	<u>115</u>	<u>80</u>	<u>35</u>
Net Debt	<u>(63)</u>	<u>25</u>	<u>(88)</u>
<u>Statutory Additions</u>			
Gross Debt	3,422	3,260	162
Less: Bad Debt Provision	<u>3,422</u>	<u>3,260</u>	<u>162</u>
Net Debt	<u>0</u>	<u>0</u>	<u>0</u>
<u>Long Term Debtors</u>			
Gross Debt	173	243	(70)
Less: Bad Debt Provision	<u>173</u>	<u>243</u>	<u>0</u>
Net Debt	<u>173</u>	<u>243</u>	<u>(70)</u>
<u>Overall Totals</u>			
Gross Debt	25,234	23,665	1,569
Less: Bad Debt Provision	<u>21,957</u>	<u>21,020</u>	<u>937</u>
Net Debt	<u>3,277</u>	<u>2,645</u>	<u>632</u>

DHP Policy – September 2024

Appendix 3

Category	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to the stated % of the shortfall between HB and the rent charge – or otherwise stated)	Examples of Supporting Evidence	Changes from Previous Policy
1a.	Claimants affected by the Social Sector Size Criteria (Working Age Housing Benefit claimants living in Housing Association tenancies)	For the full financial year	100% of the SSSC reduction	HB, UC and Housing Association records	UC and Housing Association records added to examples of supporting evidence
1b.	Benefit Cap	Until end of financial year	100%	HB, UC and CTR records	UC records added to examples of supporting evidence
2a.	Claimants supported by the Homelessness Service in the Private Rented Sector	12 months	100%	Homelessness records	
2b.	Claimants supported by the Homelessness Service or from Temporary Accommodation into Social Sector housing	One- off payment	Up to the equivalent of 1 week's rent charge for the new tenancy	Housing Association notification Lease agreement	
2c.	Two Homes – unavoidable overlap in housing cost liability.	Up to 4 or 6 weeks, depending on circumstances.	The shortfall in total housing costs reasonably incurred	HB, UC and Housing Association records	New category
3a.	Financial Hardship – Less than £20 income over expenditure each week	Until end of financial year	75%	Claimant statement/HB Assessment/ UC records	UC records added to examples of supporting evidence
3b.	Financial Hardship – Less than £20 income over expenditure each week – aged less than 35years and housed private rented sector	Until end of financial year	100%	Claimant statement/HB Assessment/ UC records	UC records added to examples of supporting evidence
3c.	Financial Hardship – Less than £50 income over expenditure each week – housed in the private rented sector and in exceptional circumstances	Until end of financial year	100%	Claimant statement/HB Assessment/ UC records	UC records added to examples of supporting evidence

Notes

DHP is awarded in order of priority with applications meeting the criteria for Category 1 being the first priority to Category 3 being the lowest priority

Category 1

- Applicants in category 1 are not subject to a financial assessment
- Those affected by the Benefit Cap– the lower of either the capped amount or the applicant’s housing costs as permitted by regulations.
- Those on UC and affected by the Benefit Cap - in cases where the capped amount exceeds rent, other reasonable costs associated with housing can be included. For example, service charges, utilities up to the level of the capped amount or total housing costs (whichever is lower)

Category 2

- Applicants in category 2 are subject to a financial assessment. Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance, Personal Independence Payment, Attendance Allowance and Scottish Disability Payments are disregarded as income although all other income is taken into consideration.
- Awards for claimants supported by the Homelessness Service in the Private Rented Sector are limited to the equivalent of the difference between the HB award and one rate above the LHA rate for the household’s requirements or the LHA 2 room rate, whichever is higher. Affordability of those supported by the Homelessness service or from temporary accommodation will be monitored closely subject to an upper annual budget of £10k.
- An unavoidable overlap in liability for rent due to an individual moving home, not met by Universal Credit or Housing Benefit legislation. Awards may be considered where the applicant can demonstrate a need to move and either the delay in moving is due to the applicant awaiting assistance with furnishing so that they could reasonably be expected to occupy the property and can demonstrate that they have taken reasonable steps to achieve this; or where the applicant has moved to the new home, but the overlap was unavoidable.

Category 3

- Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance, Personal Independence Payment, Attendance Allowance and Scottish Disability Payments are disregarded as income although all other income is taken into consideration. This category will also be monitored closely and could be subject to review depending on the level of spend.
- In the private rented sector DHP is awarded based on the difference between HB or UC Housing costs and the LHA rate applicable to the household’s requirements or the 1 room rate for those aged under 35 years
- In the social sector DHP is awarded based on the difference between HB entitlement or UC Housing costs and the rent charge
- Private rented sector claimants subject to Local Housing Allowance restrictions who are in “exceptional circumstances”. Award DHP to meet the difference between HB or UC housing costs and one LHA rate above the rate applicable to the household’s requirements with a limit of the 2 room rate for those aged less than 35 years. Exceptional circumstances being situations that are particularly challenging and for an identifiable and specific reason, normally beyond the applicant’s control and more than the financial pressure experienced by most people who rely on welfare benefits. Exceptional circumstances may be when support is provided by Macmillan Cancer Support or similar organisation; those with terminal medical conditions; unexpected personal or family problems or illness.

Date: September 2024