

Approach to Debt Collection

Presentation to Corporate Audit
Committee – 7th February 2019

Ian Savigar : Divisional Director For Revenue & Benefit Transformation

Council Motion

- **Council resolves therefore:**
- 11.To agree in principle that, as the Council is currently reviewing its total Debt Management Policy, that officers should provide their conclusions to the Corporate Audit Committee in February to which the Resources Policy Development & Scrutiny Panel members should be invited, which in turn should consider the Council's proposed approach to debt collection before any final decision is made.
- *[Notes:*
- *1. The above resolution replaced the Labour motion which had been included with the agenda pack, and was carried on a vote of 42 Councillors ... [view the full minutes text for item 60.](#)*

Debt Management Policy

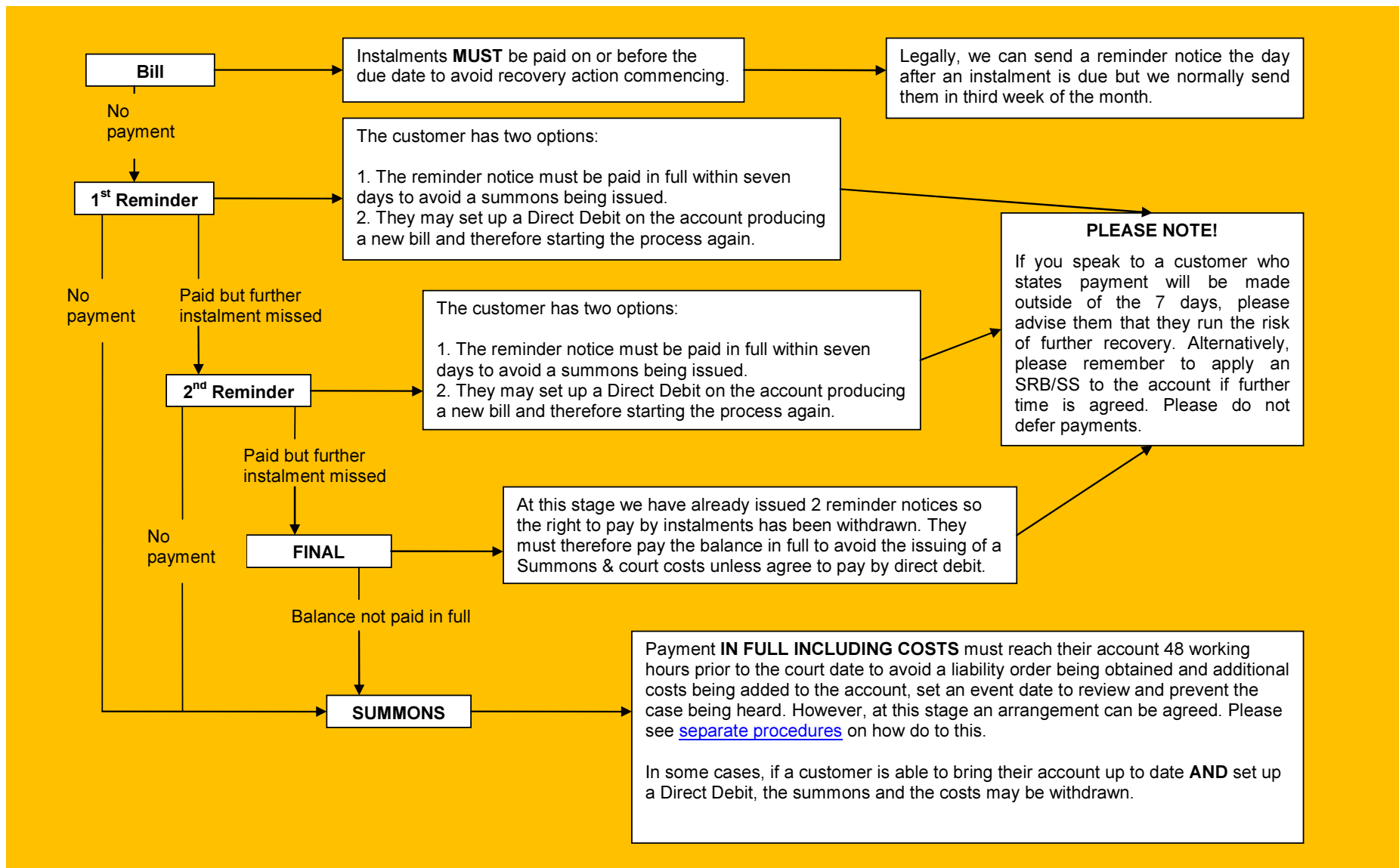
- Currently in draft form
 - Covers all aspects of council business that gives rise to debt
 - Produced by Tony Bartlett and with S151 for review
 - Next Stage to circulate to Service managers
- Current Thinking
 - View is that all debt recovery work should be undertaken by a single team with two exceptions:-
 1. Car parking PCN's where there is high volume and low value transactions and no added efficiency in centralising this work at present – this may not be the case if the existing parking system was replaced
 2. public protection where fines and penalties could be part of wider public health/protection enforcement and I would not want to compromise the activities of the service – would really need to separate out the activities a lot more before considering taking this on.

House of Commons Treasury Committee report

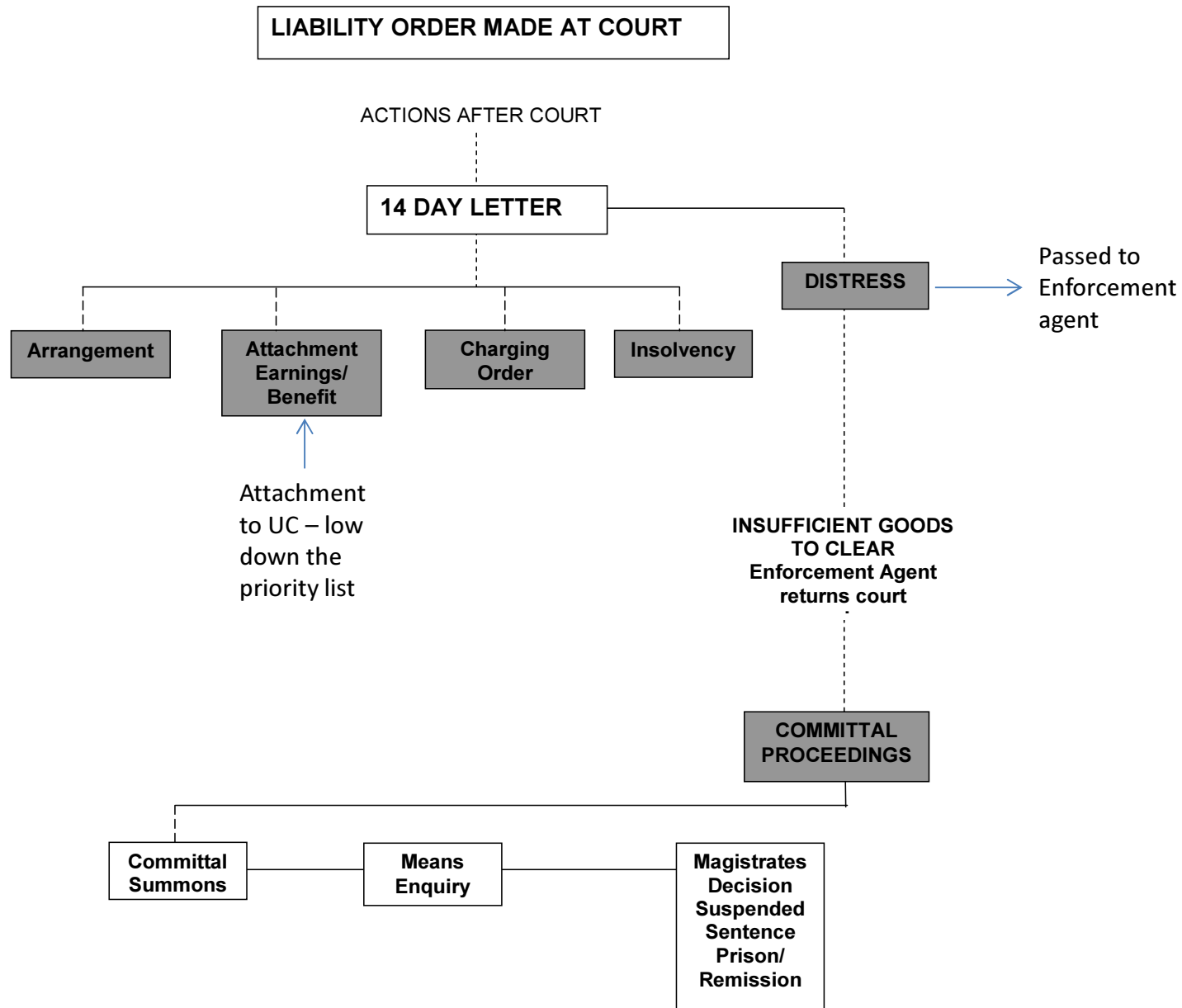
- Is the Council over zealous and unsympathetic of creditors when collecting arrears with routine recourse to bailiffs?
 - Bailiffs should now be referred to as Enforcement agents
 - For most debts we follow statutory requirements with the most obvious being Council Tax
 - Our Powers are granted through Magistrates Courts, Utilities etc.. have different powers
 - These include Council Tax and NDR

Some Council Tax numbers

- In Year Collection is between 98 and 99%
- 82,717 Households receive at least one bill per year
- A further 77,000 bills have been issued so far this year for changes
- 90.20% of bills are paid without recovery action (15,649 Reminders and finals)
- 5,432 accounts are fully Exempt (largely Students)
- 26,013 accounts receive a discounts (such as a Single Person discount)
- 9852 households are helped with Council Tax Reductions
- This year, we have helped 74 households with £16,053.55 in welfare support reductions.
- 5082 Summonses have been issued of which 2460 paid before a liability Order was obtained
- 2622 Liability Orders have been obtained
- So far this year, we have referred 304 liability orders to enforcement agents for their 2018-19 liability and a further 2040 for previous year's liability.



Now issuing SMS text reminder before action at each stage where details are known



What are the additional Costs

- If a Summons is issued £68 is added to the customers liability
- If a liability Order is obtained the cost is £12 is added to the customers liability
- Enforcement agent Fees and Charges are regulated and will add to the Customers liability <https://www.citizensadvice.org.uk/debt-and-money/action-your-creditor-can-take/bailiffs/how-bailiffs-should-treat-you/check-bailiffs-fees/>
- Impacts for the council
 - Summons Costs and Liability Order costs represent our cost of recovery and are part of service budget
 - Enforcement agent fees and charges are met by the customer and we do not pay the Enforcement Agent For these services

Enforcement Agents

- We currently split our work between two Agents
 - Bristow & Sutor
 - Rundells
- We operate to a code of practice
- We do not have a contract
- Very few complaints
- Good working relationship and prompt exchange of data.
- They will identify vulnerable customers and handle through their own welfare process

Impacts of Not collecting or delayed collection of Council tax

- Council Tax income enables the Council to fund its expenditure plans.
- When setting its budget the Council makes a small provision for bad and doubtful debts. If these estimates are exceeded the Council and its Preceptors could fall into deficit on the collection fund requiring additional council tax to be raised in subsequent years from those that pay.
- Delayed payments will impact cash flow and again this can lead to extra borrowing costs for the Council.
- Ultimately those that pay will have to meet any shortfall from those that dont

What We Do To Help

- Work closely with Citizens Advice to identify vulnerable customers requiring extra support with referral pathways to welfare Support and additional help
- Carry out Income and Expenditure analysis to identify ability to pay and negotiate arrangements
- Attach to Benefits or Earning rather than sending to an enforcement agent when we have all of the relevant details
- Provide Training to all customer facing staff in order to handle difficult conversations relating to vulnerability and debt
- Work closely with Benefit Colleagues to ensure maximum entitlement to CTR

What We Do To Help

- Issue Additional SMS text messages in advance of reminder actions
- We provide a lot of information on our web site to help people understand what help we can give:-
<http://www.bathnes.gov.uk/services/council-tax-benefits-and-grants/council-tax/problems-paying-your-council-tax>
- We also now have some specific discretionary Schemes to help targeted groups such as discounts for Care Leavers and foster carers, again these are paid for by the Council tax payer as part of budget setting process.

What else could We Do?

- Whilst we do our best to identify vulnerable customers before enforcement agents are involved we could do more and we are investigating the possibility of a pilot for data sharing which may help improve this position.
- Our impending restructure will provide additional Welfare officer support and we will look to improve this referral pathway to include casework for debt management in specific cases.
- We have in recent years implemented a CTR scheme for working age customers which is based on an income banded discount. This is based on an estimated budget taking account of government funding at the time. This could be reviewed and budget increased if it was felt this would reduce the burden on the most vulnerable but any additional cost would have to be borne by the collection fund

What else could We Do?

- Ethical bailiff methods are quoted by the motion relating to this item and whilst we believe we already employ the tactics these councils refer to we will carry out further research to understand the outcomes from these pilots.
- Consider reviewing existing Enforcement Agent providers to ensure delivery against a more formal set of requirements and deliver consistency across all council debt recovery
- offer more DD dates
- look at further flexible approach to payment dates without impacting the collection rates
- Implement 'nudge' theory to notices etc.

What Else is happening

- There are two current consultation papers on the subject of debt that could have an impact on our policies.

<https://www.gov.uk/government/consultations/review-of-enforcement-agent-bailiff-reforms-call-for-evidence>

<https://www.gov.uk/government/consultations/breathing-space-scheme-consultation-on-a-policy-proposal/breathing-space-scheme-consultation-on-a-policy-proposal>