

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 03 September 2019

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| TITLE | An Ethical Approach to Debt and Enforcement | | |
| Ward(s) | All | | |
| Author: Martin Smith | Job title: Head of Revenues | | |
| Cabinet lead: Cllr Cheney | Executive Director lead: Mike Jackson | | |
| Proposal origin: <i>Councillor</i> | | | |
| Decision maker: Cabinet Member Decision forum: <i>Cabinet</i> | | | |
| Purpose of Report: To update Cabinet on our approach to piloting 'ethical' collection measures and to seek additional investment to progress these plans, with the aim of reducing the use of enforcement agents, while committing to collection rates being maintained at current levels. It is envisaged that this investment will have a wider social and economic impact and generate efficiencies by improving the independence and resilience of our individuals and communities. | | | |
| Context: Debt in itself is not bad; a rational decision to borrow and do it cheaply is considered acceptable; mortgages, car loans and other investment-based borrowing is a part of our modern financial world and a fundamental part of building a strong credit history. However bad / Problem debt present a series of challenges beyond just having to pay money. Problem debt is defined as being two or more consecutive payments behind with at least one bill and when severe (in context of the % of earnings) debt isn't just a financial problem. <ul style="list-style-type: none"> • it causes relationships to break up; • people to lose their homes; and • families to break down. <p>The financial burden causes a person to delay life plans, creates stress that affects their overall health, and impacts detrimentally on the whole family.</p> <p>We have been reducing the use of enforcement agent's year on year and are embracing the challenge to accelerate that progress. Our aim is to continue an ethical debt collection of council tax while exploring mitigation and prevention activities and further alternatives to enforcement action, to support vulnerable citizens.</p> <p>Through early intervention, improved processes, and better use of information we envisage multiple benefits for citizens, including avoidance of enforcement agent visits and charges, maintaining tenancies, and improved management of household finances. This will also improve cash flow for the Council and reduce demand on other public services and associated budgets.</p> <p>Ensuring a citizen centric approach to debt is vital to the success of this pilot. We want to promote an increased take up of available support, including welfare benefits, council tax reduction, discounts and exemptions from council tax, and will increase referrals to third sector advice agencies where citizens would benefit from additional help.</p> | | | |

Our Approach

Three work streams have been identified

Work-stream 1: Cross cutting strategy & policy

1a - Create a debt working group to shape and implement debt policy, defining an ethical approach to be adopted across the council.

1b - Explore opportunities to share data across services to create a holistic view of debt and enable future enforcement activities to be better targeted

1c – Measure and analyse the impact and outcomes of the prevention activities of work-stream 2 and the cross-service information sharing in order to create the case for rolling out to other services and for further funding

Work-stream 2: Testing new approaches in Council Tax

2a - Roll out SMS texting - proactive reminders for council tax payers, promoting the services of debt agencies, and collecting data to measure success

2b - Increased use of charging orders rather than enforcement agents, where appropriate for homeowners – securing the debt against a person's property to be repaid on sale or transfer.

2c – The Contact Centre will begin contacting citizens, to understand situation, share advice, refer to debt agencies etc., with a view to create a specialist outreach team within Revenues to further develop this provision

Work-stream 3: Expansion of approaches to other service areas

Evaluate the impact and success of the prevention activities being piloted in Council Tax, and roll out new approaches to other services within the organisation

Cabinet Member / Officer Recommendations:

That Cabinet note:

1. Progress on the approach to piloting 'ethical' collection measures with the aim of reducing the use of enforcement agents, while committing to in year council tax collection rates being maintained at current levels
2. The request in the Period 4 budget monitoring report for £0.6m to be earmarked for the investment to support the team capacity building and enabling early support over the next 2 years
3. A proposed gateway review to assess the costs benefit and wider social and economic impact at the end of each year and prior to year 3 funding.

Corporate Strategy alignment:

This approach aligns closely with the Health & Wellbeing priority theme from the One City Plan - By 2050 everyone in Bristol will have the opportunity to live a life in which they are mentally and physically healthy:

- Mental health will be as important as physical health in Bristol
- Health inequalities will be reduced
- Children will grow up free of adverse childhood experiences having had the best start in life and support through their life.

The approach also aligns closely with 2 of the themes from the Corporate Strategy:

Empowering and caring - Working with partners to empower communities and individuals, increase independence, support those who need it and give children the best possible start in life.

Wellbeing - Creating healthier and more resilient communities where life expectancy is not determined by wealth or background.

City Benefits:

Ensure a citizen centric approach to debt. Through early intervention, improved processes, and better use of information we envisage multiple benefits for citizens, including avoidance of enforcement agent visits and charges, maintaining tenancies, and improved management of household finances. This will also improve cash flow for the Council and reduce demand on other public services and associated budgets.

Consultation Details

DWG 25 July 2018 Mandate approved

Money advice service. Local authority collaboration with debt agencies on supportive Council tax recovery
2 December 2018

Supportive Council Tax Recovery Briefings for Councillors 12 February 2019

EDM 27 March 2019 Outline business case endorsed

Councillor Cheney briefing. Taking an ethical approach to debt & enforcement 8 April 2019

CLB 9 April 2019 Outline business case approved

Money & Pensions Service Executive listening event May 2019

Background Documents:

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| Revenue Cost | £600k | Source of Revenue Funding | General Reserves |
| Capital Cost | £NA | Source of Capital Funding | NA |
| One off cost <input checked="" type="checkbox"/> | Ongoing cost <input type="checkbox"/> | Saving Proposal <input type="checkbox"/> | Income generation proposal <input type="checkbox"/> |

Required information to be completed by Financial/Legal/ICT/ HR partners:**1. Finance Advice:**

This report requests to spend £600k over two years on 5 extra staff (recommended as permanent) who will form an outreach team to work to maintain Council Tax collection rates whilst at the same time improving the Council's ethical approach to debt and enforcement'. This will also cover the legal costs of obtaining charging orders against property owners.

These legal costs will subsequently be recouped in full once properties are sold. Finance highlights that this should be considered a 'spend to save' or generate wider social benefit, recognising that the benefits will be derived over the long term and will be much wider than this specific service area.

A total expenditure of some £0.9m could be required for a 3 year period if the spend to save principle is not proved successful. There is scheduled to be periodic gateways including a detailed review after year 2 (£0.6m spend) prior to release of any further funding.

The service requests access to funding from the additional General Reserve created at the close of financial year 18/19.

Finance Business Partner: Michael Pilcher (Chief Accountant) 23/08/2019

2. Legal Advice:

Early intervention should improve debt recovery and reduce legal and other costs. Charging orders will be considered on a case by case basis. Although the intention is not to pursue an order for sale in most cases where the owner is in occupation, there is a power to require properties to be sold and this should be carefully considered and applied. Wherever possible consideration should be given to including a repayment agreement alongside the charging order.

The public sector Equality duty requires the decision maker to consider the need to promote equality for persons with "protected characteristics" and to have due regard to the need to (i) eliminate discrimination harassment and victimisation (ii) advance equality of opportunity and (ii) foster good relations between persons who share a relevant protected characteristic and those who do not share it.

The Equalities Impact relevance check is designed to assess whether there are any barriers in place that may prevent

people with a protected characteristic using a service or benefiting from a policy. The decision maker must take into consideration the information in the Assessment before taking the decision.

Legal Team Leader: Nancy Rollason 22/08/2019

3. Implications on IT: “The main IT implication identified in this report relates to data sharing. Although not specifically mentioned, any proposals to automate data flows will likely require systems changes; these will need to be approved and developed alongside other council priorities. In any event, data sharing will need to be in accordance with Council policies and relevant legislation e.g. GDPR.”

IT Team Leader: Ian Gale 18/07/19

4. HR Advice:

Additional resources will be recruited on a permanent basis in order to attract/retain the right skills and give maximum flexibility.

HR Partner: James Brereton 02/04/19

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| EDM Sign-off | Resources EDM | 17/07/2019 |
| Cabinet Member sign-off | Cllr Cheney | 22/07/2019 |
| For Key Decisions - Mayor's Office sign-off | Mayor's Office | 05/08/2019 |

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| Appendix A – Further essential background / detail on the proposal | YES |
| Ethical Enforcement Summary Timeline - | |
| Appendix B – Details of consultation carried out - internal and external | NO |
| Appendix C – Summary of any engagement with scrutiny | NO |
| Appendix D – Risk assessment | YES |
| Appendix E – Equalities screening / impact assessment of proposal | YES |
| Appendix F – Eco-impact screening/ impact assessment of proposal | NO |
| Appendix G – Financial Advice | NO |
| Appendix H – Legal Advice | NO |
| Appendix I – Exempt Information | NO |
| Appendix J – HR advice | NO |
| Appendix K – ICT | NO |