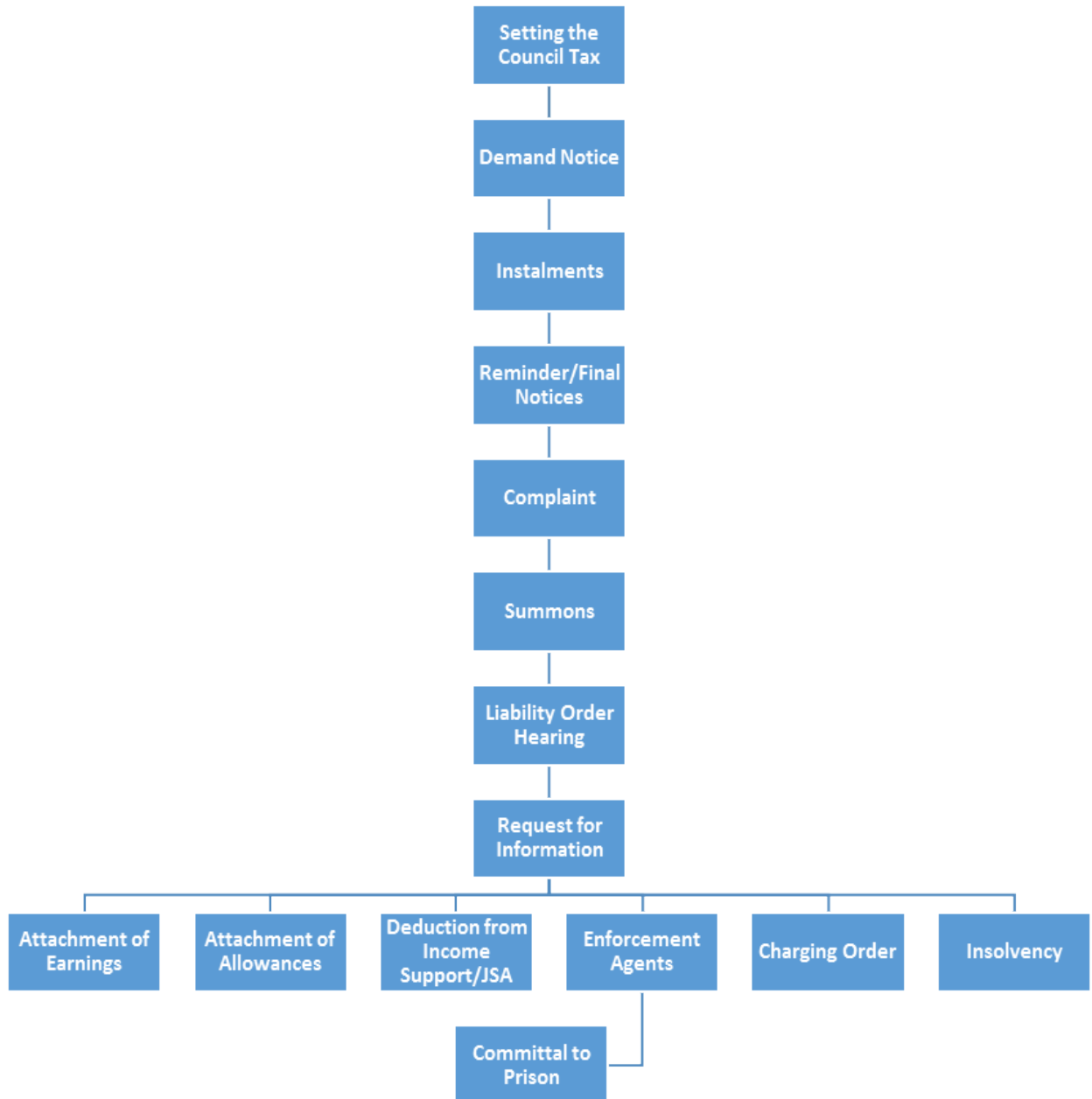


Action 2: To provide benchmarking data on referrals of Council Tax accounts (of households in receipt of Council Tax Support) to enforcement agents by Hackney and other comparable authorities (Southwark, Lambeth, Camden and Croydon).

It is becoming increasingly difficult to compare Council Tax collection activity across different local authorities, especially with regard to cases in receipt of Council Tax Reduction (CTR). It is necessary to have regard to the maximum CTR awards in each scheme, as this directly impacts on the amount of Council Tax due, and the caseload of the authority.

Hackney does refer CTR cases to enforcement agents, but does not take this action lightly. The strategy to do so was agreed with previous lead members.

The chart below sets out the legal process that the Revenues Service must follow when collecting council tax. There are a number of options available once a Liability Order has been granted by the Courts and the customers' circumstances will determine the most appropriate course of action.



The chart sets out the minimum steps. However, the Revenues Service adds a number of steps over and above the statutory steps to allow Council Tax payers extra opportunities to retain their instalments, make arrangements, seek independent debt advice or have an attachment to benefits or earnings set up, thereby avoiding the need to engage Enforcement Agents.

Prior to issuing recovery notices for late or unpaid instalments, the Revenues Service sends text messages to customers who have provided a mobile telephone number in advance of the notices being issued. This is an additional courtesy to prompt payment, prevent the customer's account from progressing through the recovery cycle and to reduce the number of recovery documents that need to be sent. This method was introduced to reduce the need to move these accounts onto the more formal stages of recovery.

In May 2018, the service commenced sending emails (in addition to text messages) where a customer has provided an email address, in advance of the Final Notice, as a courtesy to encourage customers to bring their instalments up to date and avoid having to pay the full outstanding balance for the year.

In the event of non-payment, a summons will be issued to debtors to appear before the Magistrates Court. Shortly prior to the issue of the summons, in addition to sending text messages to try to prevent the production of the summons by encouraging payment, the Revenues Service sends emails to customers who have previously provided an email address. This reminds them of the costs that they will incur upon issue of the summons and the awarding of any subsequent Liability Order. It also offers the opportunity of making a payment arrangement if they cannot pay in full.

The summons contains information relating to the Tax charged, costs incurred upon its issue and costs added should a Liability Order be awarded by the Court. These must be paid in addition to the council tax. The service also includes an information leaflet with the summons advising the tax payer to contact the service before the Hearing date to arrange payment and apply for reductions such as discounts and benefits. It also explains the powers available to the Authority should the debt remain unpaid and a Liability Order is awarded. The leaflet also gives the opportunity for customers to visit Hackney Service Centre outside of normal office hours to discuss the summons with Council Officers.

The Revenues Service also sends a follow-up letter to debtors to advertise this service further and offer the opportunity to contact and or pay in advance of the Hearing.

Once a liability order has been obtained a 14 Day notice or “Notice of impending enforcement action” is sent. There is no longer any statutory requirement to issue such a notice before passing cases for enforcement action. However, the service does so in all circumstances, although the “14 days” relates to the supply of financial information, not to when enforcement may start. The notice confirms the fact that a liability order has been awarded along with details of the powers the Authority has to obtain payment. The notice is accompanied by a schedule of Enforcement Agent fees should that course of action be taken.

There is also a “request for further information” form which must be completed with the debtor’s employment and financial details and returned within 14 days under Regulation 36 of the Local Government Finance Act.

This is a further opportunity to make an arrangement or have debtor’s circumstances taken into account, before enforcement action is taken. The service will normally only make an arrangement if this information is supplied.

As well as sending the case to the Enforcement Agents, the debt may be collected via attachment to earnings or benefits and where the service has the necessary details this will be set up.

Prior to issuing cases to Enforcement Agents, and where a mobile telephone number is held, the Revenues Service sends text messages to try to promote contact and avoid this method of recovery. It also sends emails to customers who have previously provided an email address. The email reminds them of the costs that they would incur upon issue of the case to Enforcement Agents. It also offers the opportunity of making a payment arrangement if they cannot pay in full.

The service also worked with the Money Advice Trust (MAT) to review the wording and content of all recovery notices and inserts. Where suggestions were made by MAT these have been incorporated.

Other initiatives underway

The service has recently carried out a pilot project with an external company. The project concentrated on CTR cases. The aim of the project was for the company to contact cases where a liability order had been obtained and to set up arrangements and attachments so that it was not necessary to pass cases to Enforcement Agents. The project had limited success and the supplier is no longer offering the service. However, it has been agreed to set up a similar in house team to continue the pilot, but with the aim of contacting payers who have had a final notice issued, but not yet received a summons (and incurred costs).

The Council has also signed up to the CAB Council Tax Protocol and has made arrangements to refer Council Tax payers who agree to receive debt advice to the CAB.

The Council has also adopted the Money Advice Service Standard Financial Statement (SFS). The SFS is a tool used to summarise a person's income and outgoings, along with any debt they owe. Primarily it is used by debt advice providers and other relevant organisations for people seeking debt advice. It provides a single format for financial statements based on a single set of spending guidelines. Where a Council Tax payer has engaged with an advice agency and where an SFS has been completed, the service will usually accept any payment offer, acknowledging that a rigorous assessment has been carried out.

Enforcement Agents

The Revenues Service will write to all customers where a Liability Order has been obtained but where payment has not been made or an arrangement agreed prior to referring cases to EAs.

The service currently uses three Enforcement Agent (EA) companies. A fourth, reserve company may be used to replace an underperforming company or to deal with cases returned as unsuccessful. As soon as a liability order is referred to an EA company, a £75.00 fee is incurred under the regulations brought in on 6 April 2014.

At the first stage known as “Compliance” the EAs will write to the debtor explaining the debt and fees payable and will try to get the debtor to pay or make an arrangement. They will follow this up with telephone calls, SMS text messaging, emails or further letters if required to prompt contact and payment. The service requires the companies to have a longer compliance period than the minimum in the regulations, to give payers more time to pay without incurring additional costs.

If the above activity is not successful, the case will move to the Enforcement Stage which will involve a visit to the debtor’s premises with the intention of Taking Control of Goods. This will incur a further fee of £235.00 plus an additional 7.5% of any amount over £1500.00.

The service makes every effort to refer the “won’t pay” rather than “can’t pay”. If the service finds out later that a debtor is vulnerable, or the case would be better dealt with via an alternative collection method, it has the power to recall or alternatively instruct the agents to accept a certain arrangement due to the customer’s circumstances. The companies have their own Welfare teams set up to deal with any vulnerable cases, of which they become aware. Any vulnerable case identified at the Enforcement stage must be wound back to Compliance Stage and the fees reduced to the maximum £75.00 Compliance fee, per Liability Order, in accordance with the Regulations.

Any cases where the debtor is on Job Seekers Allowance (JSA), or similar benefit from which deductions can be made, will usually be recalled and that method of collection commenced.

EAs work to a code of conduct and good practice guide issued by their governing body, the Civil Enforcement Association (CIVEA). They also work to the National Standards for Enforcement Agents issued by the Ministry for Justice. Where complaints are made these will be investigated fully by the Council and, if necessary, sanctions taken.

Use of Enforcement Agents by other Authorities

The table below shows a summary of information relating to the authorities that Scrutiny Panel named.

Each authority will follow the legislative process and will have its own additional steps in place to reduce the need for Enforcement Agent referrals.

Table 1

Authority	EAs used	Cases referred 17/18	Max CTR award WA 17/18	CTR caseload WA 17/18	Comments
Camden	Yes	224	100%	15,288	Only refer as a last resort when no contact made. Good relationship with EAs to identify vulnerable people.
Croydon	Yes	1,239	85% up to band D		Both in house and external EAs used. Not referred if attachment to benefit can be applied. Pilot scheme in place with in house Welfare team to provide debt advice
Lambeth	Yes				Previously stopped using EAs but reinstated this method when collection rates started to fall
Southwark	Not yet		85%	18,276	Will use enforcement once debt reaches a level where action is considered proportionate
Hackney	Yes	861	85%	22,599	Only refer once attempts to collect by other methods are not successful