

TITLE OF REPORT - Corporate Debt Policy

Key Decision No - FCR Q20

**CABINET MEETING DATE
(2019/20)**

16 March 2020

CLASSIFICATION:

Open

**If exempt, the reason will be listed in the
main body of this report.**

WARD(S) AFFECTED

All wards

CABINET MEMBER

Councillor Rebecca Rennison,
Deputy Mayor and Cabinet Member for Finance, Housing Needs, and Supply

KEY DECISION

Yes

REASON

Affects two or more wards

GROUP DIRECTOR

Ian Williams, Group Director, Finance and Corporate Resources

1. CABINET MEMBER'S INTRODUCTION

- 1.1. Hackney is a borough with high levels of deprivation and relatively low average incomes, with 48% of children in Hackney living in poverty. The impact of ongoing welfare cuts means that some of our residents live with debt problems every day and research tells us that household debt is on the increase. Therefore, it is essential that we ensure that the right support is in place to help those residents who are struggling financially so that they can reach a sustainable financial position.
- 1.2. Supporting residents in need will always be our top priority, and we want to ensure that any resident unable to pay their Council Tax or other debt to the Council is supported to address and manage their debt. But, as our frontline services come under ever increasing pressure, it is important we do everything we can to maximise income, ensuring that those who are able to pay do.
- 1.3. In our 2018 manifesto we committed to reviewing our approach to collecting debt owed by residents to Hackney Council. This piece of work has sought to establish the balance between support for residents struggling to pay and sanctions for those who simply choose not to. It establishes a consistent approach across the Council and puts in place practices and mechanisms that ensure the appropriate support is there for residents that need it.
- 1.4. Our new approach will allow services to reach out and give support to some of the most disadvantaged and vulnerable residents in the borough. It offers a more consistent and effective way of collecting debt and enables early intervention with the aim of preventing debt from escalating.

2. GROUP DIRECTOR'S INTRODUCTION

2.1 Hackney has a strong financial track record delivering savings in response to continued Government grant reductions. The scale of the financial challenge facing Hackney continues with a need to save a further £40m across all services over the next 3 years. We need to ensure that the Council maintains its overall financial position as this has been the bedrock of the Council's success over the past decade

2.2 The collection, recovery and management of income is a key element in the success of maintaining a sustainable financial position. The Corporate Debt Collection Policy recommended in this report balances the Council's need to maximise the income collected from all services with the need to support families in financial hardship and struggling with debt.

2.3 The Corporate Debt Collection Policy sets out a One Council approach for the collection and recovery of debt and seeks to improve income collection in the long term, support households having difficulty paying their debts, and help Hackney achieve its vision where all residents have a chance to lead healthy and successful lives.

3. RECOMMENDATION(S)

3.1 To approve the Corporate Debt Collection Policy (and the Vulnerable Person's Debt Policy, which forms part of the Corporate Debt Collection Policy). This will enable Hackney to have effective strategies in place to support customers who are experiencing financial difficulty. It will also allow Hackney to achieve fairer customer outcomes, better customer engagement and sustainable payments.

3.2 The Mayor and Cabinet to approve delegation to the Group Director of Finance and Corporate Resources in order to make minor amendments to the Corporate Debt Collection Policy and associated policies.

4. REASONS FOR DECISION

4.1 Significant progress has been made to maintain Hackney as a high performing borough but as outlined in Hackney's corporate plan 2018-2022 there is still more to do. "After eight years of austerity, the financial challenge to local government remains acute. Hackney will have lost £140 million from our annual Government grant by 2019/20, around 45%, and we must find further savings. Inequality is widening in the borough, and welfare reform is increasing that challenge and driving demand on our services. As a Council, maintaining strong, cohesive, healthy communities in the face of that inequality, is one of our greatest and most difficult tasks."

4.2 The introduction of Universal Credit to Hackney in October 2018 is the biggest change in welfare reform in the last 30 years; it replaces six different benefits with a single monthly payment. There are challenges caused by a single monthly payment and the way it is paid, with some aspects of Universal Credit causing or exacerbating personal debt problems. There is a minimum five week wait before receiving the first payment, some customers now have to meet the shortfall in rent payments and many more are worse off financially. Consequently, the number of people reporting debt problems is on the increase. Universal Credit will not be fully rolled out in Hackney until 2024 and, while the Council is investing in helping people prepare, it is likely that the number of people affected by debt issues will increase as this happens.

4.3 Research from the Money Advice Service and Californian Analysis Centre Inc. has indicated that just over a fifth of adult residents in Hackney are living with problem debt i.e. those likely to find monthly payments a 'heavy burden' and/or those missing more than three bill payments within a six-month period. Also the English Indices of Deprivation 2019 shows Hackney to be the 7th in the most deprived local authorities based on rank (the average level of deprivation across the borough based on the population weighted ranks of all neighbourhoods). Hackney's Community Strategy aims to address poverty and income inequality and looks to support people to resolve problems before they become unmanageable.

4.4 Hackney has invested in advice and support services for residents who are struggling financially or are in debt, but there needs to be a change in the approach to how income is collected, so that advice and support are offered in the early stages of the debt recovery processes. We also want to reduce our reliance on enforcement agents.

4.5 There is a not only a need to maximise the income collected from services such as housing rent, council tax, business rates, housing benefit overpayments, adult social care, parking and sundry debt to deliver and invest in services, but also to ensure that households do not lose their homes because of the level of outstanding debt they have. This aspiration contributes to one of the aims of the community strategy and Mayor's priorities to be "A borough where everyone can enjoy a good quality of life and the whole community can benefit from growth."

4.6 Debt advice organisations, such as the Money Advice Service (MAS) are pushing for more to be done to support those living with problem debt. MAS want creditors, like Hackney, to adopt good collection practices that:

- Reduces the impact of unmanageable debt on people's lives.
- Encourages early and ongoing engagement.
- Gives people the best ways to deal with their financial difficulties.
- Improves people's financial health and helps them to become less vulnerable to problem debt.

4.7 The Government is planning to introduce 'breathing space' legislation in early 2021 that will temporarily suspend recovery action and prevent further costs and interest being charged whilst people with debt problems actively work with debt advice organisations to reach a debt solution. The Government also plans to reform Council Tax collection, which the Citizens Advice Bureau says is the most common debt problem they help people with, so that people are

treated with care while Councils collect the income they need. As a result of this, Councils will have to change their debt collection approach. Hackney needs to ensure that they have a corporate collection policy which takes into account personal circumstances and which does not potentially push households further into debt from added charges as a result of recovery action. Debt problems can affect mental health and therefore, the Council needs to support the delivery of a new approach that will help address the issues of household debt and in the long term maximises the income households need.

4.8 The rules and regulations that govern how each service collect debts are different, but a corporate approach to personal debt will ensure that services are fair, consistent and supportive in the stages prior to starting court action. There is greater emphasis on early and ongoing engagement with customers in a variety of ways to try to resolve problems and address wider issues so that they can pay their debts. Research from the Citizens Advice Bureau has shown that customers who are in debt tend to be on low incomes or in receipt of benefits and often are unable to cope with the pressures of demands of payments. Other research studies indicate that they also tend to have higher levels of health and social problems, including mental health issues.

4.9 In adopting a corporate debt collection policy, services across the Council will use appropriate communication methods and proportionate collection methods that will take into account vulnerabilities. Currently each service has their own Vulnerable Person's Policy and these will sit alongside a corporate one, which services have been consulted on and had input into. The policy will also:

- Aim to stop the escalation of recovery action and prevent debts from increasing.
- Reduce the number of cases that are referred to enforcement agents and lead to evictions as greater effort will be made to engage with customers in the earlier stages.
- Improve collection levels in the long term as customers will enter into payment arrangements that they can sustain having taken into account household affordability.
- Enable debts to be paid in order of priority.
- Encourage joined-up working between Council services and ensure debts owed to different services are not considered in isolation of one another.
- Promote partnership working with debt advice organisations so that customers are given time to get the help they need.
- Help Hackney achieve its vision where all residents have a chance to lead healthy and successful lives.

4.10 Not all customers will choose to engage and it will be necessary to continue with court action in some situations if debt remains unpaid. However, this policy aims to significantly reduce the number of cases where this happens, particularly for customers on low incomes or on benefits. Joined-up working with services will also ensure all relevant information is available to make an informed decision and if appropriate, make a referral to Adult Social Care, where there is concern about a customer's wellbeing.

4.11 Services were consulted about their existing collection practices and their capacity for better engagement. Not all services use the latest technology in communication or have resources to offer the support needed to engage with customers beyond sending letters. There is a consensus of opinion that services will need to work towards this and that more needs to be done to help customers in debt.

5. DETAILS OF ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

5.1 The changes in welfare reform and the increase in the number of households that are in debt demonstrates a need for the Council to have a single approach to how services collect income and the support offered to people in debt. Consideration was given to continuing with the current model of all services working independently of each other and to their own policy and procedures. However, the impact to customers who owe multiple debts to the Council is likely to lead to stress and anxiety and result in broken payment arrangements with services chasing the same limited amount of money.

5.2 Transferring responsibility to a centralised team who would deal with customers who owe multiple debts was also considered as an option. This would allow customers to have one point of contact and enable them to come to a single payment arrangement to clear all debts. The idea was explored with several companies to develop a system that could merge data from the different systems used by Hackney services to create a unique reference that would enable a single payment to be distributed back to the host systems. These companies were all confident that they either already had the technology to do this or could develop a system to deliver on a specification. However, none were able to evidence that this could be achieved following a series of presentations to showcase their products and in the case of one company the costs were too high to test whether their system could in fact meet the requirements. The concept of one team is sound but the software needs to be developed to fully support this method of collection. In the short term any centralised team would have to continue to operate within its current system and perimeters until a suitable system is found.

5.3 Further investigations are being carried out with Civica Pay, the payment system replacing Paris (the Council's cash collection system), to determine if it is possible to develop a system to collect multiple debts with one payment. There is no specification available yet and this won't be considered until after Civica Pay, which has gone live and is bedding down. So discussions will commence as soon as possible.

6. BACKGROUND

A project was set up to review existing income collection methods across the Council, explore options that would offer support to customers and test possible solutions that would bring about change to the way services work with residents experiencing financial difficulties. The Revenues Service, which collects council tax from every household in the borough, participated in a number of pilots to help the project team gather evidence to develop a working policy. The scope of the project included

- Signing the Citizens Advice Bureau's (CAB) Council Tax Protocol
- Setting up pilots
 - Working in partnership with debt advice agencies and operating a direct referral scheme. This will help customers who find it difficult to navigate the landscape of the debt advice industry and encourage customers who have not considered seeking advice themselves.
 - Using the MAS standard financial statement to assess household affordability and to set up realistic payment plans for customers in debt.
 - Creating a team specifically to engage with customers to avoid the use of enforcement agents.
- Exploring alternative communication methods in addition to letters to promote engagement and payment.
- Exploring a single payment option for customers who owe multiple debts to the Council.
- Working with other services to review their procedures for collecting debt and discussing the scope for a corporate debt collection approach.
- Developing a Corporate Vulnerable Person's Policy that sets out the Council's standards for services to adopt when dealing with customers who are at risk of or vulnerable to falling into high levels of debt.
- Developing a Corporate Debt Collection Policy based on research and findings.

The findings are outlined later in this report.

6.1 Policy context

6.1.1 The corporate debt collection policy allows services to reach out and give support to some of the most disadvantaged and vulnerable residents in the borough. It offers a more consistent and effective way of collecting debt and enables early intervention with the aim of preventing more serious recovery action.

6.1.2 Independent debt advice organisations have for many years campaigned for more consistent creditor practices when people fall into financial difficulty and this changed approach means that the Council's new focus is on ensuring that debt recovery practices have affordable and sustainable repayments at the heart; prioritising supporting residents to financial recovery.

6.1.3 Hackney's Community Strategy wants everyone to be able to secure a decent standard of living and recognises that poverty has a major impact on people's health and wellbeing. By giving residents a breathing space, so that they have time to get debt advice and explore options for managing/improving their financial health, will alleviate stress, pressure and mental health issues that people in debt can experience.

6.1.4 The End Child Poverty Campaign 2019 which uses a measure for estimating child poverty based on income after housing costs, estimates that 48% of children in Hackney were living in poverty. A quarter of the 13,000 households on the Council's waiting list are homeless (April 2019). Almost two-thirds of the 3,000 people who accessed Adult Social Care services are aged 65 and over. With rising costs and demands for services the Council's priority is to protect frontline services and to make sure that the most vulnerable residents are looked after. The proposed collection approach sets out how we will maximise the income needed to support this aim.

6.1.5 The policy is designed to encapsulate debt collection across all services. It introduces a standard corporate vulnerable person's policy to stand alongside any service policies that already exist relating to vulnerable people. More importantly, it aims to prevent a recurrence of people getting into debt again

6.2 Developing the Policy

6.2.1 The CAB Council Tax Protocol

6.2.2 The CAB identified from their casework that poor collection practices can often worsen a council taxpayer's debt problem. This contributes to stress, anxiety or mental health issues, which impacts on employment prospects and can lead to taxpayers seeking help from the Council and its partners.

6.2.3 The CAB believe that if Council's work more closely with debt advice agencies, the collection processes can be improved. They produced the Council Tax Protocol (the Protocol) which looks at good practices for collecting council tax arrears. The Protocol has been produced for Councils, enforcement agents debt advice organisations and focuses on three principles-

1. To foster more effective partnership working.
2. To improve the information supplied to council tax payers about the billing process, how to get support and debt advice and to promote engagement.
3. Recovery – to make greater effort to make contact with a debtor at or before the Tribunals Courts and Enforcement Act's compliance stage, including debt and money advice referrals to assess whether vulnerability or hardship applies so as to avoid escalating a debt.

6.2.4 The protocol was reviewed and compared to existing practices adopted by the Revenues Service. The review identified that the Revenues Service were already working in the way suggested by the CAB and therefore, only minor amendments were needed to reflect capacity and resources. Examples of some of the things the Revenues Service are doing-

Partnership

- Hold regular meetings with the enforcement agents and debt advice agencies to discuss practical and policy issues.
- Promote mutual understanding by providing training for staff, inviting debt advice agencies to talk about the work they do and sharing good practices.

Information

- Reviewed and amended letters and notices so that the language is clear, following advice received from the Money Advice Trust.
- Included information on how bills can be reduced through reliefs, exemptions, council tax support schemes and where to get debt advice.

Recovery

- Charges associated with recovery are regularly reviewed and haven't been increased for the past 10 years.
- Customer's personal circumstances are being considered to determine if their case should be passed to enforcement agents.

6.2.5 Following a meeting between Hackney and the CAB, the Protocol was finalised and signed by Mayor Glanville and Yasmin Alam, Chief Executive for East End CAB, in March 2018 and went live.

6.3 The pilots

6.3.1 The Revenues Service has a statutory obligation to collect council tax and customers are often pursued through the courts to collect council tax arrears. This can result in customers incurring additional costs, some quite substantial, if enforcement agents are used, or if action progresses to committal or charging order stages. However, the Council wants to be able to identify customers who can't pay (as opposed to those who won't pay but have the means to) before legal action is taken so that they can get help. Three pilots are being carried out that look to offer customers in financial difficulty additional support to get help, reduce the risk of the extra charges, and enter into realistic sustainable payment arrangements.

6.4 Referrals for debt advice

6.4.1 Customers are signposted to various debt advice organisations through notices and the Council's website. The aim of the referral scheme is to refer customers directly to PayPlan, Hackney CAB and Fair Money Advice, where they can get help to manage and overcome their debt problems.

6.4.2 PayPlan provide a secure web form for staff to complete to request a call back or email communication to the customer. Hackney CAB and Fair Money Advice accept referrals by e-mail and will contact customers for an initial assessment within 24 hours. They will then book an appointment for a face to face meeting within 10 working days; customers at risk of losing their homes or enforcement action will be seen sooner.

6.4.3 Staff were required to identify customers who may need debt advice when they contacted the Council Tax Team, by reviewing information held on their accounts and asking questions to build a picture of their circumstances. Customers who were in financial difficulty were asked for their consent to be referred to get debt advice. It was anticipated that customers who seek debt advice, which includes looking at options to help boost their income and reduce their debts, will be in a better position to manage their finances and start repaying what they owe.

6.4.4 Once a customer was referred to a debt advice organisation

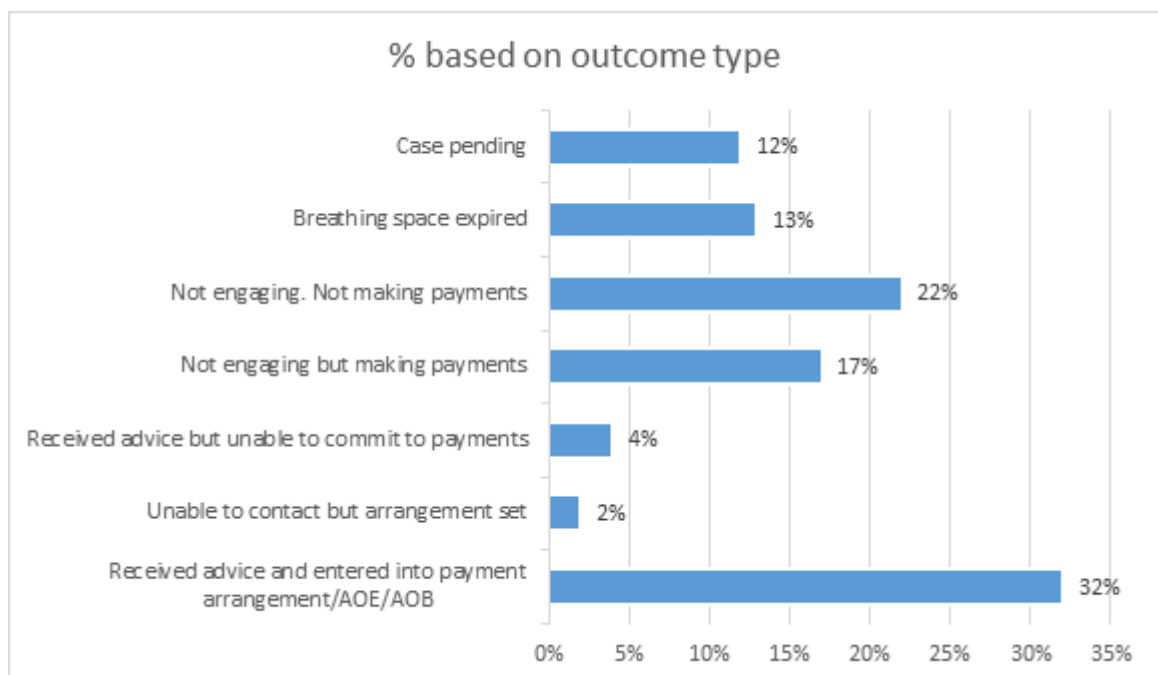
- Their account was coded to indicate that they had been referred.
- Recovery action was initially suspended for 28 days. The period of suspended recovery has been extended to 60 days as it was found that the debt advice organisation needed more time to work with the customer to resolve their issues and this is now in keeping with the government's proposed breathing space.
- The customer's details were added to a shared spreadsheet so that progress on their cases could be monitored.

6.4.5 Once the customer had received advice the Council Tax Team was sent a completed Standard Financial Statement setting out income, expenditure and what available money was left to clear arrears.

Financial year	Number of customers referred
2018-19	109
2019-20 (to end of Sept)	116

6.4.6 The number of customers that are referred for debt advice is increasing as staff get to grips with the new approach. The chart below shows that not all customers (39%) were willing to engage with the debt advice organisation once they were referred, however, more than half of those who didn't engage were still willing to make payment arrangements. Excluding customers who are waiting an outcome to their referral, 72% of those cases that have been resolved have entered into payment arrangements. However, there is concern that 12% of customers aren't able to commit to any payments and 13% weren't able to reach a resolution within the 60 day period.

6.4.7 Additional financial assistance was considered for some of these customers and alternative options pursued, such as a debt relief order .



6.5 Money Advice Service Standard Financial Statement

6.5.1 The Money Advice Service launched the Standard Financial Statement (SFS) in 2017 as a way of bringing greater consistency to assessing household affordability across debt advice organisations and creditors. It is a universal financial statement which includes common fixed and flexible expenditure categories, one set of spending guidelines and a saving category to build financial tolerance. It allows for a detailed financial statement setting out the customer's income and expenditure.

6.5.2 The Council Tax Service switched to using the SFS to enable customers who are in financial difficulty and have multiple debts to work out affordable payment plans. The SFS is being completed by Hackney CAB and Fair Money Advice who during an appointment will ask customers to provide details of their income and expenditure and appropriate evidence.

6.5.3 The Council Tax Service is committed to accepting proposals for payment based on the SFS, provided the information contained within it is accurate. As part of the process the Council Tax Service checked internal records for information they hold about income, benefits and rent. If there is any disparity the SFS is returned to the debt advice organisation for the figures to be amended and the proposal for payment revised.

6.5.4 The SFS can be completed at any stage of recovery but during the pilot the majority of cases related to customers who had been subject to recovery action. So far 53 out of 97 customers whose cases have been dealt with have entered into payment arrangements and 85% are keeping to arrangements, including those where arrangements have been subsequently revised.

6.5.5 The Adult Social Care Service will move to using this model once they have put in place a more formal structure for debt collection.

6.6 'Stop the knock'

6.6.1 Stop the knock is a campaign run by the Money Advice Trust to increase levels of engagement by local authorities, improve debt collection practices and reduce the use of enforcement agents long term; the approach is being adopted by the Council Tax Service. Cases are normally sent to enforcement agents because of no engagement from the customer throughout the recovery process. When this happens the customer can incur substantial costs if they do not engage with the enforcement agent at the compliance stage.

6.6.2 The Stop the Knock pilot focused on trying to engage with customers in receipt of Council Tax Reduction (CTR) or who have children to avoid passing their cases to enforcement agents. In January 2018, as part of a four month pilot, 483 cases were passed to an external company who attempted to engage with customers in a variety of ways, such as by letter, email and telephone, to secure payment arrangements.

6.6.3 Initial feedback demonstrated that real progress can be made on the cases actioned where resources can be targeted. However, the external company withdrew from this type of work and as a result, a business case was put forward to create an in-house team of four officers and a team leader to continue with this work. The team, which is named the Stop the Knock Team, has been in place since January 2019 and the annual staff cost is approximately £236k (based on using agency staff for the pilot).

6.6.4 As at the end of October 2019 13,079 customer accounts had been reviewed and following further engagements just over £669k has been received in payments. Where customers have set up payment arrangements £75k has been collected on completed arrangements.

6.6.5 The Table below shows a summary of the work completed during October 2019.

No. of reviews	No. requiring action	Contact made	Contact success rate	Arrangement set up	Arrangement set up rate of those contacted
3635	2598	869	33%	511	59%

6.6.6 Each month the Stop the Knock team review accounts where the customer is in receipt of CTRS, but has a debt at the final notice stage that may progress to a summons being issued. Since April 2019, a total of 2,391 accounts meeting this criteria have been reviewed. Subsequently, 1,827 did not receive a summons. However, where households still choose not to engage or respond to any form of communication from the Council regarding their debt, then the case does progress to summons stage.

6.6.7 Overall Overall cash collection for council tax as at December 2019 had risen to £82.2m when compared to the same period in 2018. Boding well that the final outturn at the end of March 20 will compare favourably to last year's performance.

6.6.8 Despite the intensive engagement window now offered by the Stop the Knock Team some residents still choose not to respond. It is essential that we get residents to engage, so that we can put a repayment plan in place, help them access support and signpost them to advice services. If they don't engage their debt will continue to rise with all the implications that carries.

6.6.9 We therefore continue to use Enforcement Agents as a final engagement tool. The majority of contact is made at the compliance stage, which is before the enforcement agents visit properties. If a visit is necessary because the customer still hasn't engaged and neither Council Tax nor the enforcement agents are aware of any children living in the household then visits will be carried out between Monday to Friday. If Council Tax or the enforcement agents are aware that children are living in the household we will make every effort to contact the debtor by alternative methods. If however at the time of the visit there are no adults present the enforcement agent always withdraws.

6.6.10 Enforcement agents are trained to identify and support vulnerable people and anyone referred to our Enforcement Agents found to have a vulnerability is referred back into the Council. The three enforcement agencies used by the Revenues Service also have their own welfare support teams to offer debt advice to customers in addition to that offered by the Council and partners. It should be noted that our policy is never to allow removal of personal property without seeking explicit permission from senior Revenues staff and this permission has not been given for many years. In the vast majority of cases using enforcement agents is a final step in getting residents to engage in addressing their debt and we have no intention to remove personal property.

6.6.11 The approach is under constant review as we develop other tools to encourage further engagement. However, the in-house team continues in their efforts to focus on residents who receive CTRS and are likely to incur costs through non-payment/inability to pay and are doing whatever they reasonably can to assist them.

6.7 Sustainable improvement

6.7.1 The Customer Service Division is responsible for debt recovery as well as preventing homelessness. However, a review of how the services worked together highlighted a need for change, particularly in regards to joined up working, reducing debt, minimising duplication and better engagement. A project was created that focused on engaging with customers in the early stage and offering housing and money management appointments.

6.7.2 Customers who had received a council tax reminder notice were contacted. The aim was to identify customers who were struggling to keep up with their payments, had multiple debts and were willing to participate in an interview.

6.7.3 From a list of 44 customers who had received a reminder notice, 50% were in receipt of council tax reduction and seven identified as having difficulties with debt were willing to engage. All seven had recovery action suspended on their accounts for an initial two weeks.

6.7.4 These customers were invited to a face to face appointment where they were asked questions about their personal circumstances including expenditure and what a good life would be for them. They were then given a task e.g to produce a list of their debts, make a claim for benefits (council tax reduction, universal credit etc). After completing their tasks they were offered a second appointment to help come to payment arrangements.

6.7.5 Five customers (including one with mental health issues) have made sustainable payment arrangements.

6.7.6 The project learned that those customers who engaged from the outset and attended the debt support appointment were positive about the support being offered. During the interview they had the opportunity to discuss their financial situation in a safe environment. There was no expectation to agree to a payment arrangement at the first interview. Customers who engaged at an early stage were in a stronger position to come to a realistic payment arrangement and if engagement happens at crisis point the customer may not be in the right frame of mind nor in the financial position to make payment.

6.7.7 This was a successful pilot because all customers identified as having financial difficulties found the interview very useful and said their confidence in making an arrangement increased from 'not confident at all' to 'confident'.

6.7.8 The Adult Service Care Team worked with the Revenues Service to review their documentation leading to a more structured approach to debt collection. The Adult Social Care Team does not have any figures that outline any improvement in collection but they have updated all their procedures. It is hoped that in the future they will move to using the standard financial statement, where applicable.

6.7.9 The learnings from these pilots have been incorporated into the policy. To ensure consistency of the approach across the Council standard monitoring of outcomes will continue in each of the service areas with key information such as:

- The number of households referred to advice agencies
- The number of arrangements agreed and maintained
- The number of arrangements terminated
- Collection performance
- Customer satisfaction

It is then intended to provide regular updates to the lead member for Finance and an annual report to the Mayor and Cabinet.

6.8 Equality Impact Assessment

6.8.1 The primary group of people affected are residents who are responsible for paying rent, council tax and/or other charges (e.g. service charges, adult social care packages). Other people that are affected are staff and those working in debt advice organisations, who can help customers to reach a debt solution. EIA analysis identified the impact across the equality groups is largely positive.

6.8.2 The policy supports the equality objective to increase prosperity for all and tackle poverty and socio-economic disadvantage. Specifically, it encourages services to identify residents who are in financial difficulty and get them the help they need to enable them to improve their financial situation.

6.9 Consultations

6.9.1 The Council consulted with debt advice organisations such as the Money Advice Service and Hackney Citizens Advice Bureau, who have both carried out extensive research into the issues facing people in debt and the effective strategies that creditors need to have in place to offer support to customers. This includes better partnership working with advice organisations.

6.9.2 The approach to delivering advice was explored and clarification was sought from the Policy and Partnership Team on the advice framework agreed for advice organisations that received funding, in particular, those that specialise in debt advice.

6.9.3 Feedback was sought from customers who participated in the pilots which included a bespoke referral process where they received advice and had their household affordability assessed. The feedback was very positive with customers feeling that they are more inclined to contact the Council for help in the future and pressures felt removed once help was given.

6.9.4 Services were asked for their opinions on their existing collection practices and the new approach to working.

6.9.5 Hackney Councillors were invited to workshops where they were given an overview of the proposed new collection approach and the work of the Revenues Service who participated in the pilots. They were consulted on the policy to ensure that it supports the Community Strategy of protecting and supporting vulnerable people and offering better help to people earlier.

6.10 Risk assessment

6.10.1 The debt advice organisations' capacity to cope with the volume of people seeking advice may result in a delay in customers receiving advice and achieving a swift debt solution. This could impact cash collection. To minimise this Hackney aims to extend partnership working with as many debt advice organisations as possible, including those that offer telephone advice.

6.10.2 Income collection may fall, at least in the short term, whilst sustainable arrangement plans are put in place. Consequently, we will need to rebalance the forecast for arrears collection long term to allow for a slower rate of collection.

7. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

7.1 There are no specific financial implications arising from the recommendations in this report. This Policy is an important component in the Council's objective to collect as much council tax, rent and other monies owed to us as we can, whilst recognising and supporting those customers who can't pay.

7.2 The Corporate Debt Collection Policy brings together and consolidates standards to be adopted across the Council for the collection and recovery of debt, introduces best practice for the recovery of debt and provides a corporate approach for the support to customers who are having difficulty paying debts owed to the Council. The Policy also reflects the Council's aspirations as set out in the Corporate Plan to take a One Council approach and deploy the right delivery approach to ensure we truly understand residents needs whilst recognising resource constraints which includes our duty to collect debt owed to the Council.

7.3 The focus of the policy on early intervention, "breathing space" and other support to families in financial difficulties should enable the Council to maximise income collection and also prevent families falling into deeper debt and then, potentially, needing to access more costly Council services.

7.4 Any costs arising from the implementation of the policy will be met from within existing cash limits.

8. COMMENTS OF THE DIRECTOR OF LEGAL & GOVERNANCE

8.1 In 2018, the House of Commons treasury select committee made calls for changes to the ‘uncompromising’ way debt is pursued by local and central government. There have been calls for reforms and guidance for a fairer, more efficient collection system.

8.2 The financial challenges facing Local Authorities have been highlighted in the body of this report, as have the impact that these debts and their consequences can have on the Borough’s residents. The need to collect outstanding debt should be balanced with any statutory duties that the Council may owe residents.

8.3 Currently the Mayor’s scheme of delegation reserves to the mayor and Cabinet, approval of all corporate policies and strategies and the Corporate Debt Strategy and Write Off Strategies (but excluding decisions on individual write offs unless required by this scheme or the Constitution). In order for the Group Director to approve the Corporate Debt Policy (and any associated policies) going forward, and any minor amendments to them, the recommendation in paragraph 3.2 needs to be approved.

8.4 There are no further specific legal implications that arise from this report, save that in line with the Corporate Debt Collection Policy, when considering any action, the Council should always bear in mind any statutory or legislative duties/protocols that may be relevant.

APPENDICES

- Appendix 1 Corporate debt collection policy - full version including vulnerable person’s debt policy.
- Appendix 2 Plain English version of corporate debt collection policy
- Appendix 3 Hackney principles in debt collection

EXEMPT

N/A

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

None

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