

London Borough of Hackney
Corporate Debt Collection Policy
2020 -23

London Borough of Hackney - Corporate Debt Collection Policy

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1. Introduction

The financial environment that the Council operates in is extremely challenging. We are faced with rapidly diminishing income from the Government with Hackney, seeing funding cut by £140m since 2010 with another £30m to be cut by 2022.

Hackney is ranked as the 19th local authority district with the highest proportion of income deprivation in England, with 25% of children and 40.7% of older people in the borough living in income deprived households (Indices of Deprivation 2019). 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 our housing waiting list are homeless (April 2019). Almost two-thirds of the 3000 people who accessed Adult Social Care services are aged 65 and over.

With rising costs and demands for services, our priority is to protect frontline services and to make sure that we can look after our most vulnerable residents. To achieve this we need to maximise the money we collect across all services, which includes; Housing Rent, Council Tax, Non-Domestic Rates, Housing Benefit Overpayments, Adult Social Care, Parking and Sundry Debts.

Much effort has gone into improving collection levels over the past 10 years and this has also included reviewing key areas of the recovery process, such as the use of Enforcement Agents, and the approach to the identification and treatment of vulnerable people.

It is essential that we maximise income collection to deliver and invest in services. But with household debt in the UK growing, the task of collection is made more difficult. Changes to the welfare system are now being felt by people who have less income as a result. Research from the Money Advice Service and Californian Analysis Centre Inc. has indicated that 20.9% of adults in Hackney are living in problem debt i.e. those likely to find monthly bills a 'heavy burden' and/or those missing more than three bill payments within a six-month period. As at March 2019 the overall debt owed to the Council totalled £127 million.

In order to help address the issue of household debt and the long term implications, the Council has implemented a good debt management strategy and adopted a collaborative collection approach across all services that supports people experiencing financial difficulty to get help so that they can pay their debts. The aim is to help people seek financial advice via signposting or referrals

to independent debt advice agencies at the earliest opportunity, to minimise the risk of eviction or enforcement action.

The approach encompasses best practices based on the Money Advice Service's toolkit for creditors and will also:

- Encourage residents to pay promptly and regularly.
- Attempt to remove barriers so that residents can contact the Council as soon as problems arise.
- Help to prevent increasing debts.
- Have regard for the resident's ability to pay.
- Ensure that services work closely together to maximise collection and minimise duplication.

2. The purpose of this policy

This policy sets out the best practices that Council services have adopted in debt collection including best practice measures recommended by the Money Advice Service and which are used across local authorities as well as banks and building societies.

It looks at what we can do to help prevent debt increasing and how we can effectively help the most vulnerable and those experiencing financial difficulties learn to manage their affairs in the short and long term.

It ensures a consistent framework in how households who owe money to the Council are treated across all services throughout the income collection process. This includes how they are contacted and repayment terms offered. The policy does not prejudice the legal action that the Council can take, as services are required to adhere to certain legislation and regulations specific to their area and will follow their policies to ensure income is collected.

It sets out the support offered to ensure households can both understand and meet their obligations to pay their bills. We work in partnership with independent debt advice agencies who will help residents to manage their debts, claim financial assistance and work out affordable payment plans.

The Council wants to encourage early and ongoing engagement so that people are confident in contacting services as soon as they realise that they have entered a period of financial difficulty. We aim to remove any barriers that may deter contact by being open and transparent at all times, so that people know what to expect if they do not pay and how they can get help.

It is also recognised that sometimes households are overcome by the number of letters issued and do not seek help. Our approach looks to utilise non-threatening communication methods such as texting and e-mails to provide information on what help is available and how to access it. Where people prefer to speak to someone independent of the Council then we will ensure they have access to the contact details of organisations that can help or refer them ourselves with their consent.

With so many households in problem debt, the Council can offer extra support by allowing a 'breathing space' for those who need it, which entails the suspension of recovery action for a limited period. The policy sets out the terms and conditions for receiving extra support and the protections offered.

This policy also looks at how information may be shared and how services will work together with residents to identify those struggling with payments and moving further into debt. Residents who owe multiple debts across the Council but have not made payment arrangements, could be assisted to agree one affordable repayment plan to maximise collection levels and minimise duplication.

3. Different stages of debt

The Council's has a duty to ensure that amounts that are properly due to the Council are collected in a timely and efficient manner. The Council has statutory obligations to notify households of their liabilities and will send bills, invoices and reminders which set out the amounts and dates to be paid.

Households will be contacted in a variety of ways to encourage payment to avoid a build-up of arrears, rather than just sending letters on multiple occasions. We will also ensure that there are clear recovery processes which are understood and implemented impartially by services, which should minimise referrals to enforcement agencies or evictions.

3.1 Initial bill

This will be the first notification of the debt. This could be a bill, invoice or letter setting out what is owed and when payment is required. It will be issued as soon as is practicable. This will vary in each service and could be before the start of a financial year, quarterly or once a resident has been identified as liable to pay for a service or charge.

The bill will be written in plain English and be clearly itemised, setting out the charge, what it relates to, the different methods of payment available, and the service's contact details.

Where appropriate we will include other information relating to getting money off your bill (e.g. benefits, discounts, exemptions and reliefs) and where to get support and advice.

We offer direct debit as the preferred payment option as it is convenient and hassle free; removing the need to call or go online to make payments. Services such as Council Tax and Housing provide a choice of more than one payment date in a month.

3.2 Reminder

If payment is not made as set out in the initial bill, a reminder will be sent asking for the overdue amount(s) to be paid. We will also advise residents what will happen if the overdue amounts are not paid.

We will signpost to help available for those who have difficulty in paying by providing contact details or web links for more information. Households will be able to contact services directly or independent debt advice agencies.

3.3 Text

If we hold a mobile contact number we can send a text message as a reminder that payment is due. This may be sent before or after a reminder notice. Some services include links to the Council's payment pages to make the process simpler^[KB1] and contact details where residents may get help.^[WW2]

Residents can opt out of receiving texts if they do not want to be contacted in this way by contacting the relevant service(s).

3.4 Telephone

We can make calls during and out of office hours to engage with residents who have not responded to previous communications to encourage payment. If a resident is experiencing financial difficulty and is unable to clear their arrears immediately, we will try to offer a solution that suits both the individual and the Council. This could, for example, include agreeing an alternative payment arrangement or making deductions from benefits (if applicable).

If additional help/support is needed to help residents cope better with their situation and give them the confidence to decide what help they require, we will

signpost them to an independent debt advice agency and explain what will happen whilst they get advice.

3.5 Financial support evening

The Council Tax Team already invite residents who have been sent a summons for non-payment to attend evening surgeries at the Hackney Service Centre and help them come to payment arrangements so that further recovery action can be avoided. These surgeries are held a week before each court hearing.

We therefore aim to hold evening surgeries and invite residents, who may be at risk of more serious recovery action such as eviction, to come along and discuss their situation. Partner services like Citizens Advice Bureau East End and Fair Money Advice, will be on hand to offer advice to residents who are experiencing financial difficulties for a variety of debt.

3.6 Multiple debt arrangements

Residents with multiple debts and who are not making payments will be contacted and invited in for an interview. Debts could relate to any of the following services-

- Council tax
- Housing rent
- Housing service charges
- Temporary accommodation rent arrears
- Housing benefit overpayments
- Adult social care charges
- Sundry debts

Following advice and support we will offer an arrangement that will allow the resident to make a single payment which can be distributed to the different services where debt is owed. This is to enable them to manage their debts more effectively and removes the stress of deciding which debt should take priority.

Payment will be distributed in such a way that all debts will receive a proportion of the payment with priority debts (see Appendix C) such as rent and council tax receiving higher proportions.

We appreciate that a resident's circumstances may change in the future, therefore, we will review payment arrangements annually to find out about any recent changes. However, residents can ask for a review sooner if the change in

their circumstance is significant and will impact on their ability to keep up with payments. Where there has been a change that will affect the monthly payments we will work out a revised payment plan. This may include referring the resident back for independent debt advice.

3.7 Exclusions.

It is important to note that the different stages of debt will not apply to some services, like Parking for penalty charge notices (PCN). This is because Parking operates within strict statutory timescales for payment and there is a legal process for challenging or appealing the PCN if the person issued with the PCN thinks they shouldn't have to pay.

For more information on PCNs visit <https://www.hackney.gov.uk/parking-fines>

4. Advice and support

4.1 How we can help

The Council recognises that people in financial difficulty need to be treated fairly. We aim to help relieve the stress and anxiety that residents in problem debt may experience by working to the principles of good debt management and having effective strategies in place to support them, promote engagement and have regard for what they can afford to pay.

Residents who are in problem debt, be it a temporary or long term problem, or who show signs of being at risk of financial difficulty will be directed to get advice. This will enable them to take better control of their finances and come to payment agreements that they are able to sustain.

The Council works in partnership with organisations who offer specialist debt advice. Some of these include-

- CAB East End
- Fair Money Advice
- StepChange
- Money Advice Trust
- PayPlan

These organisations will look at options that could help residents to improve their financial health, including ways to increase their income, reduce outgoings, adjust their spending and protect them from losing their homes.

Residents will be signposted to independent debt advice agencies at various stages in the collection process and by different methods. Details of where to

get advice are included in our letters, notices and on our website. Staff will also advise residents where to get help if during a telephone conversation or face to face meeting it becomes apparent that a resident is in or at risk of being in financial difficulty.

Some services may ask the debt advice agency to contact the resident where they have agreements in place to work in this way.

4.2 Breathing space

We recognise that residents in debt may not always be able to resolve their problems easily or quickly. Therefore, we will allow residents time to get independent help without fear of their debts increasing further which can happen when recovery action is taken.

When we know that residents are working with a debt advice agency to reach a sustainable solution to their debts, they will be protected from further recovery action and most types of recovery action will be suspended for up to 60 days. However, residents in mental health crisis will be given more time if an Approved Mental Health Professional, such as a social worker, provides evidence that the resident is receiving mental health crisis care. The protections will not be limited to 60 days but will continue for however long the resident's crisis care lasts. The government plans to introduce a breathing space scheme in early 2021 that offers protections to individuals and this policy will be updated once details are confirmed.

4.3 Hackney support teams

Residents will let us know about their financial difficulties in different ways. It could be during a telephone conversation, face-to-face, an email or letter. We will refer residents to sources of regulated debt advice. However, we recognise that some residents may find it difficult to access these services or are unwilling to seek independent debt advice. There are several support teams within the Council that can help residents that have missed payments to take positive action to clear their debts. We want to promote a consistent approach across the Council.

Our support teams will alert other services about a resident's circumstances where they owe multiple debts to the Council. Residents will be given consistent advice irrespective of the team they access first.

The Financial Inclusion Team (Housing) works with tenants to ensure that they have claimed all the benefits that they are entitled to and will refer tenants to independent debt advice agencies if specialist advice is needed.

The Tenancy Sustainability Team (Housing) intervenes when Council tenants get into rent arrears. They will attempt to get tenants to engage at the earliest opportunity and encourage prompt and regular payments to avoid an accrual of rent arrears and possible eviction.

The Housing Advice Teams (Housing needs - Customer Service) gives housing advice and takes action to prevent tenants from becoming homeless.

The One Support Team (Temporary Accommodation) have been commissioned to help residents in temporary accommodation. They provide support to tenants including help in completing forms and making telephone calls.

The Stop the Knock Team (Council Tax) contact residents who are on low incomes and in receipt of council tax reduction. They will look to engage and agree a payment plan before legal action is taken and costs are added to the taxpayer's debt. If a taxpayer is struggling financially they will be referred to one of the independent debt advice agencies.

The Care Charging Team (Adult Social Care Team) will provide advice and support to older people and vulnerable service users to ensure they have sufficient understanding of care charging and the various ways for them to make payments.

5. The standard financial statement

The Council is moving towards using a national income and expenditure form (the Standard Financial Statement) to help residents in problem debt work out how much they can pay each month.

The standard financial statement (SFS) was launched in 2017 by the Money Advice Service as a way of bringing greater consistency to assessing household affordability across debt advice agencies 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.

The Council is committed to using the SFS to ensure that residents who are experiencing financial difficulties are able to negotiate affordable payment

arrangements to clear arrears that take into account their financial circumstances. In using the SFS the Council no longer has to make decisions on what is reasonable household expenditure.

We will accept separate payment arrangements on arrears that have accrued and residents are expected to keep up to date with their ongoing liabilities such as mortgage/rent/council tax/utility bills to ensure that they do not fall further into arrears.

There are financial implications to accepting payments on affordability rather than what is due and the Council may well see a dip in collection performance in the short term. However, this approach should reduce the amounts owed to the Council in the long term, reduce the number of payment arrangements that fail and avoid residents getting further into debt. It will also reduce the number of cases sent to Enforcement Agents for collection.

In situations where the SFS shows the resident to be in financial hardship the Council may consider additional financial assistance that is available (section 8) to reduce debt in the short term.

6. Debt recovery

6.1 Legal requirements

Once a bill has been issued it is the resident's responsibility to make sure that they pay the amounts that are due.

The Council has statutory obligations to collect monies it is owed but at every point we will try to do this without it leading to residents incurring additional costs. We will advise residents what will happen if debts are not paid and provide information where they can get help and advice.

In certain situations the Council may have to initiate legal proceedings through the courts to recover arrears. This may be through a Magistrates' Court or County Court and will depend on the legislation and regulations each service is required to follow.

6.2 Council tax

Taxpayers are given statutory monthly instalments to pay their council tax each financial year and if these are not kept to the right to pay by instalments may be lost. When this happens the full outstanding balance due to the end of the financial year becomes payable. Residents who contact the Council Tax team and who are unable to pay in full will be offered a discretionary payment

arrangement that ensures the council tax is cleared by the end of the financial year. However, we accept that some residents will not be in a position to do this.

If taxpayers do not enter into a payment arrangement or pay the full outstanding balance as requested we will, in accordance with legislation, apply to the Magistrates' Court for a summons to be issued to the taxpayer. The cost of the summons is £67.00 which is added to the resident's bill. At the court hearing the Council will apply for a liability order and an additional £8.50 will be charged to residents if the Magistrate is satisfied that the summons was correctly issued and the debt has not been paid.

Taxpayers can still be offered a payment arrangement after the issue of a summons but the liability order allows the Council to use other collection methods. These include-

- Deductions from Income Support/Jobseeker's Allowance/Universal Credit
- Attachment of earnings/Pension Credit
- Using enforcement agents
- Charging order
- Insolvency

The resident's circumstances will determine the most appropriate course of action.

6.3 Business rates

Business rates payers are given statutory monthly instalments to pay their business rates each financial year and if these are not kept to their right to pay by instalments may be lost. When this happens the full outstanding balance due to the end of the financial year becomes payable.

The Business rates team will endeavour to help rate payers who are unable to pay the full amount in one go. These are more likely to be sole traders who operate small businesses.

If the full balance is not paid, legal proceedings will commence. A summons will be issued and we will apply for a liability order against the rate payer. The cost of the summons is £92.00 and if the Magistrate grants the liability order, a further £8.50 will be charged to the rate payer.

The liability order allows the Council to-

- Use enforcement agents
- Start insolvency proceedings

- Make an application for the rate payer's committal to prison (max. 3 months)

Action will stop if the rate payer pays what is owed including any enforcement fees that have been incurred.

6.4 Housing

Rent is charged every Monday and tenants must pay in advance. Once the weekly cycle has closed and the tenant has not paid they are deemed to be in arrears. Housing will work with tenants to resolve housing benefit problems. They will also work with tenants who have made a Universal Credit claim to ensure help, advice and support is provided. Housing will not commence possession proceedings if the arrears are due to an outstanding benefits or Universal Credit claim but may still proceed with legal action if arrears that have accrued on the account are unrelated to a housing benefit or Universal Credit claim.

Firstly a letter is issued to secure tenants advising that they are in arrears and the Income Team will make three attempts to contact tenants by telephone, home visit or sending an alternative letter. If contact is made, an investigation will be carried out and the tenant will be referred to the Financial Inclusion Team (see 4.3). If there is no successful contact or a resolution is not reached, another letter is sent.

An assessment will be made whether to issue a notice of seeking possession, taking into consideration the tenant's circumstances and the level of rent arrears. If a notice of seeking possession is issued the tenant will be given a deadline to clear the arrears and Housing will make at least three further attempts to contact them.

If the notice of seeking possession expires and the arrears are not cleared, Housing will advise the tenant of the Council's intention to commence legal proceedings. Housing will always consider if the tenant has support needs or extenuating circumstances before deciding to take action and will take reasonable steps to ensure that information has been appropriately communicated in ways that a tenant can understand.

At the court hearing the Judge may decide on one of the following outcomes-

- To grant an Outright Possession Order with costs.
- To grant a Suspended Possession Order with costs.
- To adjourn the hearing on the terms that the tenant pay the rent and a certain amount towards the arrears.
- To withdraw the hearing if the arrears are cleared.

6.5 Housing benefit overpayments

A housing benefit overpayment is any amount of housing benefit that has been paid to a claimant that they were not entitled to and should have been aware it was being paid. We have a duty to recover any amount outstanding as quickly as possible by the most appropriate method.

Where a claimant is still entitled to housing benefit, the overpayment can be recovered from their on-going benefit entitlement. The Government sets the weekly rate that the Council can recover; however, this amount can be increased with the consent of the claimant. In cases where the claimant cannot afford the standard deduction we will assess their household affordability in order to consider reducing the weekly reduction amount.

If there is no on-going benefit entitlement we will recover the overpayment by sending the claimant an invoice after a four week period has lapsed. This period allows for a revision, appeal or a new claim. If the claimant cannot afford to pay the invoice in full we will consider making a payment arrangement taking into account their personal circumstances.

We can take further recovery action if payments are not made in accordance with an arrangement or no payment has been made. This can include-

- Deductions from certain prescribed benefits (e.g. Income Support, Jobseeker's Allowance or State Retirement Pension)
- Court Order
- Referral to Enforcement Agent or debt collection agent

All housing benefit overpayments are recoverable unless they are caused by an 'official error' and the claimant could not have reasonably have known that they were being overpaid when they were being paid or told about their benefit.

6.6 Adult Social Care

Residents who receive care packages include older people who are often in receipt of benefits. They may have to pay a contribution towards the cost of their care which is assessed on their financial circumstances.

The Care Act 2014 does allow the Council to recover and charge interest on debts but given that residents receiving care are from a vulnerable group we will always try to engage with residents to encourage payment.

We understand that these residents are likely to be more focused on their health and may not see paying their bills as a priority. Therefore, we will try to obtain contact details of someone who has the authority to act on the resident's behalf and contact them if we do not get a response to our invoices or letters.

The Council will consider deferred payment agreements for residents who meet the requirements of the scheme.

6.7 Parking

Parking residents enter into a legal process once the contravention has occurred. We will send a statutory notice seeking payment of a penalty charge notice (PCN) to the address where the vehicle is registered. A 50% discount rate is applied if the resident pays within 14 days for a CCTV moving traffic, bus lane or civil enforcement officer (CEO) PCN, or 21 days for a CCTV parking PCN.

Residents can review evidence of their PCN before they dispute or pay it. If they do not challenge or pay within the first 28 days then we will send a 'notice to owner' if the PCN was issued by a CEO or an enforcement notice if it is for a CCTV bus lane PCN. The PCN will then increase by 50%.

If the PCN remains unpaid we will register it as a debt and a court fee is added to the PCN. If payment is still not made after a fixed period we can use enforcement agents to recover the debt.

6.8 Sundry debts

Sundry debts relate to services provided (for example waste management) and will vary from service to service.

We will issue an invoice once the service has been provided seeking payment within the terms offered to the resident. We will also send monthly statements until the debt is paid, as well as make telephone calls and send emails.

If after all reasonable attempts of collection and there are no outstanding queries then the case will be referred for legal action.

7. Use of enforcement agents

The Council will always consider alternative available methods of recovering arrears before using enforcement agents due to the high level of costs that residents can incur. Therefore, where legislation permits it, we will make deductions from Income Support, Jobseeker's Allowance, Universal Credit, Pension Credit or earnings.

Where the law allows us to use enforcement agents for collecting debts we will only pass cases to enforcement agents once we have notified the resident that

enforcement action is pending and if following a variety of communication methods to advise of arrears they do not

- Engage
- Pay in full or
- Make a payment arrangement.

We work in partnership with enforcement agencies and debt advice agencies to ensure that the rights and responsibilities of all parties, particularly those of the resident are clearly set out.

We will not send cases to enforcement agencies if we are aware that the resident is vulnerable. Enforcement agents are trained to identify and support vulnerable people. Some enforcement agencies have their own welfare support teams to offer debt advice to residents; they would also immediately withdraw action if the debtor was identified as vulnerable. These cases are referred back to the Council to give us another opportunity to provide help.

We will monitor the performance of enforcement agencies who are collecting on behalf of the Council to ensure that they are working within the Ministry of Justice National Standards and in accordance with our contract specifications.

8. Hardship funds

8.1 Additional financial support

The Council understands that there will be situations where some residents go through a period of extreme financial hardship and fall into arrears with their payments. Whilst everything will be done to offer support to ensure residents receive financial advice and claim benefits that they are entitled to, the Council can provide additional financial support as a short term measure for residents who meet certain criteria and/or can prove their hardship.

The type of additional financial support will depend upon the type of debt that is owed.

8.2 Discretionary housing payments

If a tenant's rent is not met in full by housing benefit or universal credit and they are temporarily finding it difficult to pay their rent they can apply for extra help to cover shortfalls.

The Council has a limited amount of money each year to help residents so we will need to ensure that discretionary housing payments are awarded to people who need them the most.

Tenants need to apply online and provide reasons why they should receive a payment. We will look at each case on its own merits and consider things like

- The size of the shortfall
- Health or disability
- How long the help will last
- What the tenant is doing to improve their situation

Discretionary housing payments can also cover deposits, removal costs and rent in advance where tenants have to move address and have no other means of meeting these costs.

8.3 Council tax reduction discretionary hardship scheme

The Council's council tax reduction scheme is a means tested award that supports working aged adults on low incomes to pay their council tax, covering up to 85% of the cost.

Taxpayers that are receiving council tax reduction but are still struggling to pay may qualify for help (up to 15% of their council tax liability) through the council tax reduction discretionary hardship scheme.

This fund provides short term help to people in financial hardship who cannot afford to pay the shortfalls on their council tax.

Each application is considered on its own merits, but some things we consider are:

- The taxpayer's financial and medical circumstances and those of their partner and other people living with them
- The taxpayer's income and outgoings and those of their partner and other people living with them
- Any savings that they might have
- Whether the taxpayer is claiming all the benefits that they are entitled to.

8.4 Council tax reduction under Section 13A of the LGFA 1992

The Council has the power to reduce the amount of council tax payable under Section 13A of the Local Government Finance Act 1992.

We will consider reducing the council tax liability for taxpayers in exceptional circumstances only and reductions will be intended only as short term assistance.

Each application is considered on its own merits, but will be subject to the following criteria

- There must be evidence of exceptional financial hardship or exceptional personal circumstances that justify a reduction in council tax liability.
- All other legitimate means of resolving the situation have been investigated and exhausted by the applicant.
- All other eligible discounts/reliefs have been awarded.
- The taxpayer has applied for council tax reduction.
- The taxpayer does not have access to other assets that could be used to pay council tax.
- The situation and reason for the application must be outside of the taxpayer's control.
- The amount outstanding must not be the result of wilful refusal to pay or culpable neglect.
- The Council's finances allow for a reduction to be made.

Relief, which is payable up to a maximum of 100% of the council tax liability, will only be granted to the end of the tax period in which the relief is requested or such shorter period as the Council thinks fit.

9. Irrecoverable debts

The Council recognises that not all debts are collectable and therefore, in certain circumstances it will be appropriate to categorise debts as irrecoverable.

Services will make provision for bad debts that they are unable to collect and where these debts are identified as irrecoverable they will be written off. Each service will have its own policy with details of the action to be taken prior to writing off a debt.

Where a debtor leaves an address without paying their debts all attempts will be made to trace them. Only after all avenues have been exhausted will the debt be recommended for write off. However, even after a debt has been written off and the Council later obtains new information that leads to a current address for a debtor whose whereabouts was previously unknown, the debt will be reinstated and action taken to recover the debt.

Where accounts are closed and small amounts owed, the Council has to consider whether it is economical to pursue the debt. The Council will not recover the debt through the courts where the debt is less than the cost of the action taken by the

Council. However, we will still issue bills/invoices and call the debtor in an attempt to secure payment.

When a person dies we will contact the Executors to arrange for any outstanding debts to be paid from the deceased's estate and this will be done in a sensitive and sympathetic manner. However, occasionally the deceased has no estate and in effect no means to pay what they owe.

Where we are satisfied after making enquiries and have written confirmation that there are no funds available to clear outstanding debts, we will write off the amount outstanding.

Where a person has been made bankrupt, debts included in the bankruptcy order up to the date of bankruptcy are irrecoverable through the normal legal processes and the Council will have to submit a claim to the Official Receiver. The amount we receive will depend on the amount of money to be distributed and if full payment of the claim is not possible then we will be paid a dividend in proportion to the value of each claim.

Where a housing benefit overpayment was caused by an 'official error' and the claimant could not reasonably have known that they were being overpaid, the overpayment will be written off. An 'official error' is a mistake that the Council or another government agency such as the DWP or Jobcentre Plus make.

Directors of services will approve debts recommended for write off before they are written off against the budgeted bad debt provision.

10. Costs and fees

Whenever possible the Council will try to secure payments for debts owed without the resident incurring costs or fees. However, in the event that we have to take legal action to recover debts, the cost of this action will be charged to the resident.

The amount of costs or fees incurred will depend on the debt type, legislation and the courts.

The Council will also seek costs if it requires the services of a legal team to act on its behalf.

Each service will provide information on the costs and fees a resident is likely to incur if they are in arrears and do not make payments.

11. Sharing information

Under the Data Protection Act, the Council has a legal duty to protect any information that they collect from residents. We collect and handle lots of personal data so that we can deliver services to people and businesses.

We have a privacy notice that applies to any personal data collected by us or on our behalf, by any format – phone, letter, email, online, or face-to-face.

We collect and handle data to:

- Provide the service residents ask for – e.g. if a resident applies for a parking permit we will use their data to process this application.
- Confirm a resident's identity and eligibility when they apply for services.
- Stay in contact with residents e.g. if they sign up to one of our newsletters to get information about services.
- Fulfil legal obligations such as licensing, trading standards and planning enforcement.
- Provide information to government, when the law says we need to.
- Assess our performance, ensure value for money, and to set targets for departments.
- To detect and prevent fraud and crime.

We share data internally across services. In some cases, two or more services are jointly responsible for delivering a service, so they all need to access data. In these cases we will make sure that the sharing is reasonable, in line with data protection law, and respects the resident's rights.

We hold a central basic contact record for residents in our Citizen's Index, so that we can provide a better service for residents, use public funds as efficiently as possible, and have the most up to date contact details for residents across services to support their right to accurate data.

We want to avoid taking the same data from residents many times, as storing it once is more secure and accurate.

Citizen's Index is also used to share a resident's data across services to prove their identity.

Full details of the privacy notices for each Council service can be found at <https://hackney.gov.uk/privacy>

**London Borough of Hackney
Vulnerable Person's Policy 2020**

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1. Introduction

Hackney Council is committed to providing quality and accessible services for its residents and service users (its customers). It is responsible for collecting income from council tax, business rates, housing and temporary accommodation rents, housing benefit overpayments, care charges, parking charges and sundry debts to maintain services.

Whilst it is vital to collect this income, many of Hackney residents live with debt problems and find it a struggle to meet their bills. There are different situations that fuel debt problems, such as a change in benefit, income or moving home. To deal with debt residents must be comfortable in approaching the Council for assistance as a valuable avenue to resolve their financial issues.

The make-up of Hackney residents is diverse but this policy seeks to focus on those individuals deemed as being vulnerable. Recognizing that those residents who are vulnerable people need to be assisted in a positive and supportive manner and ensure measures are in place that do not exacerbate the situation. Therefore, this policy provides guidance about residents who could be considered to be vulnerable, whether on a temporary or permanent basis, and the practices Hackney aims to adopt to ensure that their vulnerabilities are protected when offering services and collecting debt. However, the guidance and practices are not to be taken as either definitive or exclusive. Officers should take reasonable steps to ensure that vulnerable residents are fully assisted.

2. Definition of a vulnerable adult

There isn't a single, comprehensive legal definition of a vulnerable adult but according to the former Lord Chancellor's department it is defined as a person aged 18 or over:

“who is or may be in need of community services by reason of disability, age or illness; and is or may be unable to take care of him or herself, or unable to protect him or herself against significant harm or exploitation”.

The Care Act 2014 has superseded this definition by using the term 'adults at risk', which applies when a person;

- a) Has needs for care and support
- b) Is experiencing, or is at risk of, abuse or neglect and
- c) As a result of those needs is unable to protect himself or herself against the abuse or neglect or the risk of it.

Abuse includes financial abuse which is further clarified as

- a) Having money or property stolen
- b) Being defrauded
- c) Being put under pressure in relation to money or other property and
- d) Having money or other property misused.

These are relatively narrow definitions where the Lord Chancellor's department looks at characteristics of

an individual and the Care Act 2014 has an emphasis on circumstances. Whilst the Council will consider both, it will also use discretion in determining if an adult is vulnerable.

3. Types of vulnerability and how we record them

When deciding if a person is vulnerable we will consider a person's physical and mental health as well as their personal circumstances. A person's vulnerability could be temporary or permanent. The following list describes some of the vulnerable adults living in Hackney.

- Older people
- People with
 - mental health issues
 - disabilities
 - learning difficulties
 - language difficulties
 - hearing loss or who are deaf
 - sight loss or who are blind
 - serious/terminal illnesses
- People who misuse substances i.e. addicted to drugs or alcohol
- Victims of domestic violence, abuse or hate crime
- The recently bereaved
- Single parent families
- Pregnant women
- Unemployed people
- Those who have obvious difficulty in understanding, speaking or reading English

Not all vulnerable adults will fall into one of these categories so it is important that each case is assessed on its merits. Consideration should be

given to whether a person has a carer/support worker, is known to Adult Social Care or Children and Young People Services, is under the care of their GP/hospital or have expressed that he/she is feeling suicidal.

In line with the Council's commitment to ensuring no one is left adversely affected by the Windrush scandal, we will seek to identify where the impact of the Windrush scandal has led to an individual finding themselves in debt to the Council and ensure they are referred to the appropriate support services at the earliest opportunity.

We should gather information about a person's personal circumstances that may be relevant to their case. For example, a person with learning difficulties may need help to understand letters we send and this may result in a delay in them responding to our requests for information or a person admitted to hospital switches their priorities from paying bills to getting better. Having relevant information will allow us to respond appropriately.

Once a person is identified as vulnerable and supporting documents obtained where appropriate, records must be updated and alerts added, so that anyone who has the right to access that record is aware of the vulnerability and can take it into consideration when dealing with the resident. Alerts will be reviewed annually to ensure that we have up to date information relating to the residents vulnerability.

Under the Data Protection Act and the General Data Protection Regulations services can only hold and share information relevant to managing an account or case. Therefore, it is important that the information recorded is relevant and limited to what is necessary in relation to providing a service or taking action to recover debts.

Where the vulnerable adult is known to another service area, for example, a council tax payer who is also a Council tenant, the other service should be contacted and made aware of the vulnerability in order to ensure that it is taken into consideration when communicating and deciding on the most appropriate course of action.

It is also essential to liaise with social care services to ensure or check whether the resident is in receipt of care and support services. A referral may be appropriate. (Section 8).

4. Communication

Some residents may find it difficult to communicate in English, read and write letters or communicate verbally.

We should offer telephone or face to face interpreters in other community languages or ensure residents are supported by a family member or friend who can interpret on their behalf. All translation and interpreting services are provided by The Language Shop.

Documents can be translated into Braille, large print or audio on request for residents with sight loss or who are blind.

Arrangements can be made for a British Sign Language (BSL) interpreter or signer for people who are deaf.

Letters and notices should be written in plain English. Where a resident is known to have a learning disability or low literacy, it is good practice to support any written communication with a face-to-face interview. In the case of someone with learning disabilities preferably with a support worker or carer present during the interview.

Where a resident is unable to manage their affairs, for example, due to mental health issues or misuse of substances, we should communicate with a family member/friend/support worker/caseworker/adviser who has the authority to act on their behalf. If the resident has no one to act on their behalf we should make a referral to Adult Social Care Services.

5. Home visits

Where resources permit we should offer a home visit to residents who are unable to visit our offices due to physical disabilities or serious illnesses. It may be appropriate to offer a home visit in other circumstances, for example, a pregnant woman who has young children.

We should arrange convenient times for home visits, taking into account if anyone else may need to be present, for example, a carer. We should check our records for notes and/or warning flags before visiting the property.

6. Collection of debt

The introduction of Universal Credit in Hackney means residents on welfare benefits will now have full responsibility for managing their finances, including paying their rent. This could potentially push residents into debt and seriously impact residents who are vulnerable.

However, we will do all that we can to prevent debt from occurring by identifying vulnerable people at the earliest opportunity, ensuring communications are clear and making referrals to debt advice agencies for anyone who needs additional support.

Being vulnerable does not mean that the Council will not take action to recover debt. However, we will use appropriate methods that take their vulnerability into consideration.

In the event that a vulnerable resident falls into arrears it is important to provide support and engage with them in a way that will encourage payment. Service areas responsible for collecting income are bound by different legislation, which means the legal processes for collecting debt will vary. Whilst the Council has to follow the legal processes for collecting unpaid income, its focus is not only on compliance but also on the outcomes. Every effort should be made to engage

with vulnerable residents or their representatives at the earliest opportunity to help them and avoid legal proceedings.

This may not be possible in services such as Parking, as they do not hold contact numbers for residents who enter into a legal process once the contravention has occurred.

Some vulnerable people may not receive all the benefits they are entitled to, which can have a major impact on their health and quality of life. There are many sources of help to assist them including getting advice from debt advice agencies. Hackney actively promotes such services and has its own welfare and financial inclusion teams which helps residents to apply for benefits to boost incomes and/or reduce debts.

If a resident is a Council tenant and his/her vulnerability is affecting their ability to manage their tenancy we should make a referral for Tenancy Support.

Where possible if residents have provided a contact telephone number we should send text messages and emails to remind them about late payments or call outside of office hours.

If the resident has the mental capacity to make an informed decision and manage their affairs, encourage them to set up direct debit instructions to pay their bills. If they lack the mental

capacity we should contact their representative to discuss setting up direct debits.

If the resident is experiencing financial difficulties and is getting advice from an independent debt advice agency we should allow them a 'breathing space' and suspend recovery action for a fixed period. The length of the breathing space will allow sufficient time for the resident to seek and receive advice but not exceed 60 days. However, if we have confirmation from an Approved Mental Health Professional that a resident is receiving mental health crisis care then the breathing space will be for the period the resident receives the care.

7. Use of enforcement agents

The Council wants to minimise the use of enforcement agents but accepts that there may be occasions when it is appropriate to use them. Once a resident in arrears is identified as vulnerable we should use other methods for collecting the debt. This will vary from service to service but could be as straightforward as getting the resident to agree to an affordable payment arrangement. The Council may have to protect some payment arrangements with a court order or collect as deductions from benefits or earnings; the process of doing this should be explained to the resident or their representative.

If a resident is identified as vulnerable after their case has been passed to an enforcement agency we will ask for the case to be returned to the Council.

8. Referrals to Adult Social Care Services and Family Services

If there is concern about the welfare of a resident, they are in hardship or there is a risk of harm, a referral should be made to Adult Social Care. For advice about making a referral call the Access Team on 020 8356 6262.

If the resident is a young person formerly receiving care in Hackney, referrals should be made to the First Access & Screening Team (FAST) on 020 8356 5500.

If the resident is pregnant or has young children and presents with substance or a mental impairment a referral should be made to Childrens/Adults safeguarding.

Methods of payments

The Council offers a range of accessible payment methods to encourage prompt payment.

Direct debit

This is the Council's preferred method of payment. Direct debit is the safe, easy and convenient way to your bills.

residents are protected by a guarantee from their bank and allows them to budget without the worry about paying late. Once set up payments will automatically be collected on the agreed dates. The payment dates may vary depending on the service.

Some services like Council Tax and Housing offer more than one payment date in the month.

Debit/credit card

Phone 020 8356 5050 anytime. You can also make payments by logging onto www.hackney.gov.uk/f-online-payments

Hackney self-service payment centre

Pay by debit/credit card or cash at 2 Hillman Street, London E8 1FB using one of our self-service machines. Opening times: Monday to Friday 9am to 5pm.

By post

Send cheques to London Borough of Hackney, 2 Hillman Street, London E8 1FB. Cheques are payable to LB

Hackney. Please quote the appropriate service reference or invoice number on the back of the cheque.

PayPoint and Post Office

Use your bank giro slip or rent card at any PayPoint outlet or Post Office.

Bank giro credit

Fill in the details on the slip and take it to any bank. You may have to pay for this service. However, this is an expensive and time consuming method and can lead to delays of up to six days before payment shows on your account.

PayM

PayM is a simple, secure way to send and receive payments using your mobile banking app and Hackney's dedicated PayM mobile phone number.

To pay by PayM, just follow these three easy steps:

- Enable PayM on your mobile banking app. Visit [PayM](#) for more detailed instructions for your own bank and to check that they offer PayM
- Save the London Borough of Hackney's mobile payment number, **07535 844 354**, to your mobile phone contacts
- Using your mobile banking app set up a PayM payment

Priority debts and non-priority debts

The type of priority debt that a resident owes affects what action a creditor can take to get them to pay. Creditors of priority debts have extra powers and therefore, it is important to try and get a payment arrangement agreed with these creditors before dealing with non-priority debts.

These are debts that are listed in the National Debtline guidance 'How to deal with debt'.

Common priority debts	Common non-priority debts
Rent*	Credit cards
Mortgage	Store cards
Secured loan or second mortgage	Overdrafts
Council tax*	Unsecured loans
Energy (gas/electricity/coal/oil)	Catalogue debts
TV licence	Doorstep – collected loans
Magistrates court fines	Payday loans
Child maintenance	Personal debts to family and friends
Tax debts (income tax/national insurance/VAT)	Water and sewerage debts
Tax credit overpayments	Private parking tickets
Benefit overpayments*	Mortgage shortfalls
Penalty charge notice for parking*	Business supplier debts
Hire purchase	
Bill of sale (logbook loan)	

*Types of debts that are owed to Hackney Council

Contact details

Service/Team	Types of enquiries	
Adult Social Care	Care charges	020 8356 4738
Benefits	Benefit applications Discretionary hardship scheme Benefit overpayments	020 8356 3399 CTRDHS@hackney.gov.uk benefits@hackney.gov.uk
Business Rates	Billing Summons Enforcement agent	020 8356 3466 business.rates@hackney.gov.uk
Council Tax	Billing and collection Section 13A reduction	020 8356 3154 council.tax@hackney.gov.uk
Council Tax Enforcement	Summons Deductions from benefits and income Enforcement agent	020 8356 3990 council.tax.recovery@hackney.gov.uk
Leasehold and right to buy	Service charges	020 8356 2299
Housing	Rent	020 8356 3100
Debt Management	Sundry debts	sdmt@hackney.gov.uk