



Our debt collection principles 2020-23

A message from Councillor Rennison, Cabinet Member for Finance and Housing Needs

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 reduced by £140 million since 2010. At the same time costs and demands for services are rising. It is therefore vital that we continue to generate the income that enables us to keep delivering services to the high standard Hackney residents deserve.

We must also never lose sight of putting our residents first and helping them succeed financially. Therefore, while we will do all we can to ensure that we collect the income we need to maintain vital Council services, we will also work to ensure that support is there for all residents experiencing debt or financial hardship.

We have put in a lot of effort over the past 10 years to improve collection levels while staying true to our values. This includes reviewing key areas of the recovery process, such as the use of Enforcement Agents, and how we determine who might be in need of support and how they are treated.

However, with household debt in the UK growing the task of collection is more difficult. 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.

We are committed to addressing the issue of household debt and the long term implications. Accordingly, the Council has implemented a fair debt management strategy and adopted a collaborative collection approach across all services that will allow us to support residents in financial difficulty, protect residents who are at risk or vulnerable while also ensuring we are collecting payment from those that are able to pay. Our principles for fair debt management are-

- Make paying easy
- Encourage early and ongoing engagement
- Provide advice and support
- Have collection practices that are fair and robust
- Help residents reduce the risk of being in debt
- Support residents who are at risk or vulnerable
- Doing our best for our residents

In short, we need to take an approach that separates out those residents who can't pay, for whom the priority is support and signposting to additional services, from those that won't pay. We have taken on board advice and best practice from the the Money Advice Service and we hope the approach set out below will enable us to continue to collect the resources needed to fund Council services, while ensuring the appropriate support is in place for those residents struggling financially.

1. Make paying easy

The Council wants to encourage prompt payment and offers a range of accessible payment methods to make the process easy for our residents. This will enable us to maximise collection.

Our standard

We will advertise the different ways of paying on our notices and website.

We encourage automated payments, such as direct debit, which is safe, easy and comes with a guarantee to protect payments.

We will make paying convenient by offering access to online or automated telephone payment methods around the clock.

We have invested in new methods of payments such as PayM which allows residents to use their mobile banking app to pay.

We are committed to helping our residents have access to basic banking facilities.

Ways to pay

Direct debit

Once set up payments will automatically be collected on agreed dates. The payment dates may vary depending on the service.

Debit/credit card

Residents can visit www.hackney.gov.uk/f-online-payments or phone 020 8356 5050 anytime.

Hackney self-service payment centre

Residents can use debit/credit cards or pay in cash at 2 Hillman Street, London E8 1FB. Opening times: Monday to Friday 9am to 5pm.

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 be charged for this service and there can be delays of up to six days before payment shows on your account.

By post

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

PICTURE

Services like Council Tax and Housing offer more than one payment date in the month for residents who opt to pay by direct debit. This enables residents to budget better and select dates which are nearer to when they get paid.

2. Encourage early and ongoing engagement

The Council's overriding priority is to ensure that amounts that are 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 many 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.

Our standard

We will ensure our notices are written in plain English and are clear.

We will include information about how residents can get money off their bills (e.g. benefits, discounts, exemptions and reliefs).

We will try to remove barriers that may deter contact by being open and transparent at all times so that residents know where to get help and what to expect if they do not pay.

We will send text messages or emails to remind residents about late payments.

We will, where we can, make calls during and out of hours to engage with residents who have not responded to previous communications.

We will encourage residents to contact services and include contact details so that they can get help when they fall behind with payments.

We will signpost to help available for residents who have financial difficulties by providing contact details on our notices or web links for more information on free professional debt advice.

We will use different communication methods that cater for residents with language barriers, disabilities or learning difficulties.

The Council Tax Team hold an evening surgery at the Hackney Service Centre and invite residents who have been sent a summons for non-payment to attend. The aim is to help residents come to a payment arrangement so that further recovery action can be avoided.

These surgeries have been expanded to include partner services like Citizens Advice Bureau East End and Fair Money Advice, who are on hand to offer advice to residents who are experiencing financial difficulties and have multiple debts.

3. Provide advice and support

Around a fifth of all adults in Hackney have debt problems. We want to help prevent debt increasing and are looking to adopt the good debt management principles outlined by the Money Advice Service across the Council.

Debt problems can be the result of job loss, mental health issues, bereavement and low income. We want to help residents access support so that they can avoid, manage and overcome periods of financial difficulty.

Our standard

We will signpost residents who are in problem debt or at risk of financial difficulty to get free independent debt advice, to enable them to manage and overcome the problems associated with debt.

We will work in partnership with organisations who offer free specialist debt advice.

Hackney Council has signed up to the Citizens Advice Bureau's Council Tax Protocol, which will result in more effective partnership working, improvement in the information supplied to council tax payers and better engagement before using enforcement agents.

We will encourage residents to get help at various stages in the collection process and by different methods.

We will use our data to identify residents who have multiple debts and are working towards offering them an arrangement that will allow them to make a single payment.

We will allow residents time to get help from debt advice agencies without fear of their debts increasing further.

We will review income and expenditure using the Money Advice Service Standard Financial Statement and accept payment arrangements which allows for a resident's ability to pay and sustain payments.

We will regularly review payment arrangements to ensure that they are still affordable and which take account of changes to circumstances.

We have our own internal support teams and will contact residents who have fallen behind with payments to try and prevent their debt increasing.

We will consider offering additional financial support as a short term measure for residents who are experiencing extreme financial hardship; this will depend on the type of debt that is owed.

Case study:

Mr M forgot to inform the Benefits Service that there was a change in his circumstances. Consequently he was overpaid housing benefit and had to pay it back. Mr M couldn't afford to pay it in one go nor could he afford the initial monthly amounts that the Overpayment Team were suggesting. He was referred to CAB East End for help because he also had other debts. They worked out what available money he had after essential expenses using the standard financial statement and he was able to agree affordable monthly payments towards his housing benefit overpayment.

4. Have collection practices that are fair and robust

The Council has statutory obligations to collect monies they are owed to deliver services 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. However, we will ensure vulnerable residents are supported through the process and use the most appropriate collection method.

PICTURE

Housing will always take tenants' circumstances into account, including the level of rent arrears, before deciding whether to take further action and may hold action if the arrears are due to an outstanding benefits claim.

Our standard

We will adopt a consistent framework for how households who owe money are treated across all services including how they are contacted.

We will utilise non-threatening communication methods such as texting to prompt payment. We will let residents know what to expect if they do not pay.

We will follow legislation to enable the Council to collect debt but will try to avoid residents incurring costs by extending the amount of opportunities, to engage before starting legal proceedings.

We will take into consideration residents who are vulnerable and provide support and engage with them in a way that will encourage payment, if appropriate, including identifying any additional financial support available.

We will always consider alternative available methods of recovering debt before using enforcement agents due to the high level of costs that residents can incur. Where legislation permits it, we will ask for deductions from income support, job seekers allowance, universal credit, pension's credit or earnings.

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

We will regularly review our corporate debt collection policy to ensure that we are working to best practices.

We will work hard to collect debt that is due but will be proactive and consistent in writing off bad debt in accordance with Council financial regulations.

5. Help residents reduce the risk of being in debt

We know that it is not an easy task to deal with debts, therefore, people in financial difficulty need to be treated fairly.

We want to help relieve the stress and anxiety that some residents may experience and our strategies aim to support residents, promote engagement and have regard for what they can afford to pay. This will allow residents to cope better, tackle their debt problems and improve their financial health.

The Council offers grants to voluntary and community sector organisations to provide an advice service that helps people to solve their problems.

Our standard

We will publicise and promote how residents can get money off their bills such as council tax support, housing benefit, discounts, exemptions and reliefs so that they get financial help that they are entitled to.

We will refer residents to sources of regulated debt advice by signposting to our website for contact details. We will also include information on where to get help in our notices and whenever we are in contact with residents.

We will examine each resident's case on its merits and will accept payment arrangements for arrears that take into account household affordability.

We will regularly review payment arrangements to ensure that they are

sustainable and reflect changes to circumstances.

We will aim to offer a single payment arrangement to residents with multiple debts, which can be distributed to the different debts.

We will offer additional financial help as a short term solution for certain debt types in extreme financial hardship cases.

We will share information internally so that all services are consistent in the treatment of residents who are in problem debt or vulnerable.

Our council tax reduction scheme is a means tested award that supports working aged adults on low income to pay their council tax covering up to 83% of the cost. Residents who are still struggling may qualify for extra help through the council tax discretionary hardship fund.

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

PICTURE

6. Support residents at risk or vulnerable

The Council recognises that residents who are at risk or vulnerable need to be assisted in a positive and supportive manner.

We aim to protect these residents, whether their circumstances are temporary or permanent, and have measures in place to determine who might be in need of support so that they are comfortable in approaching us to help resolve their financial problems.

Our standard

We will gather information about the resident's personal circumstances to allow us to respond quickly and appropriately when collecting debt.

We will share information internally so that all services are consistent in the treatment of vulnerable residents who are in problem debt.

We will refer residents to sources of regulated debt advice by signposting to our website for contact details. We will also include information on where to get help in our notices and whenever we are in contact with residents.

We will communicate in different ways so that residents who have difficulty communicating in English, have a visual impairment, have a hearing impairment or have a hidden disability e.g. dyslexia have access to information and understand how to pay their bills.

We will encourage residents to set up a direct debit if appropriate.

We will set up formal arrangements to communicate with family/friends/support workers where residents are unable to manage their affairs.

We will not use enforcement agents to collect debt if we know that the resident is vulnerable or at risk.

We will make referrals to Adult Social Care if we are concerned about the welfare of a resident, they are in hardship or there is a risk of harm.

Residents who access debt advice and receive mental health crisis care will be protected from recovery action for as long as they receive crisis care (as confirmed by an Approved Mental Health Professional).

PICTURE

Residents who receive care packages are mainly older people and often in receipt of benefits but they may still have to pay a contribution towards the cost of their care.

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 from someone who has authority to act on the resident's behalf and contact them if we do not get a response to our invoices or letters.

7. Doing our best for our residents

We want to put our residents first and adopt the best practices in debt collection. We will be honest and fair in our dealings and communications with our residents, as well as third party service providers. We are committed to offering the best service and working in a responsible manner. This means treating residents with respect and being positive in the way we approach their problems.

Our standard

We will ensure that all staff that have responsibility for collecting debt, receive the appropriate training for providing support to our residents, particularly on vulnerability and hardship.

We will have policies and procedures so that staff know and understand the laws and regulations that apply to their jobs and ensures consistency and fairness in how they work.

We will regularly review policies and procedures so that we incorporate any changes to legislation and to ensure the continuation of best practices in fair debt management.

We will share data internally across services to ensure that services work closely together so that we maximise collection and minimise duplication. We will make sure that sharing is reasonable, in line with data protection law, and respects the resident's rights.

We will regularly review all charges associated with recovery to ensure that they are reasonable and as clear as possible and reflect actual costs incurred.

We will ensure that, in the event that we use enforcement agents that they are given accurate and up to date information

relating to the resident's debt and contact details.

PICTURE

EXCLUSIONS

It is important to note that some of the approaches we use will not apply to all services. For example, Parking who issue penalty charge notices (PCN) do not call, send text messages or emails as they only hold contact addresses for registered vehicles.

There is a process for challenging or appealing a PCN if the person issued with a PCN thinks they shouldn't have to pay.

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