



WELWYN HATFIELD BOROUGH COUNCIL

**RESOURCES OSC
19 January 2017**

SCRUTINY SUB-COMMITTEE

ENFORCEMENT AGENTS

BACKGROUND

Members of the Resources Overview and Scrutiny Committee, at the meeting on 21 September 2015, requested that a Scrutiny Sub-Committee be set up to scrutinise the use of Enforcement Officers for debt collection.

The reason for requesting the review is that Members wanted to understand the process of debt collecting and the reasons for and frequency of use of Enforcement Agents.

Membership of the Sub-Committee was agreed as Councillors A Chesterman, Michaelides, Pace and Roberts.

As there was an all-out election in 2016, the work of the sub-committee had to be suspended for a period, so delaying the completion of this review.

RECOMMENDATIONS

The Resources Overview and Scrutiny sub-committee recommends to Cabinet that:

1. Officers and Members of the sub-committee agree a method of monitoring debt collection and enforcement and that reports should be presented to the Resources Overview and Scrutiny Committee quarterly as part of the Sopra Steria report.
2. That the following information is included within the reports:
 - Number of reminders sent out
 - Number of summonses issued and the amount of money owed
 - Number of accounts sent to Enforcement Agents
 - Amount of money collected by Enforcement Agents
3. Consideration should be given to bringing the service in-house when the contract is next up for review/renewal.

SCOPING

The first meeting of the group was held on 8 December 2015. At this meeting the Sub-Committee prepared questions for the Revenues and Benefits Service in order to set the scope of the review.

The questions were as follows:

1. Is there a minimum level of debt that triggers the collection process?
Reminders are sent for outstanding amounts over £5.00. If a response was not forthcoming and the resident still lived in the borough a summons would also go out. Due to the small balance outstanding the costs would be withdrawn if the resident got in touch or the outstanding balance was paid. Whilst £5 is only a small balance, multiple accounts with such a balance do add up to a much larger amount outstanding.
2. Are letters the only form of communication, or are phone calls and/or emails used? Do we as a council make home visits?
The council tax office send letters, emails, text reminders and make phone calls, where appropriate. However, it is not practical to telephone every arrears account. With the volume of cases dealt with the processes used need to be automated. There are also some occasions when a visit may take place, but these are rare. This would depend on the circumstances of a resident. E.g. vulnerable residents.
3. How many of the debtors that are pursued are repeat debtors?
I am afraid that we would not be able to provide this information without manually looking at each account. However, our Enforcement Agent has advised us that 90% of their cases have more than one account outstanding which would indicate that they are repeat offenders.
4. Can secondary concurrent action be started should the collection process have started for one year's debt and they are then in arrears for the following year? Will this incur additional cost to them? Also the same question if it is consecutive months.
Yes. Each year needs to be treated separately and separate bills, reminders, summonses, etc, would need to be sent out for a new financial year. This would result in additional costs. Consecutive months in the same year would not result in additional costs. When a summons is raised it covers the debt outstanding for the whole year.
5. Can data be provided on the number of letters sent to individual customers?
Each account would need to be looked at individually to provide this information. However, each person in arrears gets at least one reminder, a discretionary final notice and a summons, depending on their payment pattern. A reminder will be sent, a minimum, 14 days after a payment due and has not been made. If payment is made then a second reminder would be sent if another council tax payment is missed or late within the financial year. If payment or contact is not made a summons would follow after the first reminder notice. There is a maximum of 2 reminders every year. A final notice will be sent asking for full payment if payment is late or missed for the

third time. This would be followed by a summons if payment and contact was not forthcoming.

6. Is the cost of the court summons added to the customer's debt? Is this in addition to the £75 quoted in the report of 17 September? Is the £75 payable to the council or the court? *The summons and liability order costs of £107.00 are added to the council tax payers account when recovery action is taken. This is a payment due to the council, with £3.00 of this also due to the Magistrates Court. The £75 compliance cost is added once the debt is passed to an enforcement agent and this is paid to the enforcement agent.*
7. Which officers are involved in debt collection and who has responsibility for the decision making to pursue a debt or is this just a process based decision? *This is a process based decision which is based on legislative requirements. This work is dealt with by Sopra Steria. Summonses are checked before they are sent out and alternative action is taken based on the circumstances of an individual.*
8. What is the total cost of debt collection and how is this broken down? Please show who the cost is payable to and who has to pay it. *The £107.00 court cost for a summons and court hearing are paid to the Council with £3.00 of this amount payable to the court. These costs are made up of staff and administration costs, printing and postage cost, the cost of post court action and costs payable to the court. The enforcement agents costs are now set out in legislation with a £75.00 compliance fee; £235.00 enforcement fee and if goods are removed £110.00 sale stage fee. These costs are paid to the enforcement agent.*
9. Of the 7,426 accounts sent to enforcement agents, how many resulted in home visits? *2,413.*
10. How does the level of debt collected by enforcement agents vary between those who pay prior to home visits and those who require home visits? Does the original level of debt impact on this? *Approx 58% of the cases sent to enforcement agents pay in full before a home visit is required. Customers also make payment agreements over the phone with the enforcement agents and a home visit would not be required whilst payment is being made. There are also occasions when an accounts is requested back from the enforcement agents. There can be a number of different reasons for this and sometimes it is the enforcement agent letter that prompts a response to the council tax office when other communication has not. The level of debt is not a factor taken into account when enforcement action is taken. All action is taken in accordance with the Taking Control of Goods Regulations 2013.*
11. Does council tax debt get written off? If so, how much was written off in the last year? How many people was this amount attributable to? *Council tax can only be written off where the resident is insolvent, bankruptcy, deceased or absconded. We do not have the power to write of council tax due to*

inability to pay. The level of council tax debt written off in 2014/15 was £27,630 and this relates to 788 accounts.

12. Are customers sign-posted to debt advice agencies such as CAB or Credit Union? *Yes. Council tax bills and reminders make reference to the CAB. If a resident informs the council tax office that they are experiencing financial difficulties they are advised that the CAB and other agencies such as Christians against poverty will be able to provide them with debt advice. Our enforcement agents all have welfare teams who are trained to assist with debt management. They provide details for the national debt line, money advice service and citizens advice bureau on all of their paperwork and website.*

Notes from the meeting on 8 December can be found at Appendix A.

A draft scoping document can be found at Appendix B.

A second meeting took place on 23 March 2016 at which Members considered the type of approach to debt collection that they would like to see adopted.

The notes from this meeting are at Appendix C.

FURTHER EVIDENCE

On 27 July 2016 Clive Jones, Revenues and Benefits Manager from Luton Borough Council attended a meeting of the sub-committee to provide information on the decision and outcomes of taking enforcement in-house. He made a presentation, attached as Appendix E.

Notes from the meeting can be found at Appendix F.

Clive prepared a business model based on Welwyn Hatfield figures. (Appendix G).

At meetings held on 17 October 2016 and 16 November 2016, additional information and further answers were given to questions from Members. (Appendices H, I and J).

OBSERVATIONS

- Members wished to have more control over the collection practices.

This could be addressed by introducing a reporting procedure for one of the Overview and Scrutiny Committees.

- The current scheme allowed little control and there was a risk that Enforcement Agents could be unethical in their procedures. Whilst this would not mean that a resident was subject to additional costs, they could be exposed to harsh tactics from a company whose only interest was collecting money with no consideration of circumstances.
- *It was explained that Enforcement Agents had become regulated two years ago and there was a greater control over the methods that they used and the fees that they could charge.*
- Members felt it was important to have control over the information, advice and guidance provided to residents during enforcement. If enforcement was in-house, the procedures could be altered to provide a more hands-on system of contacting debtors which might result in fewer instances where enforcement action was required.

- *Whilst this could be the case, there could be a detrimental impact on collection rates and a greater incidence of absconders.*
- The sub-committee acknowledged that it was important that money owed to the Council was collected. However, they thought the process could be changed whereby collection rates were maintained, but the reputation of the Council was protected and they wished to consider other options to see if this was possible.

THE NEXT STEPS

Members of the sub-committee and Officers should agree the monitoring and reporting of debt collection and the use of Enforcement Agents.

FINALLY

The sub-committee would like to thank Colin Jones for taking the time out to attend the meeting, for providing such detailed and useful information and for producing the business model for consideration.

Appendices

- A Notes from the meeting held on 8 December 2015
- B Draft Scoping Document
- C Notes from the meeting held on 23 March 2016
- D Enforcement Agents report from ROSC meeting 17 September 2015
- E Presentation made by Clive Jones at the meeting on 27 July 2016
- F Notes from the meeting held on 27 July 2016
- G Business model
- H Notes from the meeting held on 17 October 2016
- I Notes from the meeting held on 16 November 2016
- J Information and responses to questions