



#malgconf2019



Conference 2019

Break out 2b

Reshaping the Local Authority approach to debt recovery

Facilitator - Craig Simmons (Money & Pensions Service)

*Speakers - Matt Hartley (Money Advice Trust),
Norman Lockie (London Borough of Southwark)*

www.malg.org.uk/conference

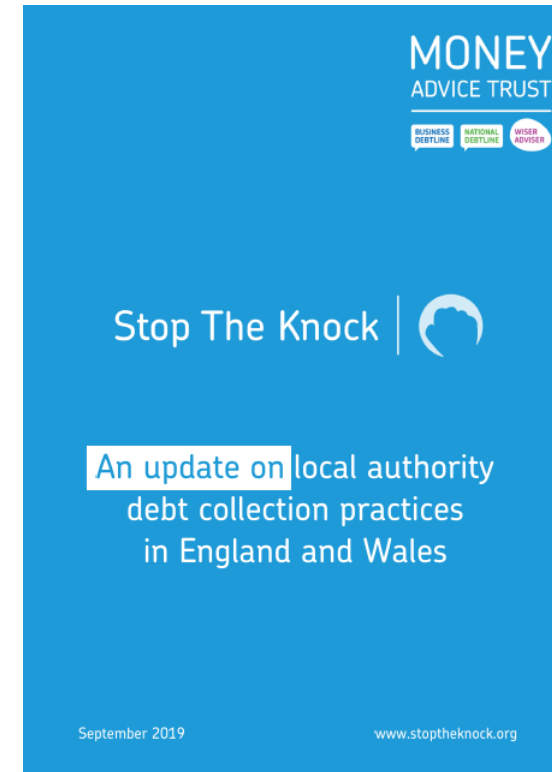
Stop The Knock



An update on local authority
debt collection practices

Matt Hartley
Money Advice Trust

MALG conference, October 2019



Background

- ✓ Previous Stop The Knock reports
- ✓ 2015 – 2.1m debts passed to bailiffs in 2014/15
- ✓ 2017 – 2.3m debts passed to bailiffs in 2016/17, debt collection practices mapped for first time

Since then...

- ✓ Council tax arrears, debt problems continue to rise
- ✓ BUT Increasing engagement from local authorities
- ✓ APPG, revised Citizens Advice/LGA Council Tax Protocol, Money Advice Service toolkit...

Latest survey of local government debt collection







- ✓ New 'Stop the Knock' report in September 2019
- ✓ FOI request – 367 authorities (98%) responded
- ✓ Map online at www.stoptheknock.org
- ✓ Highlighting good practice, as well as bad

Research findings

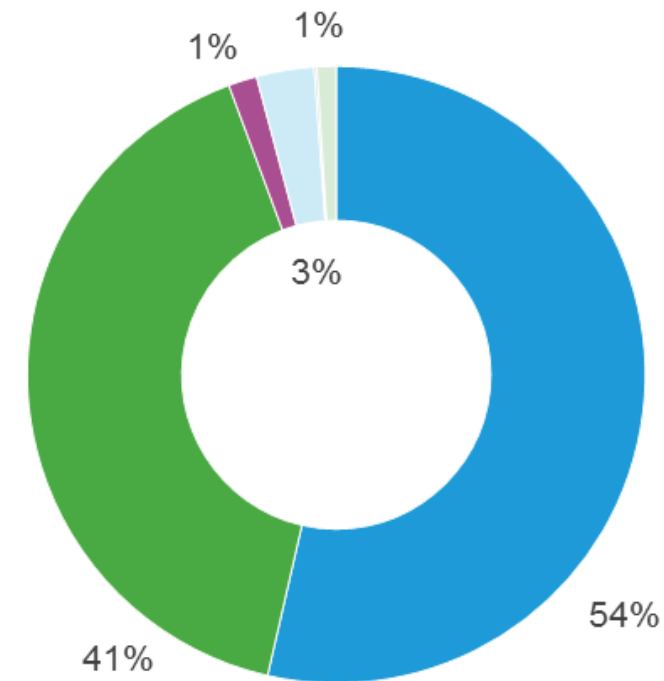
Bailiff use

- ✓ **2.6 million** bailiff referrals in 2018/19 (E&W)
- ✓ Overall bailiff use by lower-tier authorities up 7% in two years (on like-for-like basis)
- ✓ **BUT** Council Tax referrals steady for first time – compared to 10% surge last time. Progress?
- ✓ Increase driven by parking referrals – **up 21%** in two years

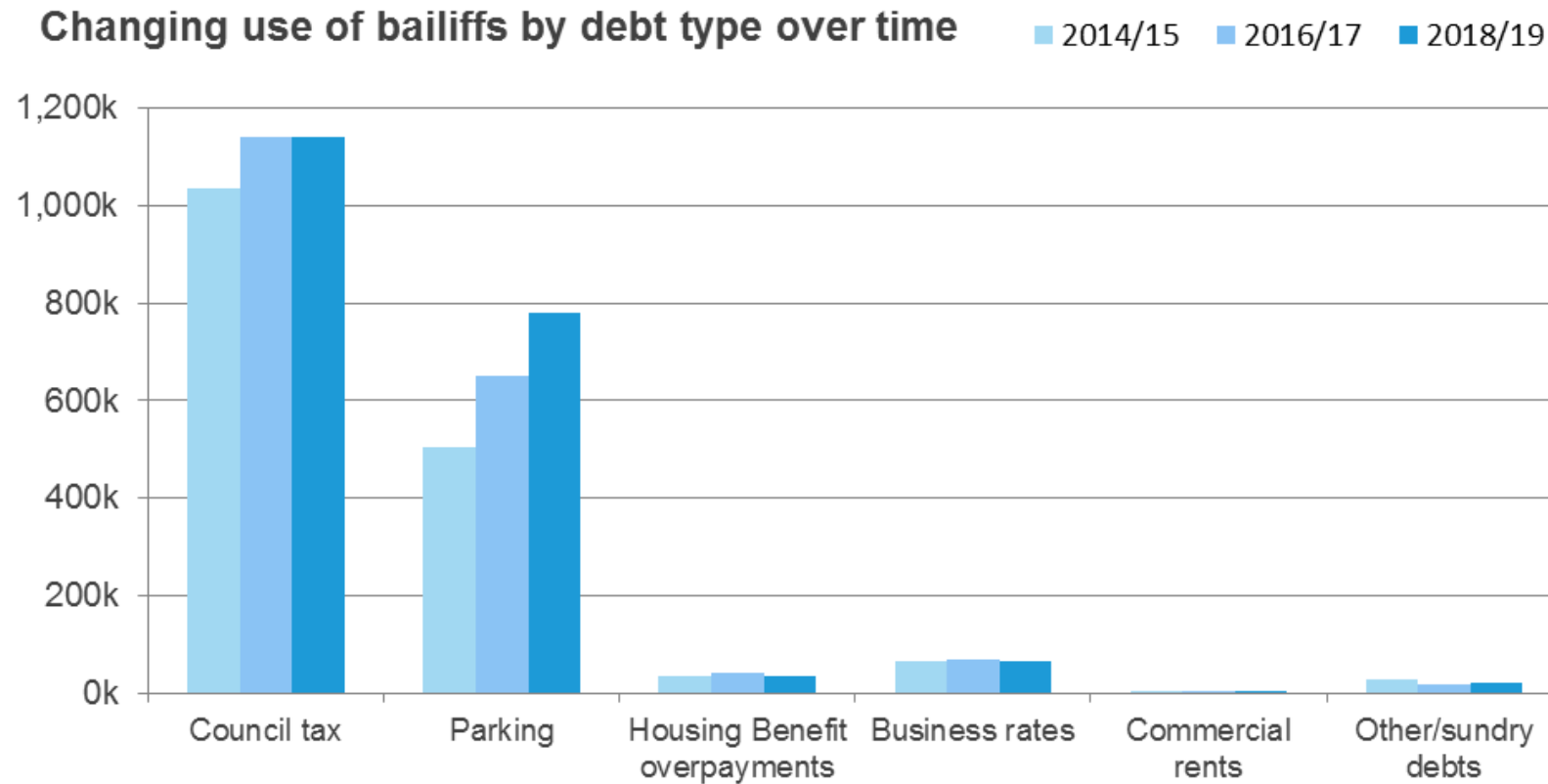
The extent of bailiff use in 2018/19

Debt type	Total bailiff referrals	% of total
 Council tax	1,417,736	54%
 Parking	1,079,119	41%
 Housing Benefit overpayments	39,470	1%
 Business rates	79,899	3%
 Commercial rents	3,665	0%
 Other/sundry debts	26,521	1%
All debt types	2,646,410	

Total bailiff use by debt type

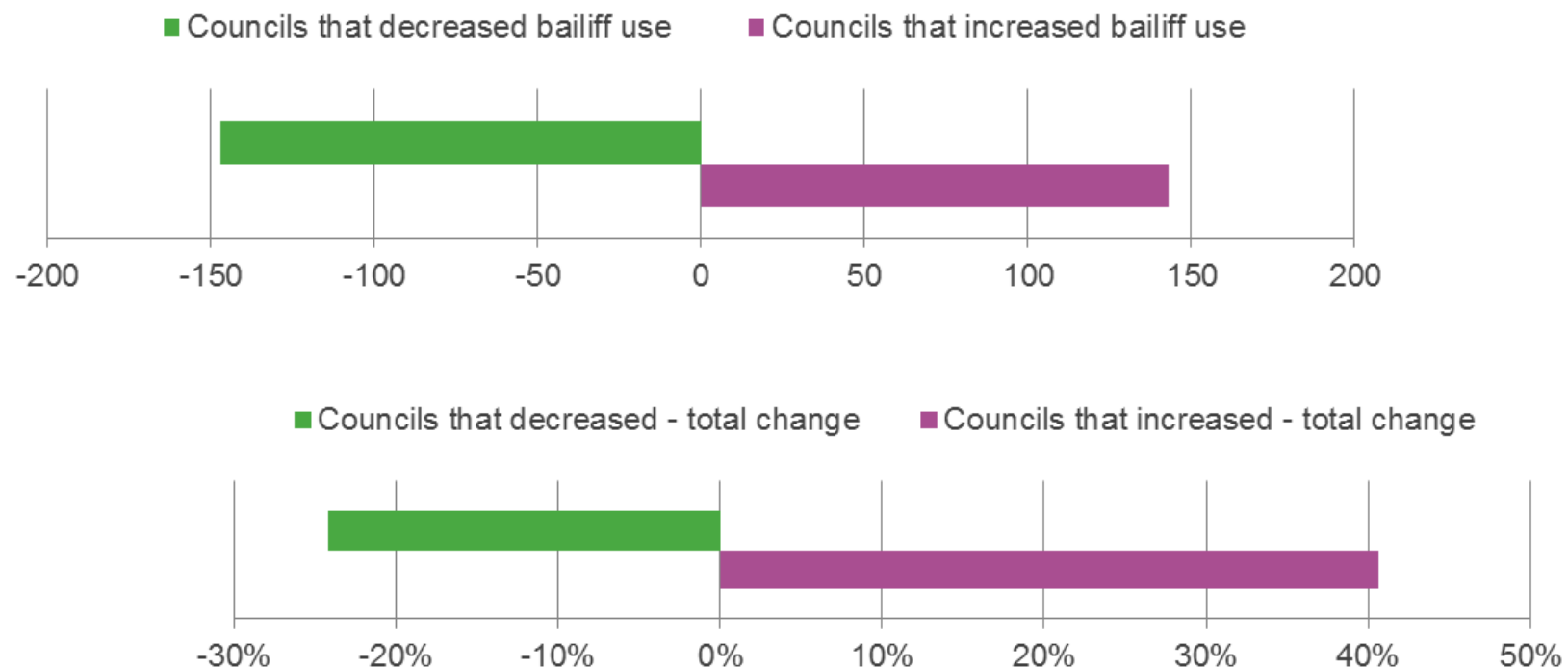


Change in bailiff use over time



Variations in bailiff use trends across authorities

Stop The Knock

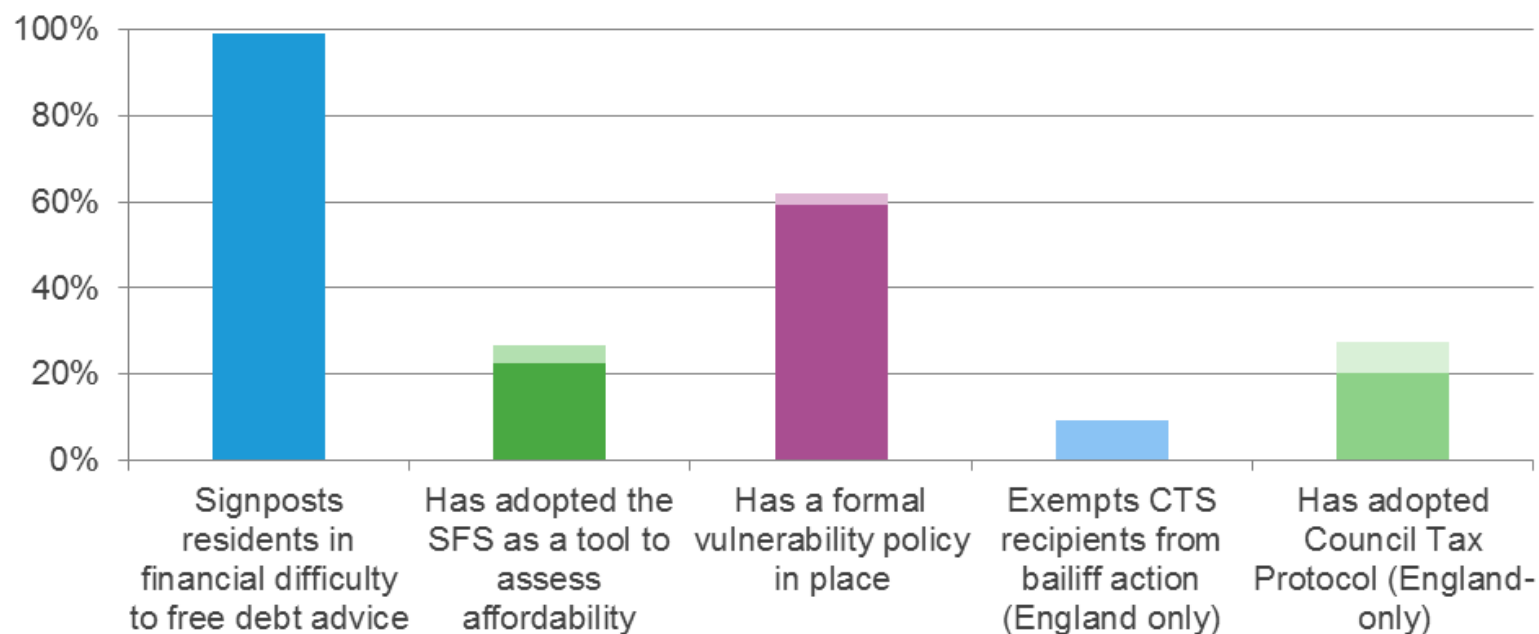


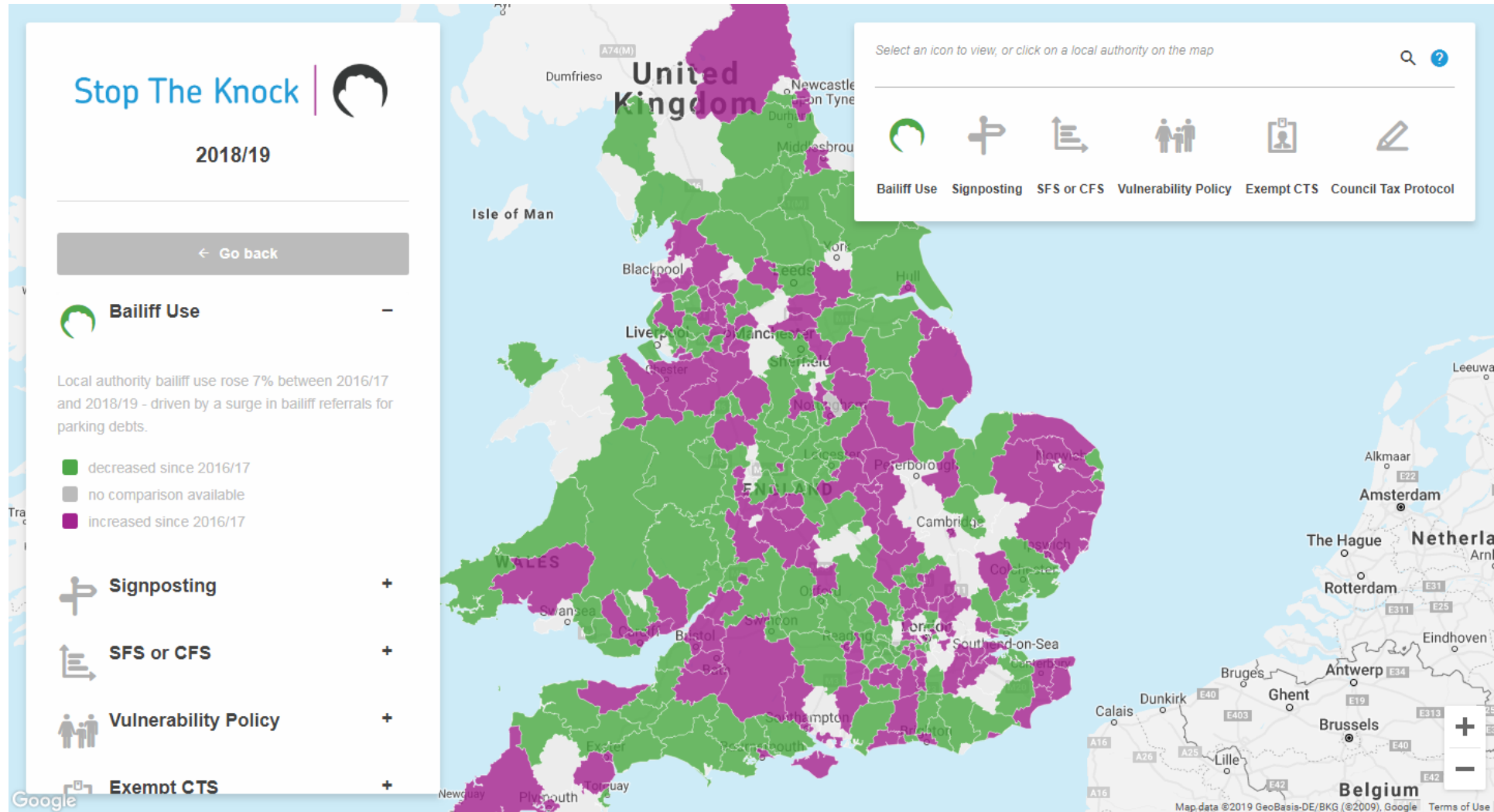
Collection practices

Stop The Knock



Summary of local authority debt collection practices





Recommendations

Stop The Knock | 

MONEY
ADVICE TRUST

Six steps for local authorities

As part of our ongoing Stop The Knock campaign to improve local government debt collection practices, we are recommending six steps for all lower-tier local authorities to implement, where they are yet to do so. Find out more at www.stoptheknock.org

- 1

Make a clear public commitment to reduce the council's use of bailiffs over time

Local authorities passed 2.6 million debts to bailiffs in 2018/19, with council bailiff use up 7% since 2016/17. Half of councils (49%) increased their use of bailiffs in that time.

We recommend that council leaders make a clear public commitment to reduce the use of bailiffs over time by improving their debt collection practices, in order to provide clarity to officers at an operational level. This commitment could take the form of a public statement, a formal decision or statement of administration policy, or a motion of Full Council. This commitment should include all debt types, not just council tax arrears.

Visit the Money Advice Trust's www.stoptheknock.org website for details of your council's bailiff use, and email policy@moneyadvicetrust.org to find out more about the campaign.
- 2

Review the council's signposting to free debt advice, including phone/online channels

Almost all councils signpost residents in financial difficulty to free debt advice, mostly to local agencies, with one in two councils also signposting to phone/online advice.

We recommend that all councils regularly review their signposting and referrals processes to ensure that all opportunities to help people access free debt advice are maximised. This should be implemented for all debt types, not just council tax. For councils who currently signpost only to face-to-face agencies, we recommend providing residents with a choice of channel by additionally signposting to telephone/online advice agencies.

For more details see the [Supportive Council Tax Recovery Toolkit](#), produced by the Money and Pensions Service, and resources for referring residents [National Debtline](#).

< 'Six steps' for local authorities

For government....

- ✓ Changes to 1992 Council Tax regulations
- ✓ Guidance on a statutory footing
- ✓ 100% Council Tax Support
- ✓ Review on PCN enforcement

and.... **bailiff reform!**

Money Advice Liaison Group Conference 2019



Southwark council – a different approach
to collection

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Southwark London Borough Council



Southwark London Borough Council



Southwark
Council
southwark.gov.uk

A bit about us...

Large inner London Borough

Second largest social landlord



35,000 council properties
140,000 residential properties
12,500 businesses
£0.75bn income and debt

Some of our challenges...

Population increasing
- High levels of transience



Over indebtedness



Poverty
and
Deprivation

Drivers for change...



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Changing our approach



Operational changes

- established end to end processing teams
- created collection teams (outcome focused)

Proactive digital communications

- SMS
- Automated Voice Messaging (AVM)
- Email
- Web landing pages
- Letter replacement (digital letters)

Internal Enforcement Agents



Debt management system (DMS)

OneStep / CivicaCollect



An opportunity to

- build a DMS with a single view of customer debt
- build automation and digital communications into our DMS
- do things differently

Development approach

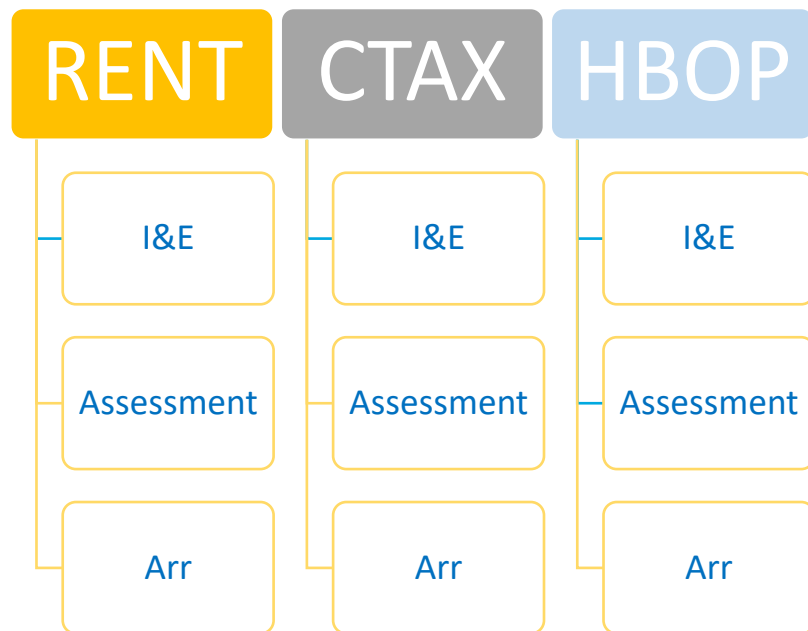


Our teams have been involved in designing and testing the new approach

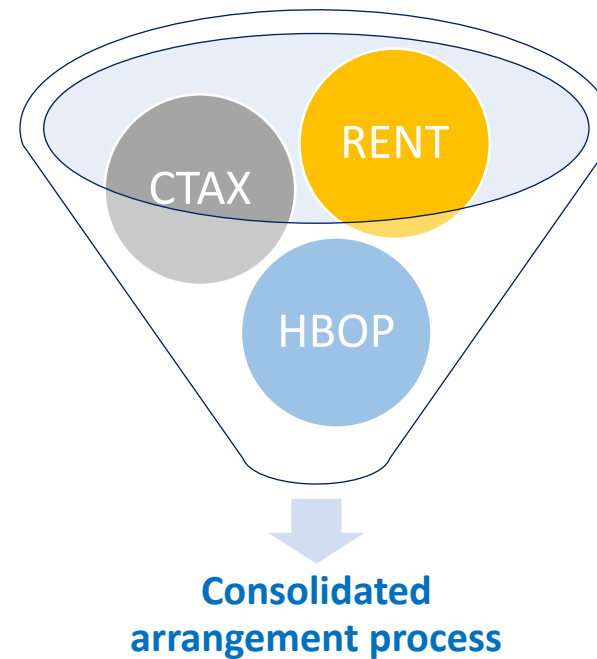
- Plan
- Develop
- Design
- Test
- Deploy
- Review



Changed approach



BEFORE



NOW

Step-by-Step

Working together to manage your debts

Debt data loaded into DMS

Consolidating debts for the customer (SVOD)

Comprehensive automated contact strategy – nudge design

Single communications include all and total debts owed

Increase customer engagement

Cohesive and consistent approach

Customer commitment

SBS Commitment

1. Immediately stop recovery action
2. Support and Signpost
3. Manage 'consolidated' debt



Customer Commitment

1. Maintain monthly payments
2. Maintain ongoing liabilities
3. Maintain engagement

Using the Standard Financial Statement (SFS) in local authority debt collection



Key performance indicators driving the wrong behaviours and approach – needs to change

Affordable and sustainable is key **and reduces cost**

Adopted the Standard Financial Statement to determine affordability – ongoing liability accounted for

In-house Local Support service – income max, budget & debt advice, local hardship scheme

CAB referrals and working with Stepchange



Improving engagement

Moved away from the usual letters



Extensive customer contact base – digital at every opportunity



Intelligence led contact strategy

Vulnerable customers

Seeking British standard accreditation for dealing with vulnerable customers

An improved and raised awareness of vulnerability

- regular staff training sessions on vulnerability
- expert speakers at our all staff awaydays

Referrals to our Local Support team

A work in progress



Sharing Best Practice



Brent



Cabinet Office



Havant
BOROUGH COUNCIL



www.oxford.gov.uk



Working to make
lives better
www.southend.gov.uk



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EXCELLENCE IN
INNOVATION
(COLLECTION)

Southwark London Borough Council



REVENUES TEAM
OF THE YEAR

Southwark London Borough Council



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Next steps....

Build on the design and continue to test what is most effective

Add more debts to the Step by Step service

- Service charges
- Adult social care

Continue to develop the intelligence lead contact strategy

Enrich customer data

- communications and processes driven by customer circumstances



Ongoing challenges....



Building trust with our customers – it is different and not what they are used to

Reaching hard to reach customers – improving and maximising levels of engagement



Norman Lockie Head of Income Operations

Southwark council

Step-by-Step

Working together to manage your debts

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INNOVATION
(COLLECTION)

Southwark London Borough Council



REVENUES TEAM
OF THE YEAR

Southwark London Borough Council



 The Southwark Council logo, featuring the word "Southwark" in a large, stylized script font, with "Council" in a smaller sans-serif font below it, and the website "southwark.gov.uk" at the bottom.