

ROTHERHAM BOROUGH COUNCIL – REPORT TO DEMOCRATIC RENEWAL SCRUTINY PANEL
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1.	Meeting:	Democratic Renewal Scrutiny Panel
2.	Date:	15 July 2010
3.	Title:	Scrutiny Review of Debt Recovery
4.	Directorate:	Financial Services

5. Summary

This report provides information on outcomes resulting from a scrutiny review of debt recovery arrangements completed in 2009.

A large number of positive outcomes have been achieved from the review, including

- The production of a customer focused corporate debt policy,
- Better information on where to get help with debt and procedures for helping vulnerable residents
- Better co-ordination of debt collection,
- Closer working with and monitoring of bailiffs.

These outcomes will both improve the services managed by the Council and result in a fairer and more sympathetic approach to the collection of debt.

6. Recommendations

The Democratic Renewal Scrutiny Panel is asked to note the positive outcomes achieved from the scrutiny review of debt recovery arrangements.

7. Proposals and Details

Following a scrutiny review of Debt Recovery arrangements, a report was presented to Cabinet for its consideration on 23 September 2009. The report included 15 recommendations for strengthening the support given to customers who owed money to the Council, developing a more 'joined up' approach to debt recovery and for alleviating some concerns regarding the use of private bailiffs in collecting Council debts.

All recommendations made by the Performance and Scrutiny Overview Committee were subsequently accepted by Cabinet on 2 December 2009, and an action plan was produced for addressing the recommendations.

This report provides an update on the action plan and identifies the outcomes achieved from the review. Details of the recommendations and outcomes are summarised in **Appendix 1**.

All recommendations are now substantially complete, with various reports being presented to the Democratic Renewal Scrutiny Panel alongside this report, to complete key recommendations made in the scrutiny review

The scrutiny review has resulted in a number of positive outcomes, including:

- A new 'Advice in Rotherham' leaflet has been produced and 50,000 printed to be distributed with all reminders. Other literature and website details have been updated (Recs. 1, 11 and 15)
- Improved signposting of vulnerability procedures is being carried out as part of additional information being provided by post and through the service centres (Recommendation 2).
- A new Corporate Debt Policy has been produced which focuses much more on the customers, highlighting what they can expect the Council to do when collecting debt and identifying the support available to residents in financial difficulty. The policy was supported by the Democratic Renewal Scrutiny Panel in April 2010 and approved by Cabinet in June 2010 (Rec 3).
- A liaison group has been set up, consisting of the Council, RBT, bailiffs and advice services, to review the approach to the collection of debt including the use of bailiffs and the standards they apply in practice (Recs. 4, 5 and 9)
- The corporate debt policy includes guidance about when debt can be transferred back to the Council from bailiffs (rec. 6)
- The findings and suggestions of this scrutiny review have been passed to the lead officer and Chair of the Advice Sector Scrutiny Review Group, to incorporate into the Review Group's work (rec. 8)
- Bailiffs are instructed to accept structured repayments where relevant. The number of cases at bailiff stage paying by instalment is now being reported to the Cabinet Member for Resources - since January 2010 (Rec 10)
- Bailiffs' quality assurance checks and quarterly review meetings are being used to assess the standard of approach adopted by Bailiffs (Rec 12)
- Proposals to be presented to the Democratic Renewal Scrutiny Panel will lead to better joined-up approaches to debtors with significant multiple debts (Rec 13).

- Key letters have been reviewed and sent for Crystal Mark assessment. Feedback has been taken into account in finalising letters. Only technical issues (eg formatting of addresses) are preventing the Council securing the Crystal Mark (Rec 14)

The Democratic Renewal Scrutiny Panel is asked to note the positive outcomes achieved from the scrutiny review of debt recovery arrangements.

8. Finance

The production and distribution of 50,000 'Advice in Rotherham' leaflets cost c£2,000.

Other changes considered in response to the review could have potentially significant cost implications. However, officers have presented cost neutral alternatives that should achieve substantially the objectives of the review.

9. Risks and Uncertainties

Significant changes to debt collection arrangements could adversely affect the effectiveness of recovery procedures and, in turn, jeopardise collection rates. It is crucial that the Council balances the need to be fair to all residents with its objective to maximise income from those who can pay.

The response to the scrutiny review aims to balance the services to the public while maintaining the Council's performance in debt collection.

10. Policy and Performance Agenda Implications

The Council aims to implement effective and efficient debt recovery proceedings in order to maximise income and minimise the impact of non-collection on Council Tax and rent levels and service provision. The Council also aims to support all residents in financial difficulty, particularly during the current economic downturn.

This review and proposed revisions to debt recovery arrangements are consistent with both objectives.

11. Background Papers and Consultation

- Cabinet Report - Debt Recovery Scrutiny Review - 23 September 2009
- Cabinet Report – Response to the Debt Recovery Scrutiny Review – 2 December 2009
- Performance and Scrutiny Overview Committee Report – Progress on recommendations, 12 March 2010
- Democratic Renewal Scrutiny Panel – Corporate Debt Policy, April 2010

- Democratic Renewal Scrutiny Panel – Review of Proposal to Create a Single Debt Collection Service, 5 July 2010
- Democratic Renewal Scrutiny Panel – Review of Proposal to Create an In-House Bailiff Service, 5 July 2010
- Democratic Renewal Scrutiny Panel – Review of Proposal to Make Additional Effort to Contact Debtors Prior to Referral of Cases to Bailiffs, 5 July 2010

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APPENDIX 1

Scrutiny Review of Debt Recovery: Progress on Agreed Action Plan

UPDATE AT 5 JULY 2010

No	Recommendation	Agreed Action / Comment	Update
1	<p>The Council must demonstrate it is fully implementing the recovery actions from the corporate debt policy, most particularly that of “must effectively distinguish between customers who cannot pay and those who will not pay their debts”.</p>	<p>It is recognised that the crucial issue here is to take all possible steps to engage customers, to enable them to:</p> <ul style="list-style-type: none"> - make repayment arrangements - be signposted to the Citizen’s Advice Bureau / Money Advice Service to access support - apply, where relevant, for benefits to reduce their liability to a level commensurate with their means. <p>To promote further engagement the relevant services will:</p> <ul style="list-style-type: none"> - review and improve letters, websites etc, and improve signposting to advice agencies / credit unions - reinforce messages in advice given via direct customer contact 	<ul style="list-style-type: none"> ▪ <i>Completed - Actions taken are covered in detail in Recommendations 11, 14 & 15</i> ▪ <i>Completed - RBT has built this information into its scripting processes. Service Centre staff are being given new information leaflets to distribute to customers.</i>
2	<p>The Council must ensure it is proactively considering the health of individuals as per DWP guidance, particularly those whose debt is passed to private bailiffs</p>	<p>There is an existing procedure for identifying ‘vulnerable’ customers and dealing with them sensitively. This will be maintained and arrangements for improving signposting customers to Advice Agencies (See Recommendation 1) will be implemented.</p>	<ul style="list-style-type: none"> ▪ <i>Completed - Improved signposting of vulnerability procedures is being carried out as part of the additional information being provided by post and through the service centres.</i>

No	Recommendation	Agreed Action / Comment	Update
3	The corporate debt policy and other related documents are brought together to one, accessible, online policy.	Existing elements of current policy will be reviewed and amalgamated into one coherent document. This will be made available on the RMBC website	<ul style="list-style-type: none"> ▪ <i>Completed. A new Corporate Debt Policy was supported by the Democratic Renewal Scrutiny Panel in April 2010 and approved by Cabinet in June 2010.</i>
4	The Council and RBT set up regular liaison meetings with the leading debt advice agencies. The Council must work more closely with debt advice agencies to ensure the level of complaints and queries these agencies are receiving are known at a middle and senior management level within the Council.	A Quarterly Liaison Group will be established. It is also suggested that this could incorporate Recommendation 5 in order to bring the bailiff companies to the same forum.	<ul style="list-style-type: none"> ▪ <i>Completed: Two quarterly meetings held to date in March and June 2010</i>
5	Liaison meetings take place between the Council and its bailiffs. The bailiffs advised they have a dedicated Advice Sector team. Further to the liaison meetings the Council should facilitate joint meetings between this team and our local advice agencies such as CAB and Money Advice Service.	See Recommendation 4	<ul style="list-style-type: none"> ▪ <i>See Rec 4</i>
6	Guidance needs to be added to the corporate debt policy detailing when debt can be transferred back to the Council from bailiffs.	Guidance will be added to be added to the Corporate Debt Policy, describing when it is appropriate to transfer debts back to the Council	<ul style="list-style-type: none"> ▪ <i>Completed. Details have been included in the Corporate Debt Policy referred to in recommendation 3.</i>

No	Recommendation	Agreed Action / Comment	Update
7	<p>The Council consider for those individuals who repeatedly fall into debt or are on the verge of having their debt passed to bailiffs that a more proactive approach via home visits or phone calls might be more successful in recovering debt.</p>	<p>1,800 cases were passed to bailiffs between April and Sept 2009. Additional resources would be required to carry out home visits and / or phone calls to relevant customers about to be referred to bailiffs, with no guarantee of a better response from customers. It is not possible at this stage to identify accurately the costs (and benefits) of carrying out these extra steps, but it could cost within the range £30,000 to £70,000 per year.</p> <p>In order to establish more precisely the costs and potential benefits of introducing a more pro-active approach, it is proposed to conduct phone calls / home visits to 100 customers due to be referred to bailiffs.</p>	<ul style="list-style-type: none"> Completed. Outcomes from the Pilot scheduled to be presented to the Democratic Renewal Scrutiny Panel on 15 July 2010
8	<p>Whilst the review group acknowledges that all local authorities are under a difficult period of financial restraint, we recommend further to the Advice Sector Scrutiny Review, that the Council considers how it financially supports debt advice agencies and whether there is potential for a long-term saving to be made by supporting more debt advisors in the Borough. Reference needs to be made to the work of the advice sector working group in respect of the model for advice services across the Borough.</p>	<p>The findings and suggestions of this review will be passed to the lead officer and Chair of the Advice Sector Scrutiny Review Group, to incorporate into the review group's work.</p>	<ul style="list-style-type: none"> Completed. Information passed over on 3 December 2009

No	Recommendation	Agreed Action / Comment	Update
9	The Council considers examining the business case of an in-house bailiff service where there could be clearer lines of accountability, performance monitoring and charges to clients.	An exercise will be carried out to consider the business case for establishing a Council-run bailiff service.	<ul style="list-style-type: none"> ▪ <i>Completed. Proposals presented to the Democratic Renewal Scrutiny Panel should lead to better liaison with existing bailiffs and better monitoring of performance.</i>
10	The Council should urge the bailiff companies used that in line with the protocol adopted <u>all</u> bailiffs should accept structured repayments and that this has been a concern of the authority and local debt advice agencies	Following this review, bailiffs will be reminded of the Council's expectations. These will also be reiterated where necessary at the quarterly review meetings proposed in response to Recommendation 4.	<p><i>Completed.</i></p> <ul style="list-style-type: none"> ▪ <i>Issue raised at December 2009 bailiffs liaison meeting.</i> ▪ <i>The number of cases at bailiff stage paying by instalment is being reported to the Cabinet Member for Resources (since January 2010).</i>
11	The Council creates a website and information pack for those individuals or families who will have their debt passed to bailiffs. This should include information on their rights including entitlement to restructured payments and complaints contact details at the private bailiffs and the Council itself.	<p>An information sheet / pack will be developed and made available to customers, setting out the facts regarding customers' rights when bailiffs have been appointed contact to be developed.</p> <p>Website information will be updated accordingly.</p>	<p><i>Completed:</i></p> <ul style="list-style-type: none"> ▪ <i>A new 'Advice in Rotherham' leaflet has been produced and 50,000 printed to be distributed with all reminders.</i> ▪ <i>Other literature and website details have been updated.</i>
12	The Council should provide a more robust monitoring system of the codes of conduct with our private bailiffs via the mystery shopping method used by other local authorities.	The Council / RBT will liaise with Rossendales and councils who employ this technique. Based on their ideas and experience a programme of mystery shopping will be developed.	<ul style="list-style-type: none"> ▪ <i>Completed. Bailiffs' quality assurance checks and quarterly review meetings are being used to assess the standard of approach adopted by Bailiffs.</i>

No	Recommendation	Proposed Action / Comment	Update
13	The Council has one debt collection service for council tax, sundry debts and 2010 rents. Individuals will not have to contact multiple departments or deny one service their payments to pay another one.	<p>A more detailed review will be carried out of the costs and potential benefits of consolidating existing arrangements into one debt collection service.</p> <p>Currently, individuals with multiple debts can seek help from the Citizen's Advice Bureau or the Council's Money Advice Service. These independent services will help customers to prioritise their debt and, where necessary, help negotiate repayment plans. Greater efforts will be made to make customers aware of this provision through recommendations adopted in response to this scrutiny review.</p>	<ul style="list-style-type: none"> ▪ <i>Completed. Proposals to be presented to the Democratic Renewal Scrutiny Panel will lead to better joined-up approaches to debtors with significant multiple debts.</i>
14	Letters sent out for Council Tax reminders should be in plain English and checked via the crystal mark scheme to ensure they can be easily understood.	<p>We will undertake a review of letters etc & explore use of the Crystal Mark or similar service.</p> <p>It should be noted that some of content on recovery notices is required by legislation.</p>	<ul style="list-style-type: none"> ▪ <i>Completed. Key letters have been reviewed and sent for Crystal Mark assessment. Feedback has been taken into account in finalising letters. Only technical issues (eg formatting of addresses) are preventing the Council securing the Crystal Mark</i>
15	The FAQ sent out with Council Tax reminders should signpost where advice and support can be accessed, and promote the good work of the local credit unions	Documents to be revised as a result of this review will be amended, where relevant, to include signposting to Advice Agencies / Credit Unions along with reference to their website pages. Revisions will take into account developments resulting from Recommendations 11 & 14.	<p><i>Completed:</i></p> <ul style="list-style-type: none"> ▪ <i>Revisions have been made to material, including the website.</i> ▪ <i>A new 'Advice in Rotherham' leaflet has been produced and 50,000 printed to be distributed with all reminders.</i>