

London Borough of Enfield

Cabinet

Meeting Date – 3 March 2021

Subject: Fair Debt and Income Strategy
Cabinet Member: Cllr Maguire
Executive Director: Fay Hammond
Key Decision: 5207

Purpose of Report

1. To agree the proposed Fair Debt and Income Strategy. The strategy replaces the Debt Policy that has not been refreshed for some time. It takes into account the environment for the Council's customers and the Council itself, in terms of the economy, legislative changes, good practice, digital progress, and improvements in access to data that enables us to differentiate the customer base and support those that are struggling to pay. This new strategy will implement a progressive approach to the management of debt and income in Enfield. The vision is to:
 - Modernise debt recovery
 - Maximise income
 - Deliver fair and equitable treatment of our customers
 - Improve access to benefit advice and debt support and reduce the escalation of debt charges.

Proposal(s)

2. Cabinet is requested to approve the new Fair Debt and Income Strategy shown at Appendix 1. The objectives are to:
 - a. Maximise collection
 - b. Increase income
 - c. Minimise the cost of collection
 - d. Protect vulnerable and low income households
 - e. Improve the provision of co-ordinated debt, benefit and other advice
 - f. Provide accessible and consistent transactions for collection service customers, including local businesses
 - g. Protect the Public Purse
3. Individual action plans to deliver each objective will be monitored by the Fair Debt and Income Board. Some individual work programmes have already been agreed and underway and others will require further work either within the existing resources of the services or using normal Council project authorisation processes. Individual collection procedures will be amended to reflect the new strategy.

4. The Fair Debt and Income Strategy will be reviewed annually to ensure it remains fit for purpose, particularly with regard to the evolving pandemic and subsequent recession.

Reason for Proposal

5. Enfield faces an unprecedented challenge to its collection services due to:
 - COVID 19 and the emerging recession
 - The increase in personal indebtedness
 - Welfare reform cuts in financial support to benefit recipients
 - The need to deliver service efficiencies and savings.
6. To protect the Collection Fund, Housing Revenue Account and other essential income the Council must enhance and adapt processes to:
 - Maximise income
 - Minimise the cost of collection
 - Protect the vulnerable/low income households
 - Sustain tenancies to minimise evictions from social housing
 - Improve the provision of co-ordinated debt, benefit and other advice
 - Provide easy, consistent access for customers to transact with the collection services, including local business.

Relevance to the Council Plan

7. The Fair Debt and Income Strategy is part of the COVID-19 recovery plan and supports the Council priorities to sustain strong and healthy communities; build our local economy to create a thriving place; provide early help to stop people's needs escalating. It recognises the importance of debt management as part of our plan to tackle poverty, taking forward recommendation 24 and 25 of the Enfield Poverty and Inequality Commission Report published in January 2020.

Background

8. Local government debts are increasing due to the impact of welfare reform, reductions in funding and other initiatives designed at cutting the cost of benefits. COVID-19 has further exacerbated this position. The Council has been working alongside its partners to highlight opportunities to improve debt and income management.

Main Considerations for the Council

9. It is important to note that improvements to debt and income processes have been progressed in parallel with developing the debt strategy. For instance:
 - Payment Programme – Working to deliver Payment Up Front to reduce the need to invoice, digital by default debt and communication services
 - The creation of a Welfare and Debt Advice Team that supports vulnerable and low income households to maximise benefits and manage debts

- Implementing the framework agreement to use the Cabinet Office debt collection agency 'Indesser' for vulnerable/low income council tax support taxpayers and other collection services thus reducing use of enforcement agents and lessening the impact of court costs and bailiff fees on low income and vulnerable households
- Introducing an on-line portal for council tax, business rate and benefit customers.

10. For other enhancements/improvements business cases will be produced and agreed using normal council project authorisation processes.

Safeguarding Implications

11. Protection for vulnerable/low income families within the debt strategy helps mitigate the impact of welfare reform and COVID-19 on vulnerable households.

Public Health Implications

12. Helping families avoid spiralling debts is a vital part of tenancy sustainment and other support aimed at improving Public Health.

Equalities Impact of the Proposal

13. The Fair Debt and Income Strategy aims to have a positive impact on vulnerable and low income families. An EQIA will be presented alongside the Cabinet report.

Environmental and Climate Change Considerations

14. Moving services to 'Digital by Default' will have a positive impact on climate change by reducing use of paper and other consumables.

Risks that may arise if the proposed decision and related work is not taken

15. The objectives outlined above may not be achieved.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

16. On-going and proposed projects will be risk managed using standard council processes to minimise the risk of failure.

Financial Implications

17. A Fair Debt and Income Strategy and action plan will assist the Council in maximising income and reducing cost. Progress on the plan will be reported to EMT and Cabinet as part of the quarterly monitoring report from Q1 2021.

Legal Implications

18. The Council has a general power of competence under section 1(1) of the Localism Act 2011. This states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. The recommendations in this report will enable the Council to fulfil its duties.
19. Section 111 of the Local Government Act 1972 permits local authorities to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of their functions.
20. The sharing of personal data of debtors within departments will be subject to the General Data Protection Regulations/ Data Protection Act 2018.

Workforce Implications

21. The Fair Debt and Income Strategy has no direct workforce implications although an ongoing review of existing services will take place to ensure services are fully aligned to delivering the strategy.

Property Implications

22. This Strategy has no direct property implications.

Other Implications

23. N/A

Options Considered

24. N/A

Conclusions

25. Cabinet approval of the strategy will help implementation of the vision and purpose and subsequent improvement programme.

Report Author: Geoff Waterton
Head of Service
Geoff.waterton@enfield.gov.uk

Date of report 19 January 2021

Appendices

Appendix 1 – Draft strategy
Appendix 2 - EQIA

Background Papers

The following documents have supported the preparation of this report:

EY Debt Management: Key Findings and Recommendations Report – August 2020

Enfield Poverty and Inequality Commission Report – January 2020