

SCRUTINY COMMITTEE

19 September 2022

Collection of Debt – briefing paper

1.0 Introduction

1.1 Historically Mid Devon has always been upper quartile in collection of Council Tax and Business Rates. However since 2020 collection has proved to be hard (for obvious reasons) this is also seen on a national level. Enforcement of arrears was almost halted and the use of enforcement agents was legally prohibited.

1.2 When recovery of arrears returned to normal the approach to collection had to be different such as :

- Longer Arrangements (smaller arrears payments to allow current year to be paid)
- Referrals to the Welfare Officer who would look at their wider issues and advise accordingly
- More referrals to CHAT, CAB, NAVIGATE
- Enforcement agents are trained to deal with ‘vulnerability’ when discovered cases will be returned to the Authority
- Create schemes like, The Household Support Fund & Exceptional Hardship Write-Offs
- Refer/advise on Debt Relief Orders, Bankruptcy, Breathing Space
- Vulnerability Tool Kit - [Debt Management Vulnerability Toolkit \(HTML\) - GOV.UK \(www.gov.uk\)](#) - Dean Emery, Corporate Manager for MDDC is part of the Cabinet Office Team looking at ‘vulnerability’ and helped create the tool kit via the link
- Officers are more aware of vulnerability and refer cases to the Welfare Officer

2.0 Taxation (CTAX, NDR) – ways to collect

2.1 Where someone has failed to pay and has not brought their account up to date a summons could be issued and a liability order awarded at court. The order gives the following powers to collect:

- Special Arrangements
- Enforcement Agents
- Attachment of Earnings
- Attachment to Benefits
- Charging Orders
- Committal
- Bankruptcy

2.2 Enforcement agents are useful because debtors at times never make contact and having someone at the 'door' really helps to find out information and that's when a lot of vulnerable people are identified.

3.0 Corporate Debt

3.1 Collection is required via invoices and failure to pay will see reminder/s being issued. Should arrears remain unpaid then the matter will be referred to Court, thereafter enforcement agents /high court bailiffs could be instructed.

3.2 During the COVID years collection reduced by c50%; this area has recovered very well. Active sign posting is given where financial management may be required. The Government's Breathing Space scheme allows business debts to be included.

4.0 Housing Rents

4.1 Collection of rents is controlled via policy [Item 12 \(middevon.gov.uk\)](https://www.middevon.gov.uk/Item/12); the use of enforcement agents is not considered 'good practice'. The Corporate Debt policy links with rents via the 'hierarchy of debt' and, as such, rent arrears come before taxation to stop 'eviction' or at least try to. Revenues and Housing would work together where debts are seen in both; the Welfare Officer tends to help broker solutions where possible.

4.2 This work is reflected in Mid Devon's approach; we use CAB, CHAT and NAVIGATE. The Welfare Officer works across the organisation i.e. Council Tax and Housing to broker arrangements. 100% of work is checked before sending to Enforcement Agents. Enforcement agents work to our requirements around 'vulnerability'; they are all trained to a very high standard. Companies also have staff who are trained in 'welfare'. Vulnerable cases in the main are referred back to the Council to deal with. Officers will refer cases to the Welfare Officer as they arise. Officers will advise on orders such as debt relief and these need to be worked on by staff in the CAB/Navigate.

4.3 MDDC has a 'Corporate Debt Policy' which looks at debt across departments via a 'hierarchy of debt'. MDDC runs an 'exceptional hardship' scheme.

4.3 The LGA report has been taken over by 'Breathing Space' debt advice and repayment is managed by bodies such as Shelter, CAB, Navigate, other debt advice agencies. Debts are reviewed by qualified people. Over a 60 day period all recovery must stop, after which a person/business may be offered a repayment plan, managed via Corporate Recovery directly into the Insolvency Service. [New scheme to give people in problem debt breathing space launched - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-scheme-to-give-people-in-problem-debt-breathing-space-launched)
[Statutory Debt Repayment Plan: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/statutory-debt-repayment-plan)

4.4 Mid Devon DC is part of the advisory group. Up to 10 years to pay back debts is suggested.

4.5 MDDC have advised on both. Dean Emery sits on a 'fairness group' for the Cabinet Office to help advise on debt recovery from Local Government stance. He was also interviewed to explain the legal process and also helped create the [Debt Management Vulnerability Toolkit - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

4.6 Dean Emery also wrote a paper/policy for Taunton with won a national award for the Local CAB which was shared around the country.

5.0 Using Enforcement Agents

5.1 Successful visits aren't just about 'full payment' or 'special arrangements'. Other examples include:

- Returned as vulnerability has been found
- Confirmed gone away
- Returned Nula Bona – no goods to secure - could link to vulnerability
- Information around household make up - this could alter the charge
- Wilful Refusal is likely for non-payment or Culpable Neglect
- Generates contact to either the bailiff or back office
- An employer is found case returned for attachment
- Officer request the case back (case by case basis)

6.0 Text Messages (SMS)

6.1 Currently have over 12,000 happy to receive messages. SMS are issued c 1 week before reminders are issued and summonses. This does generate payments and reduces the amount of notices being posted.

7.0 Enforcement Agent Fees

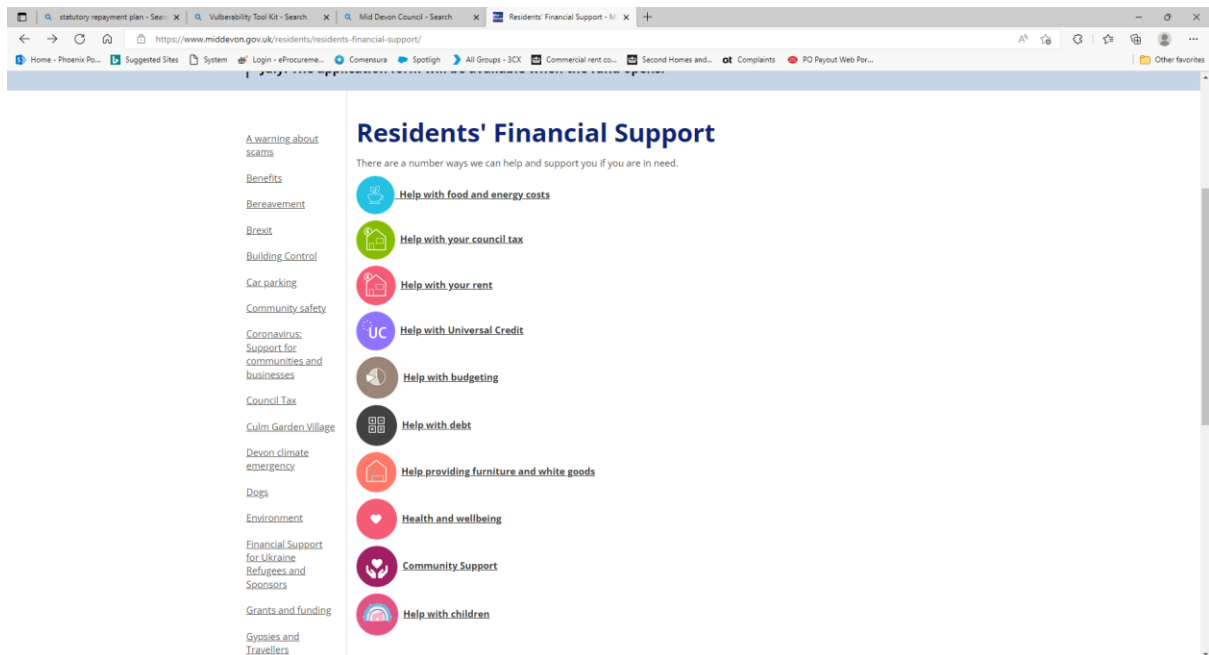
7.1 These are set in law after the extensive reshaping of rules.

7.2 Basic fees :

- £75 Compliance stage – letter issued by the Enforcement Agent – most matters are resolved at this stage rather than someone having to actually visit
- £235 – Agent is asked to visit with a view of discussing the debt
- £110 – Goods removed to be sold to cover all or part of the debt

7.3 Mid Devon – Support Page

[Residents' Financial Support - MIDDEVON.GOV.UK](http://MIDDEVON.GOV.UK)



Total debt subject to a Magistrates Liability Order at the following enforcement stages

Enforcement Stage	Number	Balance
Attachment to Benefit	58	£10,921.01
Due for Attachment to Benefit	139	44331.76
Attachment to Universal Credit	67	26783.77
Special Payment arrangement	233	256043.63
Defaulted Special Payment arrangement	301	252055.59
Attachment to Earnings	46	35838.54
Due for Attachment to Earnings	19	14619.67
Hold (waiting to be progressed)	740	£1,000,810.01
Pre and Committal	16	21910.15
Pending enquiry	447	129184.18
Absconded	155	£129,184.18
Charging Order	25	£128,988.86
Enforcement Agent	631	£1,062,641.34
Write off	223	£188,111.38
Totals	3100	£3,301,424.07

Below a summary of the last three years actions by our three Enforcement Agents:

Jacobs	2021/2022	2020/2021	2019/2020
No of Cases issued	50	19	309
Value of Cases issued	£69,561.67	£14,021.59	£280,438.58
Paid in Full No	15	4	160
Paid in Full Value	£23,081.79	£3,858.55	£154,110.27
Current Arrangements No	4	0	11
Current Arrangements Value£	£2,582.97	£0.00	£8,703.60
Gone Away No	3	1	32
Gone Away Value£	£5,046.51	£1,682.77	£25,988.61
Nulla Bona No	10	13	76
Nulla Bona Value£	£13,976.41	£7,935.51	£74,189.29
Arrangements Count	19	5	190

Britow and Suter	2021/2022	2020/2021	2019/2020
No of Cases issued	351	8	N/A
Value of Cases issued	£463,260.91	£5,769.92	N/A
Paid in Full No	70	6	N/A
Paid in Full Value	£90,866.79	£3,704.45	N/A
Current Arrangements No	68	1	N/A
Current Arrangements Value£	£75,321.57	£901.18	N/A
Gone Away No	7	1	N/A
Gone Away Value£	£11,672.75	£901.18	N/A
Nulla Bona No	16	0	N/A
Nulla Bona Value£	£17,882.06	£0.00	N/A
Arrangements Count	68	1	N/A

Dukes	2021/2022	2020/2021	2019/2020
No of Cases issued	227	16	759
Value of Cases issued	£305,829.82	£10,044.70	£743,768.50
Paid in Full No	55	6	326
Paid in Full Value	£78,741.15	£3,727.96	£315,578.44
Current Arrangements No	39	1	21
Current Arrangements Value£	£53,986.01	£496.91	£8,373.39
Gone Away No	18	1	85
Gone Away Value£	£14,342.18	£1,005.00	£75,473.18
Nulla Bona No	2	7	40

Nulla Bona Value£	£2,067.47	£581.00	£39,321.55
Arrangements Count	18	1	21

Dean Emery, Corporate Manager for Revenues, Benefits, Corporate Recovery, Planning (DM) and Corporate Fraud / Fiona Keyes, Operations Manager for Revenues, Benefits and Recovery