

Council Tax and Housing Benefit Overpayment recovery

K&C Social Council 2018



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

What is ethical debt collection

- Treating customers falling into debt with respect;
- A low cost process for the customer and also the rest of the community;
- Collecting debt in a positive manner which enhances the reputation of the Council amongst our residents;
- Transparent service from end to end;
- A more 'gentle' or 'soft' approach to collection practices;
- Showing true sympathy for someone experiencing genuine hardship;



H&F's headline around ethical debt collection

- Key objectives were to “save public funds by relying less on bailiffs, and helping residents avoid debt in the first place”.
- Part of the model was to “dramatically reduce the number of cases that end up in court”.
- Also commented:
 - “costs of temporary accommodation, increased demand on temporary housing, social services and educational services, affects physical and mental healthcare – can all result from heavy-handed use of bailiffs, putting strain on the public purse”.



The problem

- Every penny of Council Tax that is not collected ultimately means higher bills for those who do pay / pay on time
- Identifying the 'can't pay' from those who 'can pay' or 'won't pay'
- Some customer just won't engage with us despite attempts to before any recovery action takes place
- Enforcement fees vs percentage of debt collected plus additional on costs (the hidden cost of the H&F model with 1st Credit) – impact on collection plus costs to the Council and therefore the rest of the borough's taxpayers



Are we more reliant on Enforcement agents?

- In short, no
- 95% of Liability Orders obtained in 2016/17 went to enforcement agents
- In 2017/18 this was cut 71%
- We are not resting on our laurels



What are we done in 2017/18 and still evolving in 2018/19

- We have tweaked and developed our recovery policies (including our fair debt collection policy) and procedures
- We continue to train and develop our staff in line with:
 - changes to policy and procedure
 - means testing income and expenditure to agree affordable repayment plans
 - Soft skills training to ensure professionalism, proactive approach to resolving issues and being persuasive
- We continue to review our notices, letters, website and literature to:
 - Provide clear signposting to free debt advice
 - Nudge customers into engaging with us or make payments due to prevent recovery
 - Ensure correspondence is clear, concise and jargon free
- We respond to disputes / queries / discrepancies in an effective and timely manner (prevent case escalation caused by delays)
- We have a continuous feedback loop – removing inefficiencies in processes, changing ways of working, try prevent customers entering into debt and poverty, promote Direct Debits, try ensure customers don't turn to 'payday' loan type companies for short term fixes
- We try contact customers via SMS, email, etc. before and after formal recovery notices are issued to prompt payment or contact



Our next step – in house enforcement

- Why are we looking to do this?
 - Transparent end to end process
 - Agents directly employed by us and having an RBKC value system and behaviours rather than commercial ones
 - Ensure any vulnerable customers caught up in the process are signposted for help both internally and externally
 - The service allows us to use the same policies, principles, behaviours and continued service development we have worked on in the last year
 - Ensure vulnerable customers identified during the recovery process are not harassed in order to achieve results and are at the heart of what we do
 - Ensure debt collected positively and enhance the reputation of the Council
 - Control over fees charged based on customer circumstances
 - A means to look at debts owed to the council holistically
 - To work with third sector agencies to continuously develop the service and become a beacon site for fair recovery action

