

Draft Corporate Debt Recovery Policy

Consultation Feedback

Consultation held from 30th September, 2013 to 24th November, 2013

q Consultation booklet and questionnaire sent to:

- A random sample of 200 Council Tax payers both in receipt/not in receipt of Council Tax Support
- The multi-agency Community Reference Group which includes membership from Harrow CAB, Mind in Harrow, Harrow Mencap, HAD, Age UK Harrow, HASVO, CNWL, Harrow Law Centre, Jobcentre Plus, Landlords Association, Unions and representatives from Council Services
- Staff within the Council's Debt Recovery Services

q Consultation web pages and survey online

q Consultation Workshop

- q Vulnerability has been identified but it is not detailed what we actually monitor in the Council – need to mention that all vulnerable groups are not monitored by the Council
- q Adult Services recorded service users relate to individuals who have been assessed (substantial or critical), this will not cover all people who are vulnerable
- q You mention there would be a flag – we would need to ensure the flag can be turned off as well which would require a regular update and matching exercise
- q Adults fees should be mentioned within the policy

Council's response:

- q The draft policy will be updated to state that the Council will not be aware of all people within the Community that could be considered vulnerable.
- q The Council will work closely with Advice and Support Agencies to help ensure, where possible, vulnerability is identified in relation to Debt Recovery Services
- q Vulnerability flags will be monitored by the individual Debt Recovery Services on a regular basis and at a minimum yearly.
- q Policy will be updated to include Adults Fees

- q There is a problem regarding list of priority debts and whilst completely understand that recovery of monies owed to the Council are a priority to the Council, there is a common understanding of what are priority debts amongst all money advisors and these are listed below (slide 5). It would be a bit disingenuous for a Council Officer to say to someone that paying their adult social care charge was more of a priority than paying their mortgage, or paying VAT that had been evaded and such advice may be viewed as downright unethical as it is simply not true. It might also leave the Council liable to action if the person lost their home or their liberty as a result of following the Council's advice

Council's response:

- q The Council has an overarching duty to all residents within Harrow to collect any monies due to fund the provision of local services. The hierarchy of debts showed in Table 1 (page 8 of the policy) was agreed at Cabinet in 2009 to ensure that the Council can help customers who have multiple debts to the Council to repay with a view of avoiding the most serious consequences if the debt is not paid. If the Council Officer identifies that the customer has a multitude of debt which includes debt to organisations other than the Council, the Officer would signpost the customer to a free to access advice and support organisation where an independent holistic approach can be taken.

General Feedback



CAB Financial Assessment:

Type of Debt	Ultimate sanction
Mortgage/secure loan arrears	Repossession followed by eviction
Rent arrears	Repossession followed by eviction
Council Tax	Imprisonment
Gas/electricity arrears (current suppliers)	Disconnection
Maintenance arrears, child support arrears, contribution order arrears (for children in care) enforced through the magistrates' court	Imprisonment
Income tax arrears when enforced through the magistrates' court	Imprisonment (only for evading payment)
VAT arrears	Imprisonment (only for evading payment)
National insurance contribution arrears	Fine – followed by imprisonment if unpaid
Telephone/mobile phone/telecom packages arrears (essential services)	Disconnection
Hire purchase/conditional sale (essential goods)	Repossession of essential goods/ imprisonment
Fines arrears/default – these include parking fines issued by the magistrates' court but not parking penalties issued by local authorities, which are non-priority debts	Fine
TV Licence – if the client does not have one or is in arrears	Fine

CAB Table of Non priority debts

Type of Debt	Ultimate sanction
Consumer credit debts and unsecured personal debts including <ul style="list-style-type: none"> □ Credit cards/store cards □ Overdrafts □ Catalogues/mail order □ Unsecured loans □ Personal debts 	Court action for debts
Benefit overpayments	Deduction at source if client still in receipt of benefit
Tax credit overpayments	Deduction from on-going entitlement if client still in receipt of tax credits. Court action for debt if not
Hire purchase/conditional sale (non-essential goods)	
Parking penalties – civil enforcement	Bailiffs may seize vehicle
Water rates	Court action for debts

Council’s response:

The secondary financial assessment shown in Table 2 (page 8 of the policy) has been updated to reflect the CAB Financial Assessment (excluding Council Debts) shown on slide 5.

- q First you have to be in a vulnerable category and then you have to consider whether 'it effects their ability to manage their financial affairs effectively and require support' but the only two categories to be considered are:
 - If the person has multiple debts; and
 - If the person was granted an award from the Emergency Relief Scheme

- q The two criteria are not enough to pick up people who might be vulnerable i.e. if somebody was terminally ill and in hospital, their sick pay had stopped, were awaiting benefits and their direct debt for Council Tax had bounced. Should there be an additional criteria that includes 'or their inability to manage their own affairs has been evidenced by a reliable third party such as a social worker, doctor, nurse or other professional whole statement has been accepted as valid by a senior member of revenues staff'

Council's response:

- q The policy will be updated to show that the criteria the Council's Debt Recovery Services will consider when determining whether a person can manage their financial affairs effectively will include:
 - Evidence provided by professionals would be considered as part of the process

Questionnaire Feedback



	Question	Yes	No
1.	Do you agree with the principles of the policy?	2	0

Council's response:

☐ Further to all responses received from the consultation the principles of the policy will remain the same

	Question	Yes	No
2.	We have explained what customers can expect from Harrow Council when delivering the principles. Are there any further actions we need to include?	1	0

Feedback from the consultation:

☐ Suspending recovery action if a debt is queried

☐ Writing off debt

☐ A recognition of the cumulative impacts of welfare reforms and a realisation that people can't pay rather than won't pay

Council's response:

☐ Unfortunately, the Council is not able to suspend recovery action when debt is queried due to the resources this action would require

☐ Whilst 'writing off a debt' is included within the policy it will also be mentioned within the delivery of the principles

☐ The policy recognises that there are people who can't pay rather than won't pay however this could be for many reasons rather than specifically the changes within the welfare reforms.

Questionnaire Feedback



	Question	Yes	No
3	We have explained what the Council expects from customers who have a charge they must pay to the Council. Are there any further actions we need to include	1	1

Feedback from consultation

☐ Ask the customer with multiple debts to list them in order of priority to enable the Council to determine how likely they are in receiving for example, Council Tax arrears before repayment back to loan shark or money lender

Council's response

☐ The policy will be changed to include a request to the customer to advise the Council of the totality of their debt and to have a discussion regarding their priorities

	Question		
4	Do you think that any groups of people have been missed from the vulnerability criteria?	1	1

Feedback from consultation

☐ Those subject to bedroom tax and/or benefit cap

Council's response

☐ People who have had their benefits changed through either the Social Sector Size Criteria and/or the Benefit Cap could fall within any of the groups within the vulnerability criteria and therefore will not be included as a specific group

Questionnaire Feedback



	Question	Yes	No
5.	Do you agree with the criteria we are proposing to identify somebody who falls within the vulnerability criteria and cannot manage their financial circumstances? If you have answered no please let us know why you do not agree and whether we should be including any other data.	2	0

Consultation Response - None

Council Response:

⌘ Whilst no comments were received to this question in the questionnaires a general comment was received and therefore as stated in slide 7 the policy will be updated to include the following in relation to management of financial circumstances:

- Evidence provided by professionals would be considered as part of the process

	Question	Yes	No
6.	Are there any circumstances that haven't been taken into account within the secondary financial assessment explained in Table 2, page 8 of the policy?	0	1

Consultation Response - None

Council Response:

⌘ Whilst no comments were received to this question in the questionnaires a general comment was received and therefore as stated in slide 5 the secondary financial assessment has been updated to reflect the order of external debts to the council included in the response to the consultation on slide 5.

	Question	Yes	No
7	Do you have any further comments on the policy?		
	Consultation response - none		