

# A Progressive Approach to Managing Debt and Income in Enfield



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## Foreword

2020 was a tough year financially, for many residents and businesses. The economic impact of the pandemic has exacerbated problems of debt for many individuals and the ability of the Council to collect its fees and charges. The council relies on that income to deliver public services to our residents and local businesses.

The purpose of this strategy is to modernise and streamline our debt collection and income processes to make them responsive to the needs and circumstances of our customers. We want to strike the right balance between maximising Council income and proactively supporting our customers in need.

We have already taken steps to treat debtors more fairly and with respect through the debt collection process. That means differentiating between those who can't pay and those who won't pay.

Last year, the Council introduced new services that reflect this commitment. The new Welfare Advice and Debt Team provides casework support for people struggling with household finances. Our new Community Hubs team provides much-needed early conversations with struggling customers. We are also introducing e-billing for Council Tax and Business Rates, as well as a new on-line portal to improve customer experience.

This strategy sets out how we will build on this approach to deliver a fairer, more efficient and compassionate debt recovery and income management system. It will make a significant contribution to key Council objectives: to sustain strong and healthy communities; and build our local economy to create a thriving place. It will provide early help to stop people's needs escalating. It recognises the importance of debt management as part of our plan to tackle poverty.

The Council raises and collects more than £500m in income per year, from local taxation, rent and charges for services, from residents and businesses. This strategy sets out the Council's vision and objectives for focusing on protecting essential council income that provides vital funding for services while, at the same time, supporting our customers fairly and consistently.

Debt is a key issue for Enfield's residents. It means they have to borrow to cover their costs. Debt affects their ability to access many activities and services that would improve their quality of life. More than 35,000 Enfield residents earn an hourly rate below the London living wage. Enfield Council aims to support local people to enjoy a high quality of life by helping to manage their finances, including maximising their income and managing debts.

The Enfield Poverty and Inequality Commission Report published in January 2020 highlighted the importance of debt management as part of an overall council strategy to tackle poverty.

Despite a good track record of raising income and collecting debt, the Council faces an unprecedented challenge 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.

Enfield Council has developed this Fair Debt and Income Strategy to:

- Deliver best practice in debt collection and income management
- Provide direction for how we want debt recovery to look in the future
- Enact the advice of the Enfield Poverty and Inequality Commission
- React to the needs of service-users in an increasingly responsive way
- Proactively tackle debt, which is rising significantly year on year nationwide.

Over the next 3 years the work under each of the strategy objectives will be progressed and developed.

I commend this strategy to you.

**Cllr Maguire**

**Portfolio Holder Resources and Performance**



# Our vision

The Council's vision is to modernise the debt recovery process and ensure the Council maximises income, collecting debt promptly and effectively while ensuring fair and equitable treatment of our customers, improving access to benefit advice and debt support and reducing the escalation of debt and debt charges for residents that are struggling to pay.



## Our Objectives

The Council has a duty to recover outstanding debts, to charge for its services both efficiently and fairly, ensuring processes and decisions are equitable and proportionate. This strategy relates to all customers of the Council, residents, businesses, partners and contractors.

### This strategy's key objectives are to:

- 1. Maximise collection** – modernise the collection process, minimising debt to the Council through good collection practice, but when debt does occur it is collected efficiently, fairly and proportionately
- 2. Increase income to the Council** – charging fairly and accurately for the services the Council delivers
- 3. Minimise the cost of collection** – efficient processing that enables the Council to run low cost and high quality service
- 4. Protect vulnerable and low income households** – using data to identify the customers that 'can't pay' (those who are struggling to pay due to lack of income or debt) as opposed to those that 'won't pay' (those minority that have sufficient finances in order to pay but are not doing so), ensure those that 'can't pay' are supported to improve their situations such as through improved access to affordable credit and improved money management, and deliver fair and proportionate debt recovery
- 5. Increase the provision of co-ordinated debt, benefit and other advice** – maximise the take up of benefits, identify and support early signs that customers are in financial hardship, deliver case work on welfare advice and debt, connect to other services and partners to help customers that have escalating needs, and treat customers that have multiple areas of debt to the Council fairly and effectively
- 6. Provide accessible and consistent transactions for collection service customers, including local business** – easy access to real time information and advice
- 7. Protect the Public Purse** – maximise detection and management of fraud, and minimise its occurrence.

This strategy applies to all sums owing to the Council and has been developed to ensure a consistent approach to the management of debt and income across the Council.

The main areas being:

- Council Tax
- Housing Benefit Overpayments
- General Income – the fees and charges made for a wide range of Council Services (known as 'sundry debt')
- Business Rates
- Rent for council properties and other property
- Leaseholder Charges
- Parking fines
- Charges for residential and non-residential care

# Strategic Context

This strategy supports a wide range of existing priorities in Enfield, particularly the following:

## ENFIELD'S COUNCIL PLAN (2020 – 2022)

promises the Council will create more accessible and efficient services for example by “investing in modern, user-friendly digital technology so that the first choice for residents is to use the phone and web to resolve simple queries and requests. This means our staff can spend more time on complex queries and with residents who might need extra support”. It also prioritises ‘Early Help’ where we are joining up services across the Council and with our partners to deliver a range of coordinated early help services (of which objectives 4 and 5 of this strategy) are a key part.

## ENFIELD POVERTY AND INEQUALITY COMMISSION

report (January 2020) sets out the need for a Debt Strategy that encourages residents to engage with the council when their financial situation changes. It also encourages the Council to work closely with the North London Credit Union and create a new Welfare Advice and Debt Support Team.

## PREVENTING HOMELESSNESS AND ROUGH SLEEPING STRATEGY (2020 – 2025)

requires easy access to benefits and employment services to avoid evictions and maintain financial inclusion.

## CUSTOMER EXPERIENCE STRATEGY (2018 – 2022)

sets out Enfield Council's vision for its digital offer in the coming years. The greater digital inclusion in Enfield, the less strain there will be on customers to make payments.

# Local Context

Poverty, deprivation and debt have been increasing in Enfield.

This must be addressed while also ensuring that Enfield Council balances the budget gap. Since 2010, £178 million has had to be saved at the Council due to central government funding cuts, with a further £13 million needing to be saved in the financial year of 2020/21. Due to COVID and the additional costs and loss of income incurred by the council, savings targets over the next 5 years have been increased by a further £40m. When customers do not pay their charges and fall into debt to the Council this creates pressure for the Council's budget.

Individuals often fall into debt due to a change in circumstances that is not anticipated or resolved. This in turn can then lead to use of credit, which itself creates further financial pressure for the household. The availability of affordable credit and welfare advice and support eg to reprofile debt, is clearly important in these circumstances. Debt is a far-reaching problem in society today, affecting and affected by many factors. Enfield Council's Borough Profile sets out Enfield's societal profile, where the issues set out below have been identified as affecting debt.

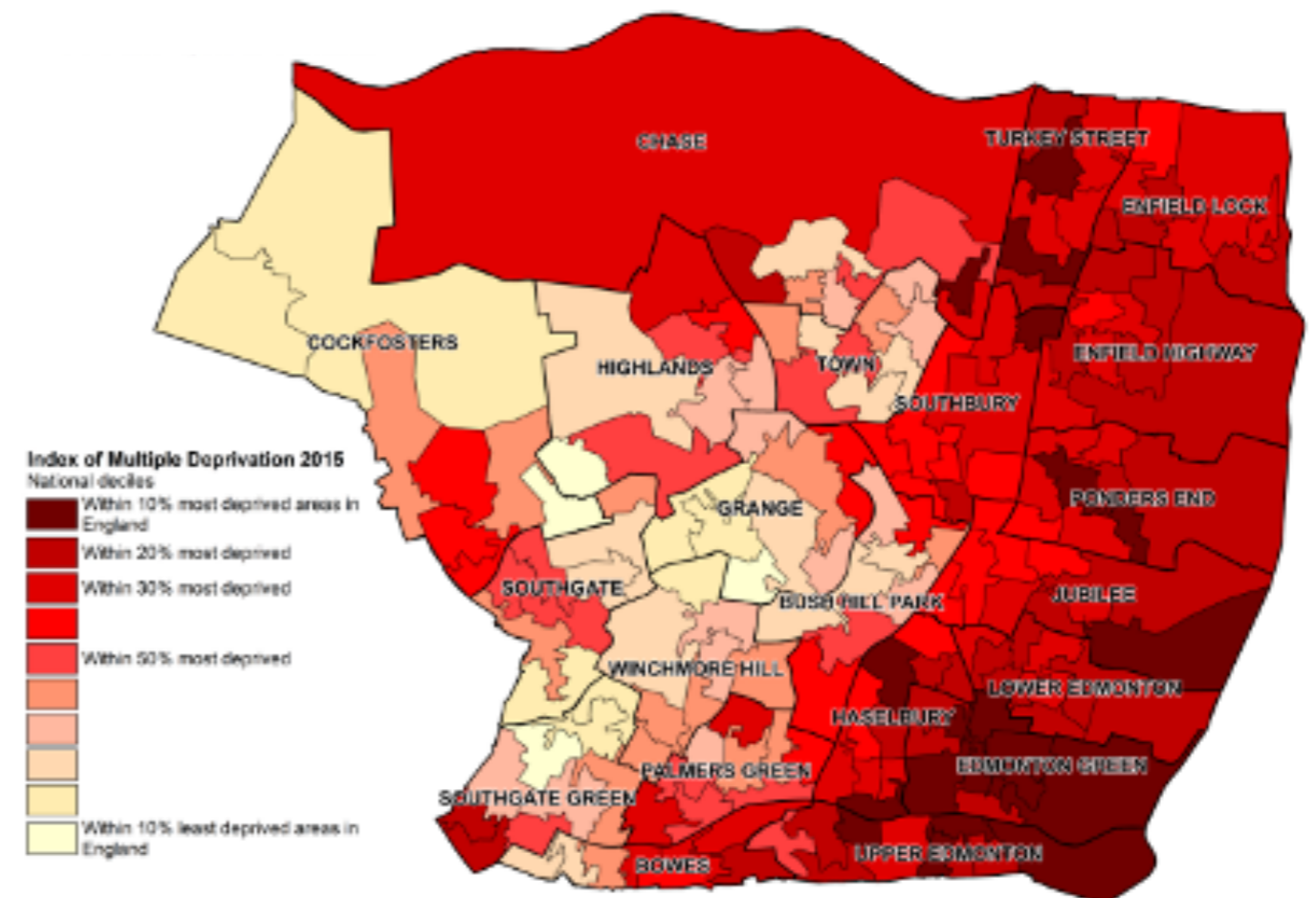
## Deprivation:

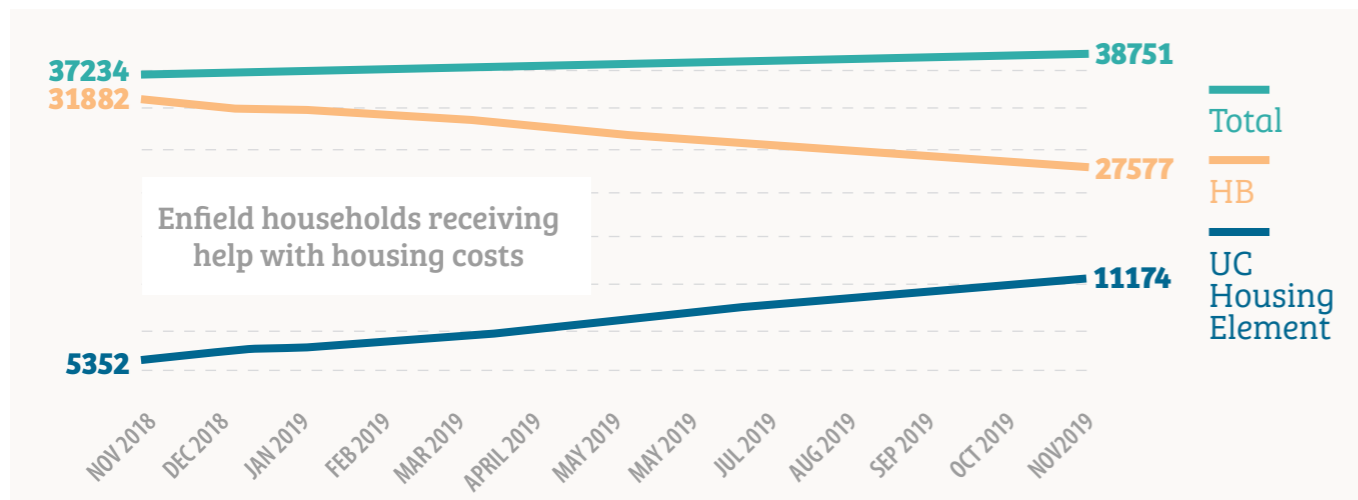
Enfield is the 9th most deprived of the 33 boroughs in London, and within the most deprived 25% of all local authority areas in England. The map below presents the ward-by-ward view of deprivation within Enfield's neighbourhood areas.

ENFIELD'S MEDIAN HOUSEHOLD INCOME

**£34k**

11<sup>TH</sup> LOWEST IN LONDON





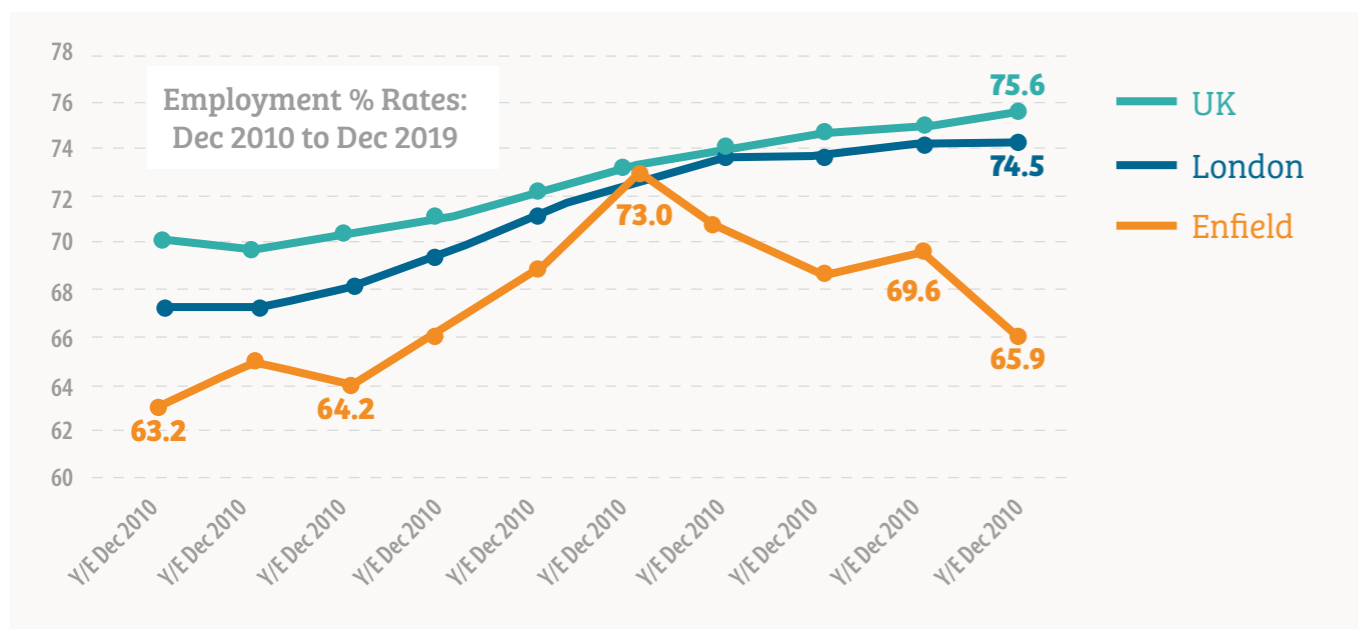
Enfield's median (average) household income is £34,900, which is the 12th lowest in London. 15.6% of households in Enfield have an annual gross income of under £15,000. This is a higher percentage than the London average.

In the year to June 2020, the employment rate in Enfield was nearly 7 percent-age points below that for the UK. As this strategy is signed off, the future of the Covid on the job support scheme ("furlough") is unknown. But with one of the highest furlough rates in London (at its peak over 30,000 residents furloughed during the pandemic) and no clarity on the long-term future of the businesses impact of the pandemic, employment rates may well reduce yet further.

Poverty in the Borough is growing, and can be seen by the increasing number of households that receive benefits to help with their housing

costs set out in the graph below. The number of households receiving help to pay rent in the form of either Housing Benefit or Universal Credit housing element increased by 21% in the year to August 2020. At 46,185, Enfield has the third highest number of such households of all London boroughs (after Hackney and Newham).

Enfield has many residents based in Temporary Accommodation (TA) in March 2020 there were 3,497 households in Temporary Accommodation, at a cost of £7million. This makes Enfield the second highest provider of Temporary Accommodation in England (EPIC). Enfield also has the third highest number of 'Benefit Capped' households in the country (Autumn 2020) standing at over 3500 households – this is an indication that further tenancies may not be sustained and lead to an increase in temporary accommodation.



## National Framework

Nationally, funding for local government has changed and Government Grant has severely reduced, meaning that Councils are increasingly reliant on local taxation and fees and charges as their main source of income.

The long term adverse impact of the Covid related economic downturn has a potentially very concerning impact on reduced Council Tax and Business Rates collection levels in Enfield.

In parallel, there is an increased national spotlight on vulnerability – reflected in the priorities of this strategy - where it is recognised good practice seeks to:

- Differentiate those debtors that "can't pay" from those that "won't pay"
- Improve bailiff practices to avoid spiralling debt
- Support vulnerable people more effectively.

National legislation has informed this debt strategy and sets out the reviewed statutory duties of local authorities. These include:

- **Government pledges to improve the way Council Tax debt is recovered** Vulnerable people who fall behind with Council Tax payments will have greater protection from aggressive debt enforcement under plans to improve the way councils collect arrears. We are awaiting the government guidance on this.
- **The Homeless Reduction Act 2017** (active since April 2018) places statutory duties on local authorities to intervene at earlier stages to prevent homelessness. Homelessness is tied closely with debt recovery reform, as local authorities look to limit eviction notices and rising rent arrears.
- A National Citizens Advice call for **Council Tax collection reform**. Council Tax is considered a 'priority debt' for councils, for this reason methods such as bailiffs can be used to recover debt. Citizens Advice has called that the Department for Housing, Communities and Local Government amend the Council Tax regulations to:
  - Give councils more flexibility by stopping annual-bill liabilities when a resident misses a payment
  - Make it easier for councils to improve collection by giving them more powers to collect debt in a fair way without getting a liability order first
  - Improve practice across the country by clearly setting out steps that councils should take before using the court process.
- **Breathing Space** is new legislation that will come into effect in May 2021. It will allow those that are in problem debt, including those which are vulnerable, to have a 60-day period where enforcement agents and interest on debt is frozen. As well as covering credit card and loan debts, it will also cover a wide variety of government debts.



# Guiding Principles of the Strategy

This strategy applies a set of principles across all areas of debt and income that we are working towards achieving, so that our customers can be clear where they stand, the service levels and support that they can expect, and so that all the objectives above can be delivered.

These principles are:

- ✓ Publish processes for collection of every area of debt to ensure customers are clear about the help available and consequences of default, and with clear escalation processes in cases of default
- ✓ Use of a wide range of internal and external collection and enforcement activities, including early prompts that payments are missed through to debt collection, tracing and legal support agencies - ensuring income is maximised for all debts
- ✓ Welfare and debt advice, including support for customers to manage existing debt and early help to stop debt occurring, minimising evictions because of debt etc.
- ✓ A holistic approach to debt recovery so that a customer with more than one debt to the Council has their case managed in a co-ordinated way
- ✓ Digital service provision for all debts and income, so that all areas of the process are easily managed on-line
- ✓ Standard and consistent processes to protect the public purse from fraud and error
- ✓ Differentiated support and collection approach, based on the use of data and evidence, for 'can't pay' customers compared to 'won't pay' customers, ensuring appropriate recovery methods are applied to each household type, including tailored collection approaches for vulnerable and low-income households

# Key Objectives

The Strategy's 7 key objectives are set out below. Each of these will be delivered across the 3 years of the strategy, through a series of action plans.

## Key Objective 1

### Maximise Collection

- Combine enforcement action for high value arrears cases
- Ensure timely invoices to avoid large debts accruing
- Council tenants transferring to Universal Credit to be supported in stable accommodation by receiving timely benefits and budgeting advice that supports the transition to UC
- Minimise benefit overpayments by encouraging residents to notify changes and by maintaining timely assessment of any changes
- Apply a standard debt tracing approach to Council debt
- Ensure all contractors (e.g. enforcement agents) comply with Council data security requirements and publicise their customer complaints policy and service standards



#### Enfield Good Practice

The introduction of a new approach to support temporary accommodation tenants whose circumstances had changed in May 2019, resulted in maximising the benefits to which the tenants were entitled and had the effect of £1.2m additional payments to the Council in less than 12 months



#### Enfield Good Practice

An overall collection rate of 98% for council tax in 2019/20 the 9th highest in London



## Key Objective 2

# Increase Income to the Council

- Maintain and maximise inspection programme to ensure property and people records are maintained
- Regular reviews of Council Tax and Business Rate discounts, exemptions and reliefs - e.g. single person discount.
- Maximise benefit take up by social care recipients thus maximising social care contributions to the Council
- Use internal and external data sources to review and enrich collection records

## Key Objective 3

# Minimise the cost of collection

- Payment up front - reducing invoicing and debt by introducing payment up front before providing the service, and establishing the good practice of “book it, pay for it, deliver it”
- A ‘digital by default’ approach that ensures all debt and income services offer digital services to customers, including:
  - E billing/invoicing
  - Text/email/voice options to replace paper
  - Online payments, including debit/credit card and direct debit
  - Online benefits and change of circumstances applications/notifications
  - Integrated email and document management to allow customers to send and upload information easily
  - Online view of customer account with details of debt and payments



### Enfield Good Practice

Council Tax single person discounts are matched to credit reference data monthly. This has resulted in a 4% reduction in discounts equivalent to a £1.5m increase in income since this was introduced.



### Enfield Good Practice

Delivery of e-billing and cheaper automated on-line payment and face to face payment facility ‘paypoint’ at 140 locations across the Borough in 2020.



### Enfield Good Practice

Changes to collection processes, including texts and email notices, have reduced mailing costs by £200k per annum in 19/20.



## Key Objective 4

# Protect vulnerable and low-income households

**Protect vulnerable and low-income households** – use data to identify the customers that can’t pay as opposed to those that won’t pay, ensure those that ‘can’t pay’ are supported to improve their situations such as through improved access to affordable credit and improved money management, and deliver fair and proportionate debt recovery.

### Maximise entitlement to benefits, reductions and reliefs

- Ensure all debt services promote entitlement to appropriate benefits or reliefs in all customer communications
- Ensure council benefits, reductions and reliefs are easy to apply for with on-line self-service option where possible
- Ensure vulnerable and low-income customers in debt, or likely to be in debt, are referred to the Welfare Advice and Debt Team for support and casework to help assess all their welfare needs, maximise benefits and manage their debts to enable them to stabilise and improve their financial situation.

### Financial Inclusion

- Develop effective referral process for local voluntary sector support and debt advice
- Standardise council promotion of national debt services
- Help residents to set up bank accounts if needed, working with financial institutions
- Improve access to affordable credit for Enfield residents
- Improve ability of vulnerable residents to manage their income well.

### Equality and Diversity

- Ensure a range of help is available to Enfield residents across all parts of the community, working with voluntary and community sector partners
- Consistent approach to customers whose first language is not English e.g. Language Line
- Ensure face to face enquiry and payment options are DDA compliant.

### Identifying and Supporting Vulnerable Customers

- Implement software to provide a single view of customer debt so that customers with multiple debts or who are vulnerable can be supported appropriately
- Identify vulnerable debtors as early as possible so that, where appropriate, enforcement /collection activity can be customised
- Ensure that debtors in financial hardship are provided with advice on relevant welfare rights, housing, discounts, relief and exemptions to prevent a worsening situation
- Provide digital access and mediated support for customers at Community Hubs.

### Sustain tenancies to minimise evictions from social housing

- Work closely with other services and partners to ensure sufficient welfare support is given to tenants.
- Support tenants on Universal Credit (UC) by promptly verifying rent, providing tenants with UC advice and helping to resolve payment related issues
- Ensure early intervention when a payment is missed. Refer to the Welfare Advice and Debt Team for support and only take the eviction proceeding as the last resort.



### Enfield Good Practice

Early proactive intervention for council tenants helped reduce the number of tenants evicted through rent arrears to only 1 case in 2019/20.

## Key Objective 5

# Improve the provision of co-ordinated debt, benefit and other advice

- Maximise benefit take-up e.g. Pension Credits, Free School Meals, Healthy Start
- Maximise capacity of welfare and debt advice, in partnership with the voluntary and community sector
- Train debt collection staff on benefit issues so there is a deeper level of understanding of issues and opportunities to help customers
- Develop collaboration with Community Hubs and the voluntary and community sector to create an easily accessible early help system
- To support the financial hardship needs of residents.



## Enfield Good Practice

The Welfare Advice and Debt Team created in 2020 provides a case management service for customers who are connected to the Council through Council Tax, Housing Benefit, Universal Credit and/or Adult Social Care, who have related debts and may be at risk of becoming homeless. This multiagency approach to income maximisation and debt support, working closely with other advice services, council services and the DWP helps:

- Reduce homelessness
- Improve collection of council debts and charges
- Remove barriers to work
- Improve health and wellbeing
- Provide a single point of contact for income and council debt issues

In the period March 2020 – January 2021 this service supported 2500 households, and has begun delivering benefit take up campaigns.

## Key Objective 6

# Provide accessible and consistent transactions for collection service customers, including local businesses

### Making enquiries easy

- Offer accessible enquiry service for customers e.g. the amount due, ways to pay, help with payment and customer service standards
- Identify solutions for customer debt issues at first point of contact

### Payment arrangements

- Offer affordable payment arrangements to customers
- Comply with council data security requirements
- Disputes and Complaints
- Publicise a standard complaints process for all debt
- Ensure customer comments/complaints/suggestions are captured, reviewed and actioned where appropriate

### Supporting Business

- Ensure Business Rate, Commercial Rent, Trade Waste and other commercial debt services support e-commerce
- Apply reliefs for business rates in a timely manner without the need for an application if possible



## Enfield Good Practice

Following the Chancellors announcement on the 11th March 2020 of business support grant funding Enfield Council was one of the first authorities in the country to set up a business portal for applications and payments to be made. Over £14m in business grant was paid within 3 weeks of the announcement. In total just under 3,200 grants were paid totalling over £44m.

- Maximise assistance by fully spending targeted Government business rate relief funding
- Work with the Chamber of Commerce and other local organisations that represent the business community to communicate with local businesses to apply for reductions, grants and reliefs where appropriate
- Ensure money owed to businesses is paid within 30 days

## Key Objective 7

# Protecting the Public Purse

### Fraud and error prevention

- Ensure debt services use data matching and other services to identify and recover incorrectly claimed reliefs and benefits
- Play active role in National and London Fraud Prevention Initiatives to help identify and minimise potential fraud



## Enfield Good Practice



***For more information please visit:***

**Information on how to pay the council**

<https://enfield.gov.uk/services/your-council/paypoint/>

