



LB Lambeth
Income and Debt Recovery Strategy
2015/17

For Lambeth council, responsible financial management is critical to enabling the delivery of over 100 core services efficiently and sustainably. We have a duty to ensure that income is maximised and all monies owed to us (arrears and debts) are collected effectively for the benefit of residents and tax payers. We want to ensure that we pursue robust yet fair collection and enforcement action that takes into account the vulnerabilities of some residents and provides support to residents and businesses to prevent problematic debt wherever possible.

The Income and Debt Recovery Strategy spans all aspects of the council's income and debt activity. The strategy sets out the strategic aims and key principles that the council and its partners will use in setting and collecting all charges as well as the standards that will be applied when we are dealing with our customers.

Lambeth is a co-operative council with a vision of ambition and fairness for all. We believe that the financial challenges facing the borough and its citizens and businesses require us to work together to build resilience, pre-empt and prevent problems as much as we can and be imaginative and efficient in enabling residents and businesses to pay what they owe.

We expect those that can pay to do so promptly and we will come down hard on those who try to avoid their responsibilities despite having the means to pay what is owed, but we also want to better identify those that can't pay so that enforcement action can be appropriately tailored and we can make sure that they are supported to get to a position where they can better meet their obligations in the future.

The council has a Financial Resilience Strategy (agreed at Cabinet in April 2014) which was co-produced with residents, partners, community groups, Councillors and providers and which had a focus on understanding and preventing problematic debt. Emerging from this work was the strong sense that the council, as a key creditor, could do more to support vulnerable debtors and this Income and Debt Recovery Strategy ensures that this challenge has been met.

This strategy will be underpinned by a detailed Income and Debt Recovery Manual that sets out, for those who need to know, the detail of how we will set charges, collect income and manage debt in order to achieve the outcomes set out in this strategy.



Councillor Paul McGlone

Deputy Leader of the Council
Cabinet Lead for Finance and Investment

The Government plans to maintain their programme of austerity in order to achieve a balanced national budget by 2019. This places an on-going burden on the Council to make savings estimated between 2011/12 and 2017/18 to total some £200m. The council faces a combination of 50% reductions from core Government funding, additional burdens and demand led pressures and £90 million of savings over the 2015/16 to 2017/18 period.

Given these constraints on our funding, it is important to acknowledge that the money that we collect as income and debt is critical to our financial well-being. It helps pay for vital public services and, therefore, we must do everything we can to maximise our income and debt collection. To do this we will pursue all available recovery routes where it is clear that residents or businesses have the means or ability to pay.

In recent years, many Lambeth residents and businesses have faced difficult times. For example, we know that:

- The Government's programme of welfare reform is negatively affecting thousands of Lambeth residents with many facing significant shortfalls in their weekly income associated with cuts to benefits.
- Income losses are compounded by the rising cost of living.
- Debt, especially short term high cost debt, is increasing with affordable credit to tide residents and businesses over during difficult times still being hard to secure.
- Food bank use is increasing.
- Approximately 38,000 residents will be required to move onto Universal Credit.

We recognise that some Lambeth residents and businesses may be unable to pay their debts for a variety of reasons. As a council we are committed to helping residents and businesses pay what they owe so that debt is minimised and to provide support to vulnerable residents experiencing financial hardship. We will treat individuals consistently and fairly in accordance with equality legislation and ensure that individual's rights under Data Protection and Human Rights legislation are protected.

Our Strategic Aim:

To maximise income collection and minimise levels of debt by the most fair, efficient and cost effective means whilst identifying and providing support for our most vulnerable debtors.

Principle 1: Understanding our customers

Listening to and understanding Lambeth's residents and businesses helps us maximise the income we receive and ensures that we are able to provide targeted support when it is most needed.

We will:

Present information about charges and debt in a way that is easy for our debtors to understand so they can take appropriate action to meet their obligations.

We will:

Use our data to identify those that can pay (but choose not to) and those who can't pay (because of some difficulty or particular vulnerability they are experiencing). This will help us tailor our collection and enforcement approach accordingly.

LB Lambeth Best Practice example

Social Care Debtor Home Visits: Where social care clients are identified as likely enforcement cases due to non-payment of social care charges, a home visit has been introduced to the recovery process, jointly made with a Social Worker and Solicitor acting for the Council.

This allows the council to take account of an individual's circumstances and ensures clients understand precisely why they have to pay the care charges and the potential consequences for non-payment.

The aim of the visit is to engage with the client and try and reach amicable solutions which will prevent the Council from taking more aggressive forms of enforcement action.



LB Lambeth Best Practice example

We continue to seek out and offer pro-active support to multiple debtors. This is a cohort that is made up of individuals that often owe the council a considerable sum of money in more than one area of debt and who are struggling to the point that they can no longer cope.

We use independent debt charities to make contact and offer support to maximise take up and use any feedback given by debtors to refine our practice.

We will:

Continue to talk to and listen to the people that we collect income and debt from and get feedback from partners who work with debtors so that we can improve the service we offer.

We will:

Share the information we hold between teams to help us have a better understanding of when residents or businesses are in multiple debt.

Principle 2: Making payment easy

By making payment processes as simple and efficient as possible we will increase and improve levels of collection, and make things easier for our customers.

We will:

Seek to prevent debt by offering accessible and varied payment options and payment periods and promoting them clearly.

We will:

Continue to work with banks and the Credit Union to help residents who need one to set up a bank account so that they have access to tools like direct debits.

We will:

Encourage automated payments, such as direct debits, wherever possible.

We will:

Support use of 24/7 payment methods by making sure payments can be made online or by using touchtone technology.

We will:

Encourage and enable the payment of charges in advance so as to avoid late payments.

We will:

Offer residents the ability to pay their council tax over 12 months instead of the usual 10 months.



LB Lambeth Best Practice example:

Bank Account take up project: The council funds a local charity to work with High Street banks and the local Credit Union on a project to encourage and support those using Post Office Card Accounts to take up a new bank account ahead of the introduction of Universal Credit. It has been successful in supporting hundreds of residents across Lambeth to get new accounts, including vulnerable residents using day centres, hostels, Children's Centres and food banks.

After opening accounts, residents are supported as needed to set up wage/benefit payments into the account and then to set up direct debits for bills and charges. The project contributes to the council maximising its income while also supporting residents to become less financially excluded.

The council continues to work with the Credit Union to incentivise take up of its services especially affordable loans for those that otherwise would not have access to affordable credit.

Principle 3: Using fair and robust collection

Robust collection is vital to ensure that all monies owed to us (arrears and debts) are collected effectively. At the same time, we want to ensure that collection and enforcement action takes into account the vulnerabilities of some residents and provides support to residents and businesses to prevent problematic debt wherever possible.

We will:

Maximise income collection by the most fair and effective means, ensuring those that can pay do pay. This includes the use of court action and other appropriate enforcement methods, including bailiff action as a last resort.

We will:

Ensure that action taken at the late stages of the recovery process is proportionate and reasonable and that appropriate support and advice is provided.

Case Study

A Fair Approach: Miss X contacted us stating that her account had been passed to the bailiff for unpaid council tax but that she hadn't been able to move into the property for the period we were charging her for as the roof was leaking and the property was uninhabitable. She had to leave her former home due to domestic violence and was being rehoused. She was heavily pregnant and very distressed.

Her account was immediately withdrawn from the Enforcement Agency and her housing office was contacted regarding this serious issue. They agreed to credit her rent account for the period that she had been unable to take up residence and we replicated that on her council tax account, the recovery costs were withdrawn on the account and the summons was cancelled.



LB Lambeth Best Practice example

Our escalation process ensures that rent arrears cases are managed in a timely and appropriate manner. We focus on early intervention and proactively contact tenants to prevent arrears from increasing. A protocol is followed should formal legal action be required later on in order to recover debt.

We will:

Offer efficient and cost effective payment methods and promote advance payment, direct debits and online payment.

We will:

Work with the Department for Work and Pensions (DWP) to recover any housing benefit overpayment owed by individuals to the council by deduction from certain DWP benefits (known as attachment of benefits)

Principle 4: Preventing financial problems

Having a healthy relationship with money is vital for people to be able to manage their finances well. The right level of education and accessible support can help prevent and reduce financial problems before they get out of hand.

We will:

Take steps to improve financial confidence and make debt and budgeting support available to those who need it as set out in our Financial Resilience Strategy.

We will:

Encourage others to follow our lead as a Living Wage employer and continue to work hard with our voluntary and community sector partners. This will help to make sure residents can maximise the income they are entitled to through benefits and credits.

We will:

Aim to identify solutions for customer debt issues at the first point of contact.

LB Lambeth Best Practice example

One Lambeth Advice: The council funds the Citizens Advice Bureau (CAB) to run the One Lambeth Advice service which provides a Freephone advice line and independent volunteer Advice Guides at a range of community locations across the borough.

Acting as a visible support service, that is separate from the Council, they help people in debt find the support they need on the internet or by phone and can facilitate access to a debt caseworker from one of our advice agencies as needed.



LB Lambeth Best Practice example

Money Champions: a local charity is being funded to deliver a project to increase people's confidence to talk about money worries and encourage them to seek help if they need it.

They will recruit and train hundreds of local Money Champions who live or work in Lambeth who will be able to talk to people about money and direct them to the local services that they might need to help with debt, work or benefits.

We will:

Ensure that all staff involved in collecting income are aware of the help available for those who are financially vulnerable.

We will:

Create a local debt forum of relevant agencies and interested citizens and businesses which meets twice a year to increase collaborative working and inform practice in this area across the borough.

We will:

Encourage payment in advance to minimise opportunities for debt to arise.

Principle 5: Support for businesses

We are committed to offering effective and time efficient services and listening to and supporting Lambeth businesses in the current tough financial climate.

We will:

Apply all reliefs for business rates in a timely manner; when eligible and applied for

We will:

Offer help and support with cash flow management where appropriate.

We will:

Accept Brixton Pounds for business rate charges.

We will:

Ensure businesses are aware of their liabilities as early as possible, to allow maximum time to budget for payment.

We will:

Signpost small businesses and start ups to mentoring schemes such as Tree Shepherd. For more information please visit www.treeshepherd.org.uk



Case Study

Support for disrupted businesses:

Network Rail works at Streatham Common Station seriously impacted on the local businesses in Greyhound Lane.

We attended several out of hours meetings to discuss the impact of these works with the business community and Network Rail.

Network Rail agreed after much discussion and persuasion to pay compensation to the businesses based on their lost revenue. We helped each business complete a Valuation Appeal Form. The Valuation Office worked with us on this and gave a 10% reduction in the rateable value for the period of the works.

Whilst we were waiting for the appeal to go through, we agreed longer term arrangements for payments of individual charges and suspended recovery action, the businesses had a named contact who they could contact anytime to discuss and help with issues as they arose.

Principle 6: Better communication with debtors

Debt can be a complicated and complex issue and simple, clear communication is vital for us to get a message across to all of our citizens. Making sure our communications are clear and timely is also important in preventing arrears and court action from occurring.

We will:

Ensure that our communications and messages are clear and to the point; including how much is owed and what will happen if it is not paid.

We will:

Encourage our residents to make early contact with us regarding their debt if there is a problem.

We will:

Use mixed media (text messaging letters, emails and phone calls) to communicate.

We will:

Make online billing and electronic forms available and promote 'My Lambeth' as a means of managing payments

LB Lambeth Best Practice example

Mixed Media:

We send SMS text messages alongside letters for final notices and reminders. These extra and more informal reminders have increased levels of Council Tax payment.

We have also started to include information about how to get debt advice via One Lambeth Advice on all rent statements and council tax bills.



LB Lambeth Best Practice example

Simplifying Council Tax Bills: *We have tested different styles and layouts of bills with customers to understand how we can present information on bills more simply and in a way that encourages residents to respond.*

In a trial of 8000 residents, presenting council tax bills differently led to a 8.7% increase in the number of people within the sample paying on time when compared with the control group.

We will:

Take every opportunity to collect and update mobile numbers and email addresses.

We will:

Ensure that all written communication includes the One Lambeth Advice information so that residents know where to go to get advice when they have difficulties.

Principle 7: Good Housekeeping

Regular staff training, strong internal communication and consistently updated systems are essential for efficient income collection and minimising errors.

We will:

Ensure all staff involved in the collection and recovery of income and debt are given appropriate training to support them in their roles.

We will:

Communicate better internally and take a more joined up approach to debt management.

We will:

Minimise overpayments, late payments and take steps to encourage residents to notify us of any changes in circumstances so as to prevent arrears/debt.

We will:

Review charges for late payments on an annual basis to ensure that they are reasonable

We will:

Ensure that consideration is given to passing on debt for others to manage if it is considered collectable and that the approach to this activity is joined up across the council.

We will:

Be proactive and consistent in writing off bad debt in accordance with Council Financial Regulations.



LB Lambeth Best Practice example

A Tailored Approach:

Quarterly Experian reports are commissioned for accounts where payment is not being received. These reports show us a customer's ability to pay, we can see if they own their house, what the outstanding mortgage is, the amount of equity in the property etc. We then make an informed decision on the appropriate recovery action. Where the tax payer owns their own home, 9 times out of 10 we will take out a Charging Order to secure the council's debt. For customers who really have no ability to pay, quarterly write off reports are produced for senior managers to approve the debt write off.

We will:

Give key staff access to debtor information contained on our different systems to help them establish a fuller picture of debt.

We will:

Work hard to minimise fraud and protect the confidentiality of our residents personal data.

Principle 8: Identifying and supporting vulnerable debtors

Our collection and enforcement action will take into account the vulnerabilities of residents and provide support to those who need it most.

We will:

Identify vulnerable debtors as early as possible and flag them on our systems so that, where appropriate, enforcement /collection activity can be customised.

We will:

Ensure that debtors in financial hardship are provided with advice on relevant welfare rights, housing, discounts, relief and exemptions to prevent a worsening situation.

We will:

Commit to holding pre-eviction panels for all residents from our Protected Groups to provide necessary support and consider all alternatives to eviction.

We will:

Support vulnerable debtors who need assistance with using computers through a referral to our Digi-buddies service and support those needing a bank account to get one and manage it successfully.

We will:

Use our data to identify those that have multiple debt problems and reach out to them with an offer of debt support.

We will:

Cross check databases to identify anyone we know to be vulnerable ahead of issuing a warrant of execution for parking debt

We will:

Commit to not using bailiffs when recovering Council Tax debts from our locally determined Protected Groups.



LB Lambeth Best Practice example

Lambeth Protected Groups:

Our Council Tax Support Scheme already protects disabled people, carers, war widow[er]s, older people and those subject to the benefit cap from cuts to Council Tax Support meaning they are very unlikely to get into council tax debt. However, if they do, we guarantee that when enforcing any debt we will not send them to bailiffs.

Residents who are affected by the bedroom tax, in receipt of a discretionary housing payment or emergency support will also be considered as a Protected Group and receive this same level of protection around bailiffs.

Other residents who receive partial council tax support (due to being on a low wage or on benefits) who get into difficulties paying their council tax and rent will not be sent to the bailiffs or to court for eviction without a full and proper assessment of the alternatives and without strenuous efforts being made to consider all other forms of support and enforcement first.

We will:

Consider longer term payment arrangements for debtors suffering genuine hardship.

We will:

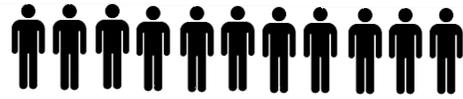
Refer Lambeth leaseholders and service charge paying freeholders for free independent, confidential and impartial financial advice.

BETWEEN THEM

597

MULTIPLE
DEBTORS

38,000



LAMBETH
RESIDENTS

WILL BE MOVED ONTO

UNIVERSAL
CREDIT

OWE

LAMBETH

OVER

£3

MILLION



Lambeth has 8
debt advice
charities



Average UK
household debt is
£6,000



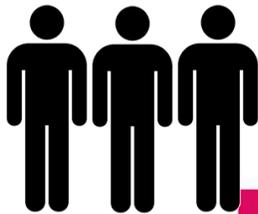
300% increase in
payday loan debt
nationally

PREVENTING DEBT, BUILDING RESILIENCE

Training
for front
line staff

one
lambeth
advice citizens
advice
bureau

Multiple
debtors
identified



every
pound
counts

Advice
offer with
every bill



Protected
groups
flagged

shp
preventing homelessness
promoting social inclusion
bank account
take-up project

Lease
holder
advice

SUPPORTING VULNERABLE
DEBTORS

Enforcement activity
tailored for protected
groups

Write-off considered
where debt is not
collectable

Multiple debtors
proactively contacted
and offered support

Flag vulnerable debtors
on system

Pre-eviction panels for
protected groups