

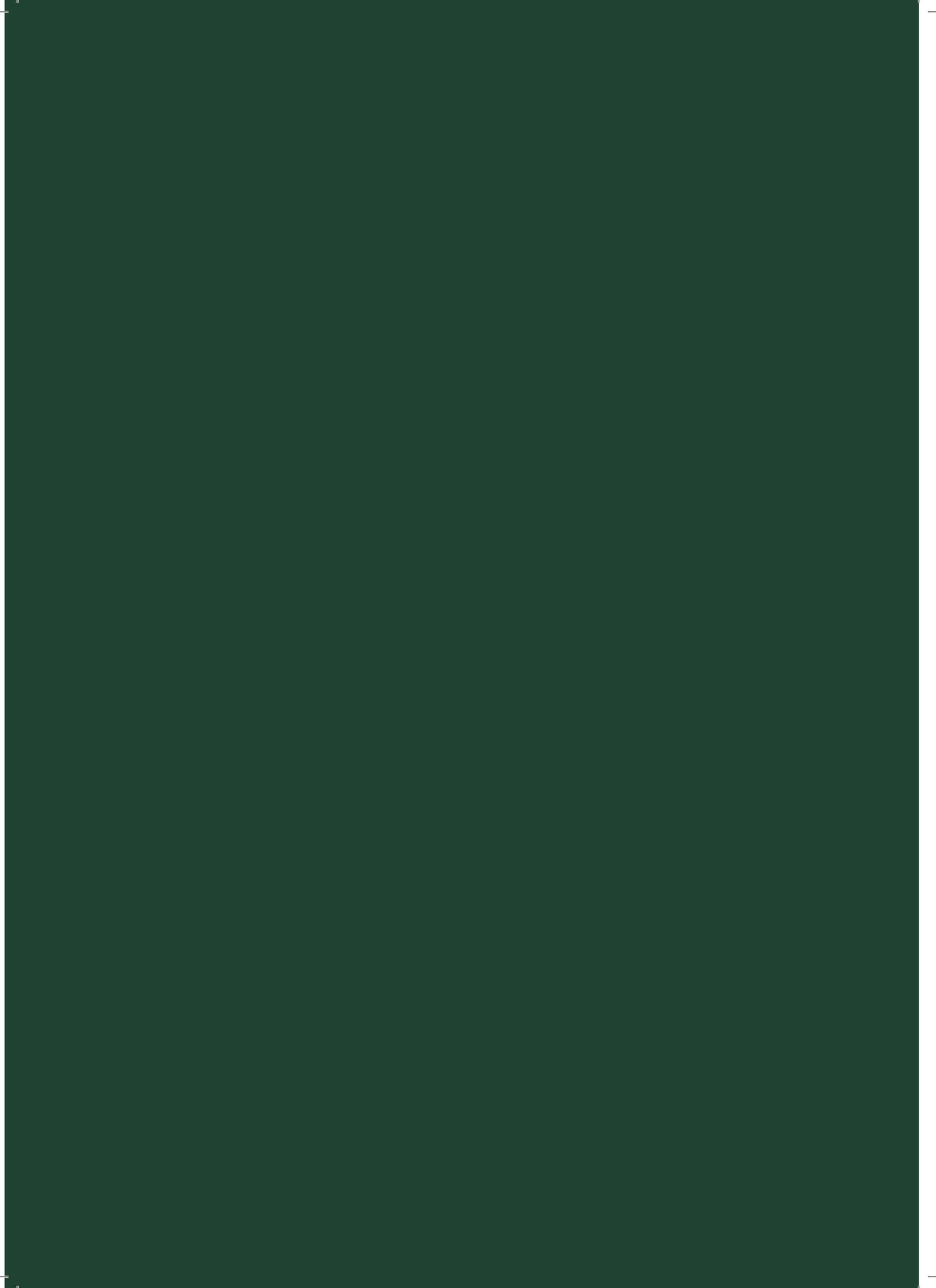


# Supportive Council Tax Recovery

Strategic guidance to support Local  
Authority collaboration with debt advice  
agencies in England and Wales

December 2018





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## Acknowledgements

We would like to thank the many organisations that have supported this work through contributing to workshops, providing case studies, inviting us to site visits and in providing subject matter expertise, as well as constructive challenge.



# Executive Summary

## Objectives of this resource

I am delighted that this valuable resource has been published and, in particular that it showcases the good practice of many Local Authorities. It demonstrates that a collaborative Local Authority approach to Council Tax recovery can relieve stress and anxiety for residents whilst having a beneficial impact on collections rates and the ability of a resident to maintain their ongoing tax obligations.

In doing the fieldwork for this project, we have heard from Councils about the pressures surrounding Council Tax collection and, of course, the link to being able to provide vital public services. From a related but different perspective, debt advice agencies have also noted the significant increase in people presenting to them with Council Tax arrears and the common problems in advising on this debt. What has been clear in whoever we've engaged with is that Council Tax collection has become an increasingly high profile topic and that there is a desire by many to review and reflect on existing practice.

We know that collection of Council Tax differentiates from private sector debts and many Council revenues teams are performing an effective and efficient role, often with very limited resources. Yet there is also compelling evidence that Local Authority recovery strategies have fallen behind best practice in the private sector. In many cases, focus on individual circumstances can be lost, affordability is not fully considered, and the approach can seem adversarial. The recent National Audit Office Report (NAO), Tackling Problem Debt raised concern that 'established best practice in how to assess affordability, promoted by MAS is only used by 19% of Local Authorities'.<sup>1</sup>

There is a better approach and Local Authorities working in partnership with the debt advice sector is key. The case studies in this toolkit clearly articulate that Local Authorities which take a different approach with debt advice agencies tend to collect a higher percentage of monies owed, achieving better resident engagement, fairer outcomes and more sustainable arrears repayments. A partnership approach with the debt advice sector doesn't just support the individual resident either. In fact we know that the value of high quality advice for people in debt provides between £445 and £960 million a year to the UK economy.

This resource has captured the thoughts of revenues professionals and debt advice agencies, and it has resulted in detailed operational guidance for Local Authorities. The toolkit in its simplest form sets out eight steps to improved collaboration with debt advice agencies and better support of residents in financial difficulty, which are displayed overleaf. There are clearly some good practices in the sector and if aggregated together with the eight steps, we can create a more universally successful and fairer approach.

**Caroline Siarkiewicz**  
Head of UK Debt Advice

<sup>1</sup> <https://www.nao.org.uk/report/tackling-problem-debt/>



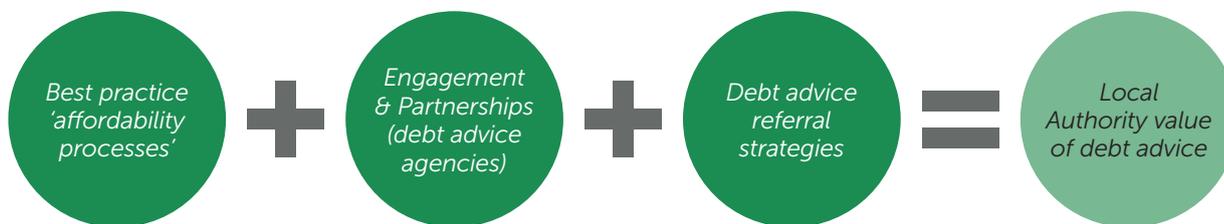
# Overview

This resource is operational guidance aimed at Local Authority revenues professionals and covers the following areas:

- Best practice 'affordability processes' – We set out guidance for how Local Authorities should assess a resident's 'ability to pay' when they have Council Tax arrears. Our guidance includes help to embed use of the Standard Financial Statement (SFS), the new industry standard to assessing affordability
- Engagement and Partnerships – Local Authority Revenues teams now have a day to day working relationship with the debt advice sector. We provide guidance for a collaborative approach that facilitates closer partnerships
- Debt advice referral strategies - We describe a number of good practice strategies for how Local Authorities can effectively help residents access sources of external debt advice
- Payment offers and enforcement – We set out recommendations for how Councils can better support those in problem debt with more consistent treatment of payment arrangements. In doing we believe this will create a fairer approach to enforcement of Council Tax debt
- The Local Authority value of debt advice – We provide evidence that debt advice has a beneficial impact on Councils by supporting revenues recovery, but also the health, wellbeing and productivity of residents
- The Money Advice Service 'Supportive Revenues Standards' - We have consolidated good practice examples of Local Authority collaboration with debt advice agencies into a bold set of standards. The standards will help Local Authorities improve collections practices and better support residents.

**Figure 1 – summarising the three strategic themes:**

Strategic themes of achieving a supportive revenues strategy



A conclusion from our work is that there are eight steps to improved collaboration with debt advice agencies and better support of residents in financial difficulty. This resource goes on to consider each of these steps in detail and we believe act as an insightful guide for Local Authorities seeking to review or reflect on their existing practices. The eight steps are:



**1. Debt advice interventions** – Local Authorities should track the benefits debt advice brings to residents as well as their ability to collect arrears payments.



**2. Resident affordability** – Local Authorities should support financial statements from debt advice agencies based on the Standard Financial Statement (SFS) spending guidelines and align all internal affordability processes to the SFS.



**3. Payment arrangements and enforcement** – Build our recommendations into Council Tax revenues policies and use our Pre-Enforcement checklist. This will create a fair and consistent approach to use of enforcement.



**4. Debt advice referral strategies** – Use this toolkit to review all resident channels and help appropriate residents to easily access independent debt advice.



**5. Local Authority oversight of referral partners** – You may wish to have oversight of what happens to residents post debt advice referral. Use this toolkit to agree an approach with debt advice referral partners.



**6. Engagement and partnerships** – Local Authorities have day-to-day contact with debt advice agencies. We provide guidance on getting the most from the relationship.



**7. Target specific resident cohorts for debt advice intervention** – We share some examples and case studies of innovative partnership working with debt advice agencies.



**8. Align to the Money Advice Service 'Supportive Revenues Standards'** – We have summarised the difference between 'Minimum standards', 'Good practice support' and 'Going above and beyond'.

# The Debt Advice Landscape

## The Debt Advice Landscape

We recognise that Local Authorities and their residents find the debt advice sector difficult to navigate. Perhaps this is due to nuanced differences between debt advice agency services, resources and available access channels for residents.

In this section, we have summarised the complex nature of the debt advice process and some of the potential client outcomes or debt solutions.

### What is Debt Advice?

The Debt Advice Handbook (Child Poverty Action Group 2010)<sup>2</sup> describes debt advice as a series of tools and strategies used to help clients by:

- enabling them to maximise their income
- explaining the implications of non-payment of each debt and on this basis deciding which are priorities
- assisting them to plan their budgets
- helping them choose a strategy (usually to reduce or stop payments) that will minimise the effects debt has on their financial, social or medical wellbeing by giving them impartial, independent and confidential advice that enables them to make an informed choice about the options available to them

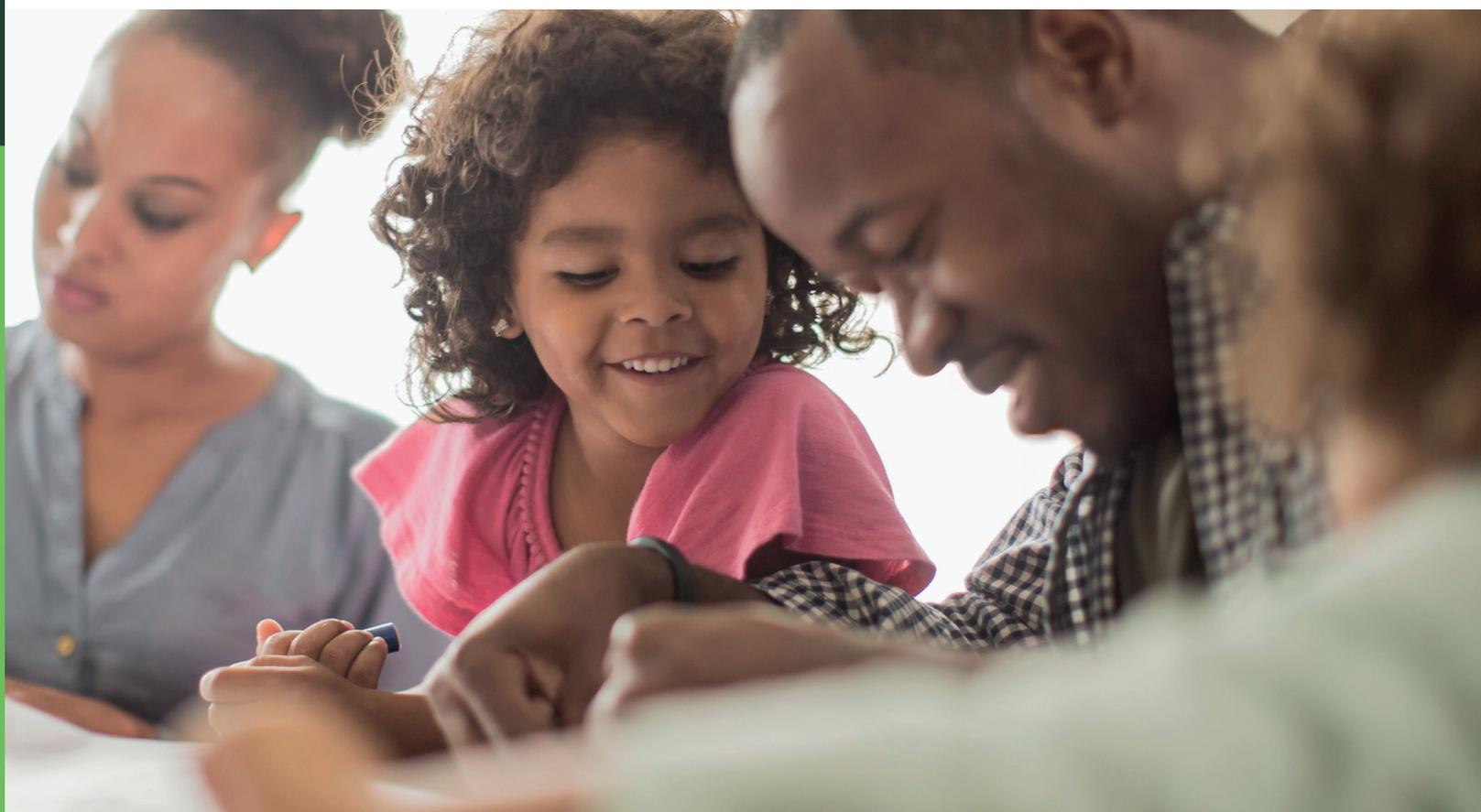
- preserving their home and fuel supplies
- providing advice or representation with the implementation of whatever strategy is chosen
- In addition, some advice services also facilitate the administration of debt repayments by receiving payments from their clients and then distributing those to creditors; referred to as Debt Management Plans (DMPs)

In addition, debt advice agencies facilitate a referral to partner organisations that provide access to other, statutory debt solutions. Examples of these are:

- Bankruptcy
- Individual Voluntary Arrangement (IVA)
- Debt Relief Order (DRO)

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<sup>2</sup> Shop.cpag.org.uk



## The UK Debt Advice Sector

The independent debt advice sector contains many different types of not-for-profit and commercial debt advice agencies and is now regulated by the Financial Conduct Authority (FCA), with the exception of Local Authority and some Housing Association money advisers who receive an exemption.

### Not-for-profit agencies

These organisations provide the public with free advice on debt and money. Some also provide advice on a range of subjects including housing, health, work, benefits, and immigration.

Examples are:

- the public sector (e.g. Local Authority internal money advice teams)
- housing associations (internal money advice teams)
- charitable organisations, such as Citizens Advice, Shelter, StepChange Debt Charity and Christians Against Poverty
- National Debtline and Business Debtline (run by national charity the Money Advice Trust)
- smaller independent organisations (usually charities) many of which are represented by the Advice UK membership body
- Independent Law Centres

## Commercial debt advice agencies

These firms provide debt advice and act on behalf of clients to help them clear their debts. They do this by negotiating with creditors to facilitate repayment of debts under a debt management plan or IVA. In return for their services they are paid a fee by their clients, normally as part of the monthly payments made under a debt management plan. Examples are:

- Firms that are members of the Debt Management Standards Association (DEMSA)
- Other, larger commercial debt advice providers such as Gregory Pennington (part of Think Money Group)
- Insolvency Practitioners that provide debt solutions such as IVAs

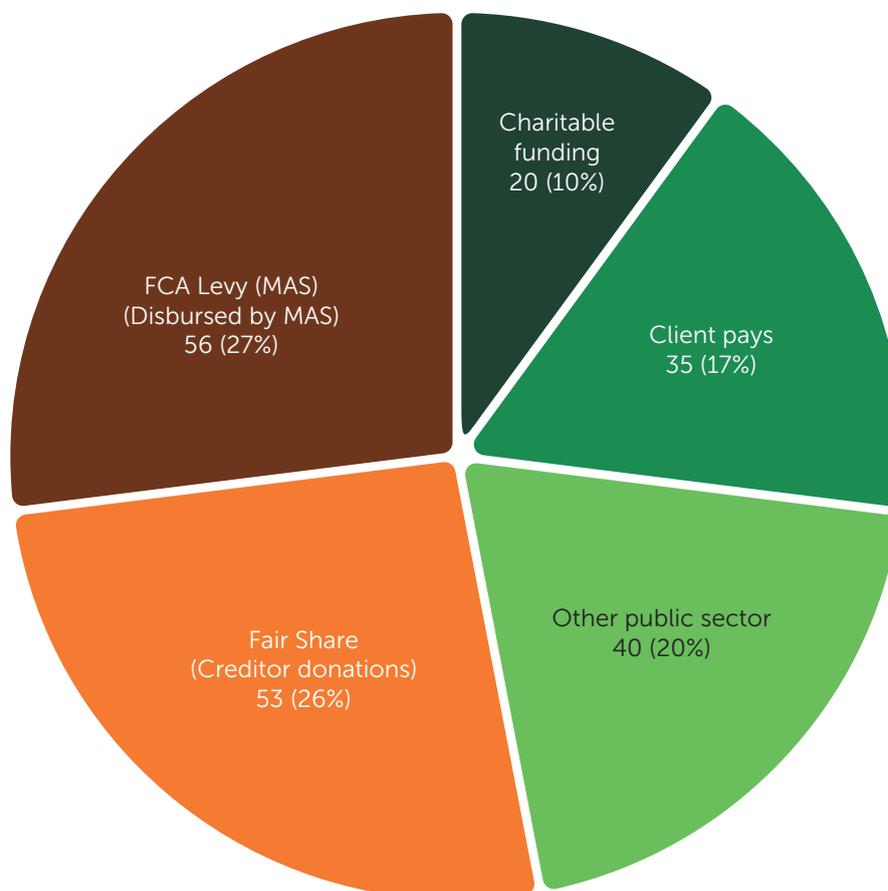
### How debt advice is funded (current annual UK estimates)

In the UK, funding for the provision of debt advice comes from a variety of sources. This includes:

- Financial Conduct Authority (FCA) levy. This is collected from the financial services firms that it regulates and is disbursed by the Money Advice Service: £56.3m
- Creditor Fair Share donations - £53m
- Public sector funding (including Local Authorities) - £40m
- Client pays for advice (commercial sector) - £35m
- Charitable donations (mostly from creditor organisations) - £20m

**Figure 2 – summarising the main sources of debt advice funding in the UK.**

**UK Debt Advice Funding £(millions)**



### The Money Advice Service and its Quality Assurance role

The Money Advice Service complements FCA regulation of the debt advice sector by performing a vital role in Quality Assurance. We commission debt advice services to fulfil our statutory role of working with partners to improve the availability of debt advice. Through both careful monitoring and active collaboration with our delivery partners we have increased the number of people helped from 100,000 to 487,000 over the last five years.<sup>3</sup> This has been achieved through a focus on channel shift and improved efficiencies in our debt advice delivery organisations.

Our debt advice delivery partners are funded through grant agreements and they are additionally assessed independently on the value of the advice provided against client outcomes. These outcomes form our Evaluation Framework.

Scores against these outcomes have been consistently high with over 90% of people taking positive action following advice. In our last survey, published October 2017, 83% of people reported feeling that their financial situation is now under control, and 64% of clients with arrears had reduced or cleared their debts within six months of receiving advice.

Over the same period, MAS has developed a quality programme of work for the wider sector that includes both organisational and individual frameworks. These set out a series of minimum requirements for debt advice agencies and baseline competencies for individual advisers that must be met. In 2017 -2018, 91% of people receiving debt advice used debt advice agencies that hold a Money Advice Service Quality Standard.

A peer review scheme has also been developed to look at the accuracy of advice and spread best practice and we also fund a specialist helpline for debt advisers to support them when dealing with complex client cases.

<sup>3</sup> Money Advice Service Annual report 2017-2018 <https://www.moneyadvice.org.uk/en/corporate/our-annual-report-and-accounts-2017-18>

## What is Creditor 'Fair Share'

Fair Share is associated with Debt Management Plans (DMPs) a managed debt solution used by debt advice agencies predominantly to help repay debts to unsecured creditors.

It is a voluntary agreement, where unsecured creditors agree to pay back a fixed percentage (typically 10-13%) of the amount received by the creditor in debt repayments distributed by a free-to-client Debt Management Provider. This is to help fund the cost of administering DMPs and recognition that payments may not have been received by the creditor had the client not engaged with debt advice.

Local Authorities benefit directly and indirectly from DMPs and the Fair Share model. Fair share contributes £53m annually to the provision of free-to-client debt advice – the process of which ensures that debts owed to the public sector are prioritised ahead of unsecured debts. In addition, a DMP supports many residents to make sustainable repayments to unsecured creditors, therefore increasing their ability to maintain rent payments or ongoing Council Tax liabilities.

An exception to this process is Christians Against Poverty (CAP) and StepChange who may include priority debts such as Council Tax arrears within a Debt Management Plan (DMP). In doing so they negotiate a suitable repayment term with the Council and ensure that Council Tax arrears are repaid ahead of unsecured debts.

## Debt Advice agencies funded by Creditor 'Fair Share'

These specialist debt advice agencies offer free debt advice and a range of informal and statutory debt solutions.

They also provide free, managed Debt Management Plans (DMPs) and cover some, or all their costs via optional 'Fair Share' donations from creditor organisations to whom they disburse repayments.

- StepChange Debt Charity (a charity), funded almost entirely from creditor donations
- Christians Against Poverty (a charity), who are partially funded by 'Fair Share' but mainly from donations from individuals and churches
- Payplan – (a commercial organisation) which covers its costs of facilitating free DMPs from creditor 'Fair Share' funding

## What is 'Breathing Space'?

People in debt receive many telephone calls and letters from creditors chasing repayment. In sectors such as financial services, creditors will agree to apply 'Breathing Space' when they are notified that the person is engaged with a debt adviser. This means that the creditor will agree to stop contacting the person for a limited period to allow the person time to receive advice and work out a plan for dealing with their debts. Breathing Space is usually at least a 30-day period. Breathing space is included in many codes of practice such as that of the Credit Services Association, the trade body for the UK debt collection and debt purchase industry.<sup>4</sup>

Creditors recognise that debt advice supports their chances of receiving regular sustainable payments to their debts. Some creditors ask for proof that the individual is engaged with debt advice and may extend Breathing Space by a second 30-day period in exceptional circumstances.

## The UK Governments plans for a statutory Breathing Space scheme

The UK governments 2017 manifesto included a commitment to implement a breathing space scheme, where someone in serious problem debt may apply for legal protection from further interest, charges and enforcement action. Where appropriate, they would be offered a statutory repayment plan to help pay back their debts in a manageable way.

In October 2018 the government published an open consultation setting out a policy proposal for a 60 day breathing space scheme and statutory debt repayment plan<sup>5</sup>. The consultation proposes that debts to the public sector should be included in the proposed breathing scheme and statutory debt repayment plan. Breathing space would give someone with problem debt the right to legal protection from creditor action while they receive debt advice and enter an appropriate debt solution.

The proposed statutory repayment plan would enable someone in problem debt to enter a statutory agreement to repay their debts in a manageable timetable. Those entering a plan would receive legal protections from creditor action for the duration of their plan.

The consultation runs until 29 January 2019. This resource assumes that public sector debts will continue to be included in the policy proposal – and we also believe this is good practice. Therefore, all recommendations relating to Breathing Space in this resource will refer to a 60 day period rather than a 30-day period.

4 [http://www.csa-uk.com/assets/documents/compliance-and-guidance/code\\_of\\_practice\\_2017/code\\_of\\_practice.pdf](http://www.csa-uk.com/assets/documents/compliance-and-guidance/code_of_practice_2017/code_of_practice.pdf)

5 <https://www.gov.uk/government/consultations/breathing-space-scheme-consultation-on-a-policy-proposal/breathing-space-scheme-consultation-on-a-policy-proposal>

# **Debt Advice Interventions – the value to revenues collection**



## Debt Advice Interventions – the value to revenues collection

Local Authorities who adopt a collaborative approach with debt advice agencies have told us that they recognise their obligations to have supportive revenues processes which includes signposting appropriate residents to sources of independent debt advice.

They have told us that closer engagement with debt advice agencies has led to many tangible benefits to the Council, closely linked to positive debt advice outcomes for their residents.

The following case study describes the partnership between Nottingham City Council and the local Citizens Advice. In Nottingham, they have found that

a debt advice intervention for someone with Council Tax arrears is much more likely to result in a sustainable payment arrangement.

### Case study – Nottingham City Council and Citizens Advice Nottingham

#### How advice partnerships are generating sustainable payment arrangements.

Nottingham ranks as the **8th most deprived** district in the UK, with **1 in 3** local children considered to be living in poverty.

MAS statistics estimate that **21%** of the adult population in Nottingham are over indebted.

Therefore, Nottingham City Council helps residents struggling with council tax arrears by pro-actively referring them to their local Citizens Advice and other advice agencies. The objective is to limit unnecessary enforcement costs by helping residents make affordable repayment arrangements.

#### The referral process.

- The Council offers an advice agency appointment throughout the collection process including when the case is passed to an enforcement agency
- Subject to resident consent, the case is passed to Citizens Advice Nottingham who will then telephone the resident to offer independent debt advice. A face-to-face appointment is also offered if required
- If the resident engages with debt advice, the Council will hold the account for 30 days. This gives the resident an opportunity to resolve any debt concerns they have, not just for Council Tax but all debts and provides them with an affordable payment plan that is agreeable to all parties
- The Council and its Enforcement agents support financial statements and payment offers from Citizens Advice assessed using the Standard Financial Statement (SFS)

#### Impact on revenue collection.

The Council initially tracked all referrals made to Citizens Advice and found that 70% of payment arrangements were maintained, which is much higher than those that did not seek debt advice.

It is also useful to look beyond Local Authorities and examine case studies from other sectors. Some creditors have taken a strategic partnership approach with debt advice agencies and have recorded a positive impact on arrears collection and the ability of the person to stay up to date with ongoing payment

obligations. The below case study describes the customer and creditor benefits that British Gas have found from their relationship with StepChange Debt Charity.

## Case study – British Gas, StepChange Debt Charity and Experian

### Measuring the impact of free debt advice in the utility sector.

The following research was commissioned to measure the effectiveness of the British Gas and StepChange Debt Charity relationship, and the value of offering free debt advice as part of the collection process.

#### Background

In 2016, British Gas commissioned Experian to conduct analysis of the British Gas and StepChange Debt Charity databases with the following brief:

To provide insight into whether or not consumers are aided to better manage their arrears because of an existing relationship with StepChange Debt Charity, regardless of whether or not a British Gas debt was within StepChange Debt Charities remit.

The purpose of the research was to measure the effectiveness of the British Gas and StepChange Debt Charity relationship, and the value of offering free debt advice as part of the collection process.

#### Methodology

Experian analysed the impact on payment performance of British Gas customers who were also StepChange Debt Charity clients versus British Gas customers with a similar risk profile over a six-month period.

This was achieved through British Gas contributing to the Experian payment performance data sharing scheme, which enabled Experian to have a holistic overview of how the different customer profiles paid for their energy alongside their wider financial commitments.

This allowed Experian to analyse and compare how both customer profiles managed their energy arrears and current consumption.

#### Key findings

The research showed that StepChange Debt Charity helps British Gas customers to better manage their British Gas arrears. The key findings were:

- The debt recovery rate improved by **22%** for those clients advised by StepChange Debt Charity
- **97%** of StepChange clients remained up to date after seeking advice
- StepChange Debt Charity clients are **less likely** to go into arrears on their British Gas account and, when they do, will owe less
- British Gas customers are **more likely** to recover after entering arrears and catch up with their payments if they have a current relationship with StepChange Debt Charity
- Of those that do fall into arrears, **fewer** will severely deteriorate if they are supported by StepChange Debt Charity
- StepChange Debt Charity is more successful in helping those customers who are struggling financially

The research findings validated the importance of British Gas relationship with StepChange Debt Charity and can be used by British Gas in targeting the most appropriate people to refer to StepChange Debt Charity going forwards.

## Debt prioritisation

Residents that receive independent debt advice will get impartial advice on the correct order to repay their debts. Debt advice agencies always advise clients to repay priority debts first because there are serious consequences of non-payment such as repossession, disconnection, or imprisonment.

Furthermore, a debt adviser will include a resident's priority commitments (such as a monthly Council Tax payment) as part of the budgeting process. Repayment of any priority arrears would then be dealt with from any budget surplus after other priority commitments and essential household expenditure has been considered.

Examples of priority debts are:

- Council Tax owed to Local Authorities
- Mortgage repayments and loans secured on a home
- Rent
- Taxes owed to central government
- Benefit and tax credit overpayments owed to central government
- Gas and electricity debts
- Certain payments ordered by the courts
- Child support and maintenance
- Essential hire purchase agreements
- Magistrate fines

A debt adviser will always advise that repayments to priority creditors, including additional payments to repay the arrears, should come before repayments to non-priority debts. This is because failure to pay non-priority debts is usually less serious than failing to pay a priority debt. Examples of non-priority debts are:

- Credit card debts
- Unsecured loans or and payday loans (loans that are not secured against a property)
- Catalogues
- Loans from friends or family

## The benefits of debt prioritisation to Local Authorities

Local Authorities that refer appropriate residents to a debt advice agency can be assured that payment obligations to the public sector will be prioritised ahead of commitments to non-priority creditors. Debt advice agencies tell us it is acceptable to agree a reasonable and affordable repayment arrangement towards debts to the Council before referring the resident to debt advice. A debt adviser will endeavor to include a priority arrears arrangement in their client's budget, if the resident has sufficient disposable income available for repayment.

## Where residents have multiple priority debts

Local Authorities should also refer residents with multiple priority debts to impartial debt advice agencies. Generally, priority debts are not included in a Debt Management Plan (DMP)<sup>6</sup> so a skilled debt adviser will support their client to decide which priority debts should be dealt with first and find strategies for repayment. The debt adviser will also discuss the range of options available to their client and the possible consequences of non-payment. Debt advisers will also produce a budget which ensures money to pay bills going forward is earmarked.

## Where residents have multiple 'non-priority' debts

Referring residents that have 'non-priority' debts supports a Local Authority's ability to recover monies owed to the Council. 'Non-priority' creditors generally recognise that collaborating with debt advice agencies supports their debt collection strategy. They acknowledge that independent debt advice, will lead to priority creditors being repaid first. But they also know that what payments they do receive, will be more sustainable and that residents seeking debt advice will rehabilitate their finances much quicker. This is doubly important for Local Authorities because the correct advice on non-priority debts should improve a resident's ability to pay their ongoing Council Tax going forward.

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<sup>6</sup> The exception is where Christians Against Poverty and StepChange disperse payments to priority creditors as part of a DMP

Arrow Global, the debt purchaser and collections agency, has kindly shared their approach:

## Case study – Arrow Global

### The creditor value of debt advice.

Recognising that every customer's situation is different, Arrow Global supports customers in financial difficulty by referring them to a wide range of free debt advice providers. These referrals include signposting and funding to StepChange, Payplan, Citizens Advice and Christians Against Poverty.

Arrow Global takes a multichannel approach, so that customers can be made aware of their debt advice choices at every stage: via letters, emails and SMS messages, during calls with their people, and via their customer website and portal.

The results are clear: customers taking advice are more likely to have multiple debts and larger overall balances, but they are still able to start rehabilitating their finances more quickly than those not taking advice:

- Over the first six months of 2016, customers who had taken debt advice were on average able to make payments **20%** higher than those in similar circumstances who had not sought advice
- Arrangements to pay were less likely to be broken, with only 8% of first monthly payments failing, and only **4%** of payments missed in months 2-6. This provides good evidence of the sustainability of debt advice solutions
- Due to multiple debts, the length of payment plans are often longer for those who have taken debt advice, in fact it can take more than two years longer to settle on average, but **the payments are more sustainable**

Local Authorities that engage with debt advice agency support have found that an individual's disposable income available for creditors is assessed holistically, objectively and impartially. This means that an individual's repayments to all creditors are more likely to be more sustainable.

Collaborative Local Authorities also report the following tangible benefits which are summarised in Figure 3:

- **Income maximisation** – Residents receive advice and support to realise their full benefit or tax credit entitlement potentially meaning more money to repay debts. In addition, some residents can find access to schemes and grants as result of the correct benefit entitlement being put in place
- **Reduced debt collection costs** – Reduced collections' telephone calls, letters, text messages or home visits chasing broken repayment arrangements
- **Reduced enforcement costs** – More sustainable payment arrangements mean fewer broken repayment arrangements, which saves litigation or enforcement costs that are often passed on to the resident

- **Resource savings** – Less debt recovery activity may require a lower volume of collections staff, who can be redeployed in other areas of the Council
- **Reputational gains** – Councils who collaborate with the debt advice sector and take an ethical approach to revenues collection tend to achieve a reputation as a supportive Local Authority and one that residents are more likely to engage with
- **Increased resident engagement** – Better communication is particularly vital during times of individual financial difficulty as Councils can negotiate repayment, offer support and assess vulnerable circumstances
- **Resident loyalty** – Residents who are well treated are more likely to maintain ongoing payments, set up a direct debit and perhaps access wider Local Authority schemes and services

*Figure 3 – Summarising the Local Authority value of debt advice\**



\*These benefits are not exhaustive.

## Measuring the value of debt advice interventions to Local Authorities

We recognise that Local Authorities have obligations to collect ongoing Tax liabilities, and monies owed to the Council. To satisfy stakeholders there are several straight-forward ways to measure the benefits to the Local Authority of debt advice interventions. Some recognised measures include:

- Tracking the sustainability of arrears repayment arrangements post debt advice referral
  - Measuring the volumes of payments (in Pounds) that are disbursed to the Council via Individual Voluntary Arrangements (IVAs)
  - Talk to debt advice referral partners about producing specific, occasional resident case studies following a referral from the Council
  - Roll rates – The percentage of residents that 'positively roll' following a debt advice referral. e.g. they roll from 6 months arrears to 3 months arrears after seeking debt advice
- Surveys of residents that have experienced the advice process – (this may also derive useful feedback on the Council itself)
  - Volumes of 'non-paying' residents' that become 'regular payers' post debt advice referral. (This may be especially useful for residents that have been converted to the Council Tax reduction scheme since 2013)
  - Reduction of Liability Order Summonses issued - whilst maintaining collection targets
  - Reduction in enforcement agents instructed – whilst maintaining collections targets



The cover features a dark green background with a diagonal split. The top-left portion is a solid dark green, while the bottom-right portion is a lighter, medium green. A dark green triangular shape is positioned on the right side, overlapping the diagonal boundary. The title is centered in the dark green area.

# **The Economic Impact of Debt Advice on Local Authorities**

# The Economic Impact of Debt Advice on Local Authorities

There is a growing body of evidence that debt advice has a beneficial impact on Councils by supporting revenues recovery, but also the health, wellbeing and productivity of residents. In January 2018 the Money Advice Service published research 'The Economic Impact of Debt Advice'<sup>7</sup> which estimates that debt advice provides social returns of up to a £1 Billion to the UK Economy. In this chapter we summarise our research and what it means to Local Authorities.



## Why should Local Authorities examine this research?

Our report clearly provides evidence that debt advice pays. For Local Authorities we hope the research makes the case that debt advice interventions complement an effective revenues collection strategy.

We commissioned Europe Economics, an independent consultancy, to conduct a study to enhance understanding of what the impacts of debt advice are, what drives these impacts and to what scale. The research also intended to identify which sectors benefit most by monetising the impact of debt advice and question whether there a compelling case that debt advice benefits go far beyond those to creditors.

The report finds that advice provision is staggeringly cost-effective, creating up to £960 million of financial benefits **across the UK**. This research builds on work previously carried out by others in the sector and shows that debt advice services provided have significant direct and indirect benefits for society at large.

## Our research team's approach

At a high level, we:

- Considered past studies into debt advice, and overindebtedness
- Conducted a survey via YouGov of over 3,800 over-indebted individuals
- Split the survey 50:50 between those who had received debt advice and those who had not
- Placed monetary values on life events or impacted areas identified in survey results – but only where these were well evidenced
- Used estimated numbers of over-indebted individuals and debt advice seekers in the UK
- Combined the various statistics to calculate the beneficial impact and to what sectors – but again only where there was significant evidence to do so

## The areas debt advice impacted most

We identified four areas where evidence was sufficiently robust:

- **Health** - resulting in a significant positive impact, particularly with mental health, of £74-145 million annually
- **Productivity** - generating gains of £67-137 million annually
- **Creditor recovery** - delivering significant benefits to creditors by reducing the cost of recovering debt by at least £135-237 million and increasing additional creditor recovery by £133-360 million annually - based simply on returns from DMPs, IVAs and Trust Deeds
- **Debt recycling** - preventing further debt problems with benefits of at least £24-48 million annually with an additional increase of £12-32 million on creditor recovery

7 Money Advice Service (2018). The Economic Impact of Debt Advice: <https://www.moneyadvice.org.uk/en/corporate/economicimpactdebtadvice>

## The beneficial impact of debt advice on a resident's health



There is a well-established link between debt problems and health issues. High levels of debt, or having unmanageable debts for a long period, increases someone's likelihood of developing health problems. Conversely, people with health issues are more susceptible to debt problems. However, the link between health issues and the impact of a debt advice intervention is less obvious. Isolating the effect of debt advice is not simple as other factors may play a part in improvements in someone's health.

We compared the effects of debt advice on several mental and physical health conditions and found that debt advice has a direct, beneficial impact on improving the mental health states of those suffering from conditions including depression, anxiety and panic attacks.

So, what we are observing here is that seeking free, independent advice on debt problems can contribute to have a person having an improved outlook, better quality of life and therefore alleviate mental health conditions.

Avoiding an episode of various adverse mental health states has an estimated value of £600£800 per person, dependent on the condition.

In total, we've estimated that the beneficial impact on health of debt advice amounts to at least **£74 million** but probably, as much as **£145 million** annually across the UK.

## The beneficial impact of debt advice on employment and productivity



It will be no surprise to Councils that their resident's employability or productivity at work can be impacted by financial distress. Debt advice is one way to reduce that distress. There is robust evidence to demonstrate a causal link between being indebted and reduced productivity. Debt can be a significant barrier to those finding or maintaining employment in the long term or can prevent people maintaining newly found work if repayments are too high. High debt levels can also make an individual too stressed to work at their normal levels.

We explored the relationship between debt and productivity at work. Furthermore, we found that work-related problems combined with debt problems led to desperation and that desperation led to advice seeking. Some survey respondents reported that debt advice initially caused them stress (due to realising the extent of their debt problems), but over the passage of time the advice process began to relieve that stress and produce beneficial results.

Moreover, we found that debt advice helps resolve financial distress which in turns leads to fewer employment-related issues.

We have estimated that the annual productivity gain for employers associated with receiving debt advice to be at least **£67 million** but probably as much as **£137 million** annually across the UK.

## The economic impact of debt advice on debt recovery



Obviously, financial distress can often prevent individuals from fulfilling their obligations to their creditors. We also know that debt advice can help lower debt levels and therefore improve creditor recovery rates. This comes from payments that the individual may not have made had they not engaged with advice.

Our research includes the impact of debt advice on creditor recovery based simply on returns from three debt solutions where there is robust data on UK volumes - Debt Management Plans (DMPs), Individual Voluntary Arrangements (IVAs) and Trust Deeds (Scotland).

It should be noted that repayments towards Council Tax arrears can be included in an IVA.

A social benefit from debt advice is also achieved through reduced debt recovery costs, as the process of pursuing people becomes less expensive, such as fewer letters, phone calls, text messages and enforcement costs. We estimate that debt advice reduces debt recovery costs by at least **£135 million** but as much as **£237 million** annually in the UK.

A further gain for debt recovery from debt advice comes through an improved recovery rate on problem debts. This represents a direct transfer from borrowers to the organisations they owe money to. Our research estimates that debt advice results in additional debt recovery of at least **£133-£360 million** annually across the UK.

Just to be clear, the direct transfer of payments estimated here is predominantly dispersed to consumer creditors – but this also means that every individual included has been through a regulated debt advice appointment which includes advice on debt prioritisation. People choosing a debt solution to resolve unsecured debts will also have been given advice to prioritise debts to Local Authorities.

That said, it is difficult to estimate the value to the debt recovery sector when someone seeks debt advice then chooses to 'self- help' and negotiate directly with their creditors (such as the assisted self-help model used by National Debtline) This means that the estimated benefits to the debt recovery industry are conservative and likely to be larger still.

## The economic impact of debt advice on debtrecycling



Finally, borrowers can become trapped and experience multiple episodes of being over-indebted. The research investigated the question of whether taking debt advice reduced the risk of over-indebted borrowers entering further debt cycles. Debt recycling is where individuals who have already been through one debt cycle, enter an additional debt cycle.

We found that some previous advice seekers were more likely to demonstrate skills and capabilities which helped make their debts more manageable. Examples of this were creating a household budget or entering a Debt Management Plan (DMP).

In addition, we identified that debt advice clients were more likely to seek advice earlier in the following debt cycle. This can reduce the adverse effects of debt.

The economic benefits of this are at least **£25-£48 million** annually across the UK. This is shared between **£13-£26 million** in benefits to clients receiving advice and **£12-£22 million** in benefits from the organisations they owe money to. In addition, there is an increase in transfer payments from customers to creditors of **£12-£32 million** annually.

### Total economic impact of debt advice

- The total social benefits across the UK that can be robustly quantified are estimated at **£300-£570 million** annually
- This benefit is shared by people in debt **£155-£310 million** and creditors **£145-£260 million** annually
- If the transfers from people in debt to creditors is added, the total benefit amounts to **£445-£960 million** annually across the UK
- This is a conservative estimate, in that there are many impacts of debt advice which the study considers well-proven but that are still insufficiently evidenced to allow the monetary impact to be quantified robustly

The full economic impact of debt advice report can be found:

<https://www.moneyadvice.service.org.uk/en/corporate/economicimpactdebtadvice>

# Resident Affordability

The background features a large, solid green area at the top. A diagonal line separates this from a dark green triangular shape on the right side. Below the main green area, there is a light green trapezoidal shape on the left and a medium green trapezoidal shape on the right, meeting at a diagonal line.



## Resident Affordability

Residents in financial hardship are usually signposted by local Authorities to sources of free, independent debt advice. Some residents contact debt advice agencies directly themselves. In simple terms the debt advice agency will then support their client to identify what debts are outstanding and perform an affordability assessment to determine what their client can afford to repay. This is done by preparing a detailed financial statement setting out the client's income and expenditure (I&E).

As a result of this assessment, the adviser may then go on to propose a range of debt options such as a Debt Relief Order, a Debt Management Plan (DMP) or an Individual Voluntary Arrangement (IVA).

### The Standard Financial Statement (SFS) – the new industry standard for assessing affordability

When debt advice agencies assess income and expenditure, there were previously multiple versions of affordability assessments in place, although the Common Financial Statement (CFS) and StepChange Debt Charity guidelines were generally considered to be best practice.

This has changed with the launch of the new Standard Financial Statement (SFS) which delivered, for the first time, a universally used financial statement together with a single set of spending guidelines for discretionary household expenditure.

This initiative – led by the Money Advice Service, but developed in partnership with debt advice providers, creditors, trade associations and others – has brought greater consistency to the debt advice process, and a smoother transition through the experience for residents, debt advisers and Local Authority revenues professionals (Figure 4 summarises the SFS at a glance).

The SFS launched on 1 March 2017. Most debt advice agencies have already switched to the SFS, with all debt advice agencies expected to be using the tool in 2018. This will mean the decommissioning of the CFS and StepChange Debt Charity guidelines leaving one set of industry guidelines – The Standard Financial Statement (SFS).

### How to 'operationalise' the SFS

The SFS is now used by debt advice agencies and is also expected to be embedded into all UK debt recovery processes, policy and procedures. We encourage Councils to switch all types of income and expenditure forms (I&Es) or 'means enquiries' used within revenues collection processes to the categories used by the SFS – and to apply the appropriate spending guidelines when assessing resident affordability. Many Councils typically use I&Es:

- In revenues teams to negotiate payment arrangements when residents have arrears or to repay benefits overpayments
- On Local Authority websites. Many Councils encourage residents to 'self-serve' by completing an I&E and making a payment offer towards their arrears
- As attachments to debt collection letters. Residents can complete an I&E and return it to the Council making a payment offer

The SFS is now used and recognised by many types of FCA regulated consumer credit lenders, but also by the public sector, utilities, and creditor suppliers such as enforcement agents or Legal Service providers (LSP's). Furthermore, the SFS is used by the Insolvency Service for Debt Relief Order (DRO) and Bankruptcy applications and has also been adopted by Her Majesty's Court and Tribunal Service (HMCTS) as part of the Pre-Action Protocol for Debt Claims.<sup>8</sup>

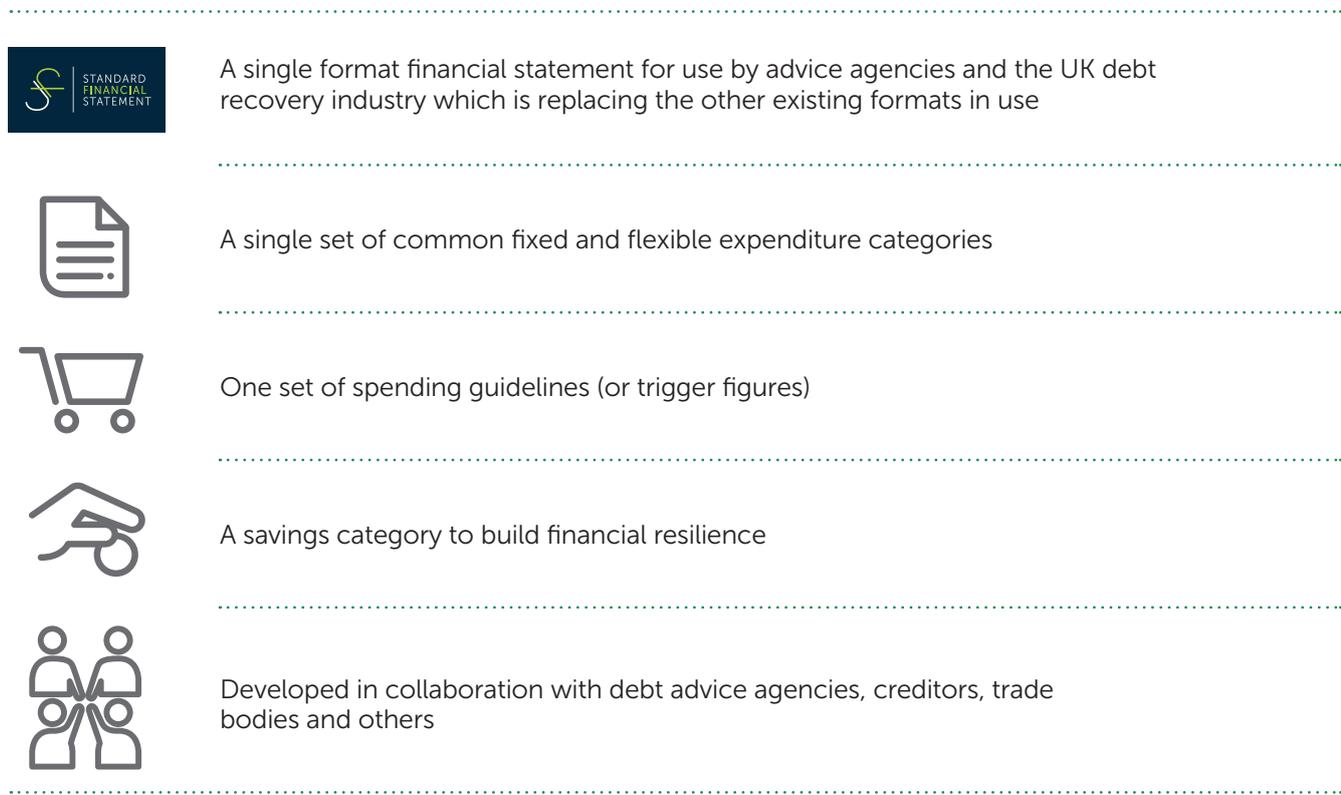
We release a set of SFS spending guidelines annually, which covers flexible or discretionary household spending categories.

The SFS spending guidelines are only available to bona fide organisations that have legitimate reasons to assess affordability and are not available to the public.

Local Authorities can register for free membership via [sfs.moneyadviceservice.org.uk](https://sfs.moneyadviceservice.org.uk)

<sup>8</sup> <https://www.justice.gov.uk/courts/procedure-rules/civil/pdf/protocols/debt-pap.pdf>

Figure 4 – The Standard Financial Statement (SFS) at a glance



### What does the SFS mean for Local Authorities?

Council revenues teams have been receiving SFS payment proposals from 1 March 2017 when the first debt advice agencies began using the tool. Many others have now followed, and Councils will have noticed a transitional period where they have been receiving payment proposals assessed via SFS, CFS or StepChange Debt Charity guidelines.

CFS and StepChange Debt Charity guidelines will be decommissioned by the end of 2018. Until then Councils should continue to provide full support for financial statements using CFS or StepChange Debt Charity guidelines.

There are two phases of change for Local Authorities in relation to the SFS. Firstly, we encourage all Councils to support the principle of the SFS and recognise that SFS financial statements have been prepared by a professional debt adviser from a debt advice agency regulated by the Financial Conduct Authority (FCA).

Also, for Councils to acknowledge that the SFS statement may show the client to be in financial hardship or vulnerable circumstance and to show the appropriate level of forbearance. For example, adopting a universal approach to assessing affordability should make it easier for various council departments to refer to each other internally using one Standard Financial Statement.

Secondly, we know that many Councils and their debt recovery suppliers use their own version of an income and expenditure statement in revenues teams as part of the debt collection process. By suppliers, we mean any third party that supports the Councils debt collection process – some examples are:

- Debt collection agencies (DCAs)
- Enforcement Agents (EAs)
- Legal service providers (LSPs)

The Money Advice Service is calling for all Councils and debt recovery suppliers to commit to amending internal case management software to include use of the SFS. This will reduce the risk of discrepancy between a resident's affordability assessment with the Council and a financial statement prepared by a debt advice agency. In addition, using one Standard Financial Statement within various council departments allows a consistent internal approach and smoother internal referrals. For example - it is inefficient to assess affordability for Housing Benefit overpayments using one set of rules and another criterion for Council Tax.

The SFS spending guidelines are derived from the Office of National Statistics (ONS) and provide guidance on what is reasonable household expenditure for individuals or families experiencing financial difficulty. Crucially, this should avoid situations where Council employees (or Enforcement Agents) make personal judgements on what is reasonable or unreasonable household spending.

All revenues case management software should be updated with the SFS spending categories and trigger figures. We have also produced an optional SFS Microsoft Excel tool which is available on [sfs.moneyadviceservice.org.uk](https://sfs.moneyadviceservice.org.uk)

We think all Local Authorities should be members of the Standard Financial Statement and Figure 4 summarises why:

**Figure 5 – Five reasons Local Authorities should register for SFS Membership**

**Five reasons Local authorities should be members of the Standard Financial Statement (SFS)**



1	<b>Internal money advisers</b>	Many Local authorities have internal money advisers. MAS would expect them to use the SFS as industry guidelines for assessing affordability when providing debt counselling.
2	<b>Processing payment offers</b>	Revenues teams receive payment offers towards council tax enclosing a residents SFS financial statement. SFS membership provides access to SFS spending guidelines and reassurance that agencies are operating within the guidelines.
3	<b>Revenues collection</b>	To align all forms of income and expenditure assessment (I&E) to SFS household spending categories and guidelines. This ensures a universal approach and removes the risk of subjectivity or personal judgements. To ensure that an industry standard means assessment has been considered, should litigation be required as a last resort.
4	<b>Debt collection suppliers</b>	To ensure that suppliers (such as Enforcement agents) are taking an industry standard approach to affordability assessments at 'Compliance' stage and processes aligned with the council.
5	<b>Portability of data</b>	Many council departments assess resident affordability during financial difficulty. Examples are Housing, Welfare officers and Children's services. A universal approach creates internal efficiencies by creating data sharing opportunities. (with resident consent).

Register for SFS membership via : <https://sfs.moneyadviceservice.org.uk/en/apply-to-use-the-sfs>

Use of the Standard Financial Statement (SFS) is not limited to the financial services sector. Several Local Authorities and debt recovery suppliers have already committed to switching all forms of income and expenditure forms to that of the SFS. Phoenix Commercial Collections are a good example of a progressive enforcement agency that has implemented an ethical debt collection approach which includes an online income and expenditure tool based on the Standard Financial Statement (SFS) The Phoenix approach is described in the case study below:

## Case study – Phoenix Commercial Collections

### 'Ethical debt collection and approach to affordability'

Phoenix is a national company specialising in the ethical collection and enforcement of Local Authority debts. Their aim is to create successful partnerships and delivering the highest collection rates whilst providing exemplary standards of customer service. Phoenix recognise that collaboration with debt advice agencies and other partners forms an integral part of their Collections strategy.

### Dedicated Welfare team

Phoenix have a 'Welfare team' that handles e-mails and calls with offers of payment. The team have received training from various partners in the debt advice sector – customers with multiple debts are warm transferred to Payplan or Payplan will call them back after receiving a web referral. Vulnerable customers are flagged on systems for special attention and may be referred for support to Christians Against Poverty or organisations such as Samaritans. Some vulnerable customers are referred to the Local Authority as enforcement action may not be appropriate.

The Welfare team also has a dedicated inbox for debt advice agencies to make contact directly and is listed on all Phoenix correspondence.

### Affordability Assessment Solution

When a longer- term repayment is likely the team will e-mail or text the customer a link to a 'benefit calculator' tool, produced by Policy and Practice, which includes the ability to complete an income and expenditure form based on the Standard Financial Statement (SFS). The Phoenix online tool is supported by a live webchat helpdesk and Phoenix's dedicated Welfare team are on hand to offer guidance or specialist referrals where necessary.

Phoenix will accept repayment offers where household spending falls within the spending guidelines.

### SMS strategy campaign with Payplan

Phoenix are also trialling a customer engagement strategy with the debt advice agency Payplan. Customers are sent a text message with a link to a jointly hosted Phoenix and Payplan landing webpage. Customers that access the link are offered free debt advice from Payplan. The first pilot targeted customers who were recorded as potentially vulnerable or known to have Council Tax Support debt. Many engaged with Payplan and led to either a payment arrangement or the return of the case to the Local Authority. Various campaigns are continuing to ensure the right support at the start of the process and without a visit from an Enforcement Agent.

## The SFS savings category

The SFS includes a savings category, recognising the benefits of building additional financial resilience for debt advice clients. The savings allowance is designed to encourage savings behaviour and to increase the chances of sustainable repayments during debt solutions and creditor payment arrangements.

Many debt advice clients will not have the necessary disposable income to save. The savings category is completely optional and reliant on the recommendation of the debt adviser. Savings are limited to 10% of monthly disposable income, capped at £20 per calendar month.

We do not expect Councils to provide residents with advice on savings provision when assessing affordability as part of revenues collections processes. However, Councils can give residents the option to use the savings category if disposable income allows.

## Further information on the SFS

Local Authorities requiring support with process changes should contact the Money Advice Service via [sfs.support@moneyadviceservice.org.uk](mailto:sfs.support@moneyadviceservice.org.uk)

### SFS website

The standalone SFS website with secure login offers information, including:

- the SFS format
- an Excel tool
- spending guidelines
- guidance for advisers
- general information and FAQs
- Developer toolkit
- On-line training modules

## Local Authority handling of financial statements - good practice

All Local Authorities should commit to a forbearance approach towards those who suffer financial hardship and engage via a debt advice agency. Councils should take a collaborative approach in engagement with third-party debt advisers that support their residents.

### Councils should:

- **Accept financial statements from debt advice agencies that have authorisation from the Financial Conduct Authority (FCA).** By accept' we mean that Councils should acknowledge that a qualified debt adviser from a regulated debt advice agency has assessed what the resident can afford to repay. At this point Councils should NOT attempt to negotiate an increased payment from their resident but accept this as an accurate representation of the client's situation. Where a payment is proposed, this should be accepted. Enforcement action should only be considered as an absolute last resort. Councils can check if a debt advice agency has full FCA authorisation via [register.fca.org.uk/](http://register.fca.org.uk/)
- **Suppress the use of Enforcement Agents (EAs)** – where a resident has engaged and demonstrated an affordability issue or vulnerable circumstances. If enforcement action has already commenced, we recommended that councils mandate debt advice agencies with permission to contact enforcement agents and request 60 days 'breathing space' for their clients. Many councils do this already (A case study is included below from Salford City Council)
- **Consider holding litigation or enforcement action** – By accepting a payment arrangement, Councils are acknowledging what the resident can reasonably afford to repay and should not make further, excessive demands. Further enforcement should only be taken as a last resort and not as part of a batch process
- **If the debt has already been passed to an enforcement agency** – Ensure that your contract with the enforcement agency allows them the flexibility to accept what a debt adviser says is affordable

- **Review financial statements in full if the income and expenditure detail identifies a need to provide internal forbearance support.** For example, this process may generate referrals to Welfare Support, Council Tax Reductions (CTR) or to a 'Write-off' process. The council should support the resident with the subsequent application process
- **Some Council oversight of financial statements can be useful to identify and feedback recurring resident training issues.** Recurring issues or trends should be discussed by the revenues manager with the appropriate debt advice agency
- **Consider holding SFS calibration workshops with debt advice agencies.** It can be incredibly useful to talk through affordability scenarios and case studies to better understand how debt advice agencies apply spending guidelines when giving debt advice. This engagement opportunity can involve front-line Revenues agents, Managers, Quality Assurance, Finance Officers and procured enforcement agents
- **Accept payment proposals including a financial statement from residents who 'self-help'.** It is increasingly common for members of the public to use a debt advice agency's online budgeting tools which will incorporate validation of reasonable household expenditure. It may be appropriate to fully review 'self-help' cases to ensure they

meet SFS guidelines. Residents who provide a 'do-it-yourself budget' that exceeds SFS guidelines should be referred to sources of debt advice via the Money Advice Service debt advice locator: [moneyadviceservice.org.uk/debt-advice-locator](https://moneyadviceservice.org.uk/debt-advice-locator)

- **Support SFS financial statements that include a monthly savings or contingency amount.** Acknowledge that in doing so the resident is being encouraged to take steps towards being more financially resilient. Also, that a contingency fund could support more sustainable arrears payment arrangements for the Council
- **Register for free Standard Financial Statement (SFS) membership.** This can be done via [sfs.moneyadviceservice.org.uk](https://sfs.moneyadviceservice.org.uk). Any organisation wishing to adopt the SFS can complete an online application which will also include agreeing to a Code of Conduct outlining best practice usage of the SFS. Once registered, Councils can access approved formats, user guidance, spending guidelines, a Microsoft Excel tool and links to e-Learning material and FAQs
- **Ensure that your revenues collections policy includes clear and consistent guidance for how financial statements from debt advice agencies should be handled** and when it is appropriate to query with the debt advice agency



## Case study – Salford City Council and Citizens Advice Salford

### “Reducing poverty through collaborative recovery practices”

Salford City Council’s progressive approach to collaboration has received warm approval by local advice agencies.

In recent years, parts of Salford have undergone regeneration, particularly the area around Salford University and Salford Quays. Despite this, Salford remains the **22nd most deprived** area in the UK. The number of working age adults in Salford with no academic qualification continues to be significantly above the UK average and the city has higher than average recorded crime statistics, lone parent families and one-person households.

Money Advice Service statistics estimate that the City of Salford has a circa population of 248,100 with **19.5%** considered to be over indebted

### Partnership approach

This is why there has been a significant shift in thinking in Salford. The Council and Citizens Advice are now working closely together on the Mayors anti-poverty strategy. The council have made initial changes by:

- Accepting financial statements from advice agencies based on the Standard Financial Statement (SFS)
- Waiving the cost of a Liability Order for residents in arrears that receive a Council Tax Reduction – avoiding pushing the resident further into arrears
- Providing a commitment to reducing Enforcement Agent activity starting with not using bailiffs for residents receiving Council Tax Support (CTS). Instead those in arrears are referred for professional debt advice
- Giving permission for Citizens Advice to freeze enforcement activity with bailiff firms and apply breathing space so the resident can receive advice on their debts
- Opening communication lines at the council with named persons provided for debt advice agency contact
- Holding open surgeries for residents to speak to Revenues colleagues for support with council tax arrears. This is supported by Citizens Advice and engagement levels have been positive

### Moving forward

This is just the start of a journey to take a more segmented and objective approach to collecting monies owed to the council whilst supporting the financially distressed and the vulnerable. The council recognises that it can do more to assist the advice sector. A project is underway which is exploring:

- How the SFS could provide a universal and more consistent approach to how the council assesses resident affordability. Not just as part of Revenues collection but also considering other council processes where affordability is assessed. Examples of this are applications for ‘Discretionary Council Tax Relief and Discretionary Housing payments
- Looking at ways the council can give the advice sector access to appropriate data to help with debt counselling (subject to resident consent)

### Citizens Advice Salford

“It is critical that advice agencies better understand the pressures faced by Local authorities in collecting council tax. Similarly, local authorities should not further impoverish tax payers through poor recovery practices. Salford Council is proving itself to be committed to working with advice agencies to improve council tax collection, the experience of its residents and to reducing poverty through collaborative recovery practices”

## Where a Debt Management Plan (DMP) is proposed - good practice

When debt advice agencies send a financial statement, they may also propose a Debt Management Plan (DMP) which is an informal 'managed' debt solution. A DMP involves the agency aggregating the balances of the client's unsecured debts (but sometimes including priority debts such as Council Tax arrears) and proposing a sustainable and proportionate payment to each creditor involved. A pro rata offer is then made to each creditor. The agency will then disburse the proposed payment to each creditor on behalf of the client – usually monthly. Debt advice agencies use an SFS affordability assessment to determine what the client can afford to pay towards their debts.

In this section, we have articulated good practice Local Authority standards for the handling and administration of DMP payment proposals. In doing so we have used some aspects of the creditor standards that were proposed in the Debt Management Plan Protocol (DMP Protocol) which was endorsed by the Money Advice Service in 2013.

### Local Authority guidance for the handling of DMP proposals

- **Extend an initial breathing space of 60 days, upon receipt of evidence that a client is engaged in a Debt Management Plan with an FCA-regulated debt advice agency** – creditors should consider an extension of a further six weeks, where demonstrable progress is being made in the implementation of the DMP. 'Breathing space' means the suspension of all collections activity relating to debts included in the DMP
- **Provide all requested information relating to relevant debts to the debt advice agency within 10 working days of receipt of request** – with the resident's informed consent
- **Provide account balance information to the debt advice agency within 10 days of receipt of the request**
- **Accept DMP proposals from debt advice agencies that are fully regulated by the Financial Conduct Authority (FCA) and confirm this in writing to the debt advice agency within 10 days of receipt of the proposal**
- **Freeze charges applied to Council Tax arrears and hold enforcement action or litigation**

## Where an Individual Voluntary Arrangement (IVA) is proposed

An individual voluntary agreement (IVA) is an agreement between someone in financial difficulty and their creditors to help pay off debts at an affordable rate. In England and Wales an IVA is a formal alternative for people wishing to avoid bankruptcy. An IVA is a formal, statutory debt solution and is administered by an Insolvency Practitioner (IP) throughout the life of the IVA. A repayment plan is put to creditors and if they agree, the person will pay back a set amount, usually for five years. If the IVA payments are not enough to pay off someone's debts in full, the rest will be written off.

The types of debts that can be included in an IVA are typically consumer credit debts but also include some priority debts including Council Tax arrears, Tax debts and energy debts.

The Money Advice Service has information on debt advice agencies that can provide free advice on whether an IVA is appropriate for residents:

<https://www.moneyadviceservice.org.uk/en/tools/debt-advice-locator>

In this section, we have articulated good practice Local Authority standards in the handling of IVA payment proposals.

### Local Authority guidance for the handling of IVA proposals

In 2016 the Insolvency Service published useful guidance in the 2016 Consumer IVA Protocol.<sup>9</sup>

Below, we summarise the high-level obligations of Councils in relation to IVA proposals and the SFS.

- **Support Income and Expenditure provided by IPs which is based on SFS spending guidelines** The IVA Protocol states that expenditure should be set at a level that is likely to be sustainable and not to cause undue hardship to consumers. IPs also ask for verification of income by means of pay slips and bank statements and verify this information annually
- **Take reasonable measures to avoid further resident hardship with ongoing Council Tax liability** – show the appropriate level of forbearance and assess the resident for Welfare Support or Council Tax Reduction (CTS) support
- **Continue to treat your resident in accordance with standards outlined in the Council's Debt Recovery policy.** For example, it is not reasonable or fair to accelerate enforcement action towards a Final Charging Order and secure a debt, if made aware that the resident is considering an insolvency solution

<sup>9</sup> The Insolvency Service (2016) The IVA Protocol <https://www.gov.uk/government/publications/individual-voluntary-arrangement-iva-protocol>

**If voting against a protocol complaint IVA proposal**  
– ensure that the reason for doing so is disclosed to the IVA provider.

**Carry out a review to make sure the policy approach you use to review IVA proposals is fair and transparent.** It is worth reviewing the Consumer IVA protocol for reassurance that IVA proposals made that are compliant with the protocol are made in good faith using an SFS affordability assessment. When reviewing an IVA proposal to the council, each case should involve a proper assessment that looks at the merits of the individual IVA application. Try not to refuse all applications using a blanket policy as this may not be fair to the individuals in debt who have put forward the proposal with the help of a professional insolvency practitioner.”

- **Provide a ‘proof of debt form’ (in the form provided by the IVA provider) within 14 days of receipt of an IVA proposal and at least 7 days before the date of the meeting calls to approve the proposal**

### Local Authority internal use of income and expenditure forms (I&Es)

Many Councils also use income and expenditure forms internally, at various points with residents in financial difficulty. This could be in revenues teams, on council websites or they may enclose an I&E (or ‘means form’) with revenues collections letters for completion.

An income and expenditure form or financial statement may be completed with the resident by a revenues officer. A financial statement is generally completed with the resident to determine the disposable income available to repay Council Tax arrears. This is not a regulated advice conversation, but rather an information-gathering exercise for negotiating an arrears payment arrangement.

The I&E completed may be embedded into the Council’s arrears case management software and utilise internal rules on household expenditure or a decision is left to the judgement of the revenues officer.

The Money Advice Service is not necessarily saying that all Local Authorities should begin using I&Es internally, as some creditors quite effectively trust debt advice agencies with this process. That said, the use of I&Es, (done correctly using SFS guidelines on spending) can have measurable benefits in negotiating sustainable payment arrangements with residents.

The use of a full affordability assessment to negotiate longer term repayments is prevalent in the private sector, particularly within financial services where there are regulatory obligations to do so. Private sector creditors (and their suppliers) report that investing additional resource in completing affordability assessments with their customers creates sustainable repayments and reduces the resource required to otherwise manage or indeed pursue broken payment arrangements.

### Can a private sector approach work for Council Tax debt recovery?

We have found that many Local Authorities are exploring whether a private sector approach can work for the collection of Council Tax arrears. The London Borough of Hammersmith and Fulham (LBHF) are more advanced than most and is aspiring to achieve the equivalent to the ethical and regulatory debt collection standards required by the Financial Conduct Authority (FCA).

In doing so, they have procured the services of Intrum, an FCA regulated debt collection company. At MAS we are delighted that the LBHF partnership with Intrum features SFS affordability assessments including the ability for residents to self-serve on-line. Furthermore, the initiative includes pro-active attempts at resident engagement via outbound telephony activity, text messaging and e-mail. This new strategy has led to LBHF taking the bold step of ending their use of enforcement agents and committal proceedings for Council Tax recovery.

Further information on the LBHF and Intrum partnership is featured in the following case study.

## Case study – London Borough of Hammersmith and Fulham

### “An ethical approach to arrears collection”

From April 2018 the London Borough of Hammersmith (H&F) has implemented a council tax arrears strategy that aims to deliver consistent treatment of arrears customers to the highest possible ethical and regulatory standards.

Money Advice Service statistics calculate that Hammersmith & Fulham has a circa population of 147,000 with **16.3%** considered to be over indebted.

The H&F arrears policy also ends their use of enforcement agents and committal proceedings (threat of imprisonment) relating to the collection of council tax. H&F council has taken this decision based on a growing body of evidence showing that use of enforcement agents can cause harm to individuals health and wellbeing and results in increased demand on other public services such as health and housing. H&F believe this is not in the interests of residents concerned or the public interest.

In addition, H&F recognise that local authorities often use the threat of imprisonment when there is no realistic prospect of the Courts imposing such a penalty. Research has shown that the threat of imprisonment for a civil debt such as council tax has a significant impact on the resident and has wider and consequential costs to the public purse.

### The redesigned council tax arrears strategy

H&F concede that their arrears collections processes (in common with many other councils) had fallen behind best practice in the private sector. They had previously relied on automated processes designed simply around statutory processes. This means that focus on individual circumstances is lost and the approach can be adversarial.

H&F has now implemented a pilot arrears collection strategy in collaboration with Intrum, a leading credit management services group, adopting a more ethical approach, particularly in relation to the more vulnerable residents in the borough.

The pilot has introduced:

- Proactively engaging, as early as possible, with customers who miss a payment
- Outbound telephone contact using automatic diallers and the use of SMS text messaging and email
- Assessing customers in terms of their ability and propensity to pay
- Agreeing affordable and sustainable payment arrangements based on the Standard Financial Statement (SFS)
- An online platform for residents to check their arrears balance, calculate how much they can afford to pay, make repayments and set up an instalment plan
- Sophisticated identification of vulnerable groups so that overdue accounts can be ring-fenced for appropriate treatment. For example, digital analysis of all calls for signs of vulnerability and resident detriment
- Providing additional support to people in vulnerable circumstances, including partnerships with debt advice agencies for the referral of appropriate residents, with the main agents empowered to negotiate affordable payment plans tailored to that customer’s circumstances
- The provision of a minimum of 30 days breathing space from collections activity when residents are engaged with regulated debt advice

## A private sector approach to 'affordability' - with obligations to the government and the tax payer

It may also be useful for Local Authorities to review the following case study featuring Computershare Loan Services (CLS), a mortgage service provider in the private sector. The correlation for Local Authorities here is that Computershare provide debt recovery services for UK Asset Resolution (UKAR), the company set up by government to manage the nationalised mortgage portfolios of Northern Rock

Asset Management (NRAM), Bradford & Bingley and Mortgage Express. All three of these entities were taken into public ownership, so managing the mortgage books (including their arrears books) has included a clear obligation to UK tax payers.

Computershare have for some years, used an internal affordability assessment based on StepChange Debt Charity and CFS household spending guidelines to negotiate payment arrangements with customers in arrears. This case study describes their approach and how it compliments a very effective referral strategy into debt advice agencies.

### Case study – Computershare Loan Services (CLS)

#### How affordability assessments compliment a collections strategy

Computershare Loan Services (CLS), a solutions and services provider, uses a multi-channel approach to engaging customers with advice on behalf of their creditor clients; using telephone, letter and digital referrals.

Customer-facing staff are trained to identify when and how to signpost customers to free and impartial debt advice providers and there is a robust quality assurance process in place to ensure the correct processes and procedures are being followed. With the customer's consent, staff are able to transfer them across to one of their independent third-party debt advice partners. CLS know this increases the likelihood of cases going through to a full affordability assessment, with tailored debt solutions. Some advice agencies are able to share information with them which illustrates the outcome of the referrals at account level. This is important so that CLS can measure results and feedback to staff so they can understand the impact their referral has had.

In addition to their approach to engaging customers with debt advice, CLS use internal affordability assessments to understand customer circumstances and help achieve the most appropriate outcomes, on behalf of their clients. Their affordability assessment incorporates the household spending guidelines of the Common Financial Statement (CFS) and StepChange Debt Charity. CLS have found that investing additional time in customer affordability assessments has led to more sustainable payment arrangements and reduced repeat calls.

This complimentary approach ensures decisions around forbearance options are better informed.

The results achieved for one of their clients, UKAR (the holding company for NRAM, Bradford & Bingley and Mortgage Express) evidence how this strategy has been successful.

Since UKAR's formation in 2010, the number of customers three or more months in arrears (including possessions) has reduced by **86%**. More than **23,000** customers have been referred to free and impartial Debt Advice and over 48,000 successful arrangements have been completed, with the number of those being maintained increasing from **50% to 80%**.

## Income and Expenditure fatigue

However, the completion of income and expenditure forms / financial statements by multiple creditors has its disadvantages. On average, people in financial hardship are likely to have debts owing to six different creditors. This could mean that residents are expected to complete an income and expenditure form multiple times. Naturally, every creditor that uses this process does so to determine what can be repaid on its own arrears. The problem with this process is that some creditors are more demanding than others which can put unnecessary pressure

on the customer to pay more than they can afford. Therefore, completing income and expenditure forms haphazardly may jeopardise existing payment arrangements with other creditors, and is unlikely to be sustainable.

In addition, some people will become tired of completing multiple I&Es and become stressed at repeatedly being asked to complete new forms. This means that some I&E may end up not reflecting a customer's true spending habits.

Some major creditors have taken an alternative approach in 'multiple creditor, multiple arrears'

situations and have chosen to trust in the expertise of the debt advice sector. For example, the bank HSBC identifies customers in a multiple arrears, multiple creditor situation and immediately offers a warm transfer to a trusted debt advice partner. The bank takes the view that its debt advice partner is better placed to provide holistic debt advice on the customer's whole financial situation and trusts that a sustainable repayment plan will be proposed towards its arrears.

## Local Authority use of income and expenditure forms – good practice

In summary, councils should:

- **Convert all existing income and expenditure forms used in revenues teams to the Standard Financial Statement (SFS).** This will align budget sheets used by Councils to those used by the debt advice sector and provide consistency when assessing what disposable income residents have available to repay his / her debts
  - **Ensure that income and expenditure forms attached to collections letters, websites, and any 'in house' digital tools for residents in financial difficulties, are aligned to the Standard Financial Statement (SFS)**
  - **Local Authorities should contractually insist that all suppliers relating to debt collection convert any forms of income and expenditure to that of the Standard Financial Statement (SFS).** Examples of suppliers are legal service providers (LSPs), field agents, debt collection agencies (DCAs) and enforcement agents. We think that enforcement agents can convert the I&Es used in their contact centres to SFS, but recognise that completing a full budget in a resident's home may not be practical
- **Provide the resident with a printed or portable copy of the completed financial statement.** This can be used for consistent discussions with other parts of the Council, creditors and the debt advice sector. This will also give the resident the opportunity to reflect on a paper version of the 'agreed budget' before acting
  - **Allow residents the opportunity to allocate a monthly savings contribution or contingency fund for emergencies.** Revenues agents can give a resident the option to put aside money for savings. Use of the Standard Financial Statement (SFS) will make this process more consistent
  - **(Where there are two or more debts with arrears) Offer a referral to a debt advice referral partner.** This will also give the resident the opportunity to receive independent advice on their whole debt situation and an opportunity to receive advice on maximising their income
  - **Review whether an I&E or means test actually needs be completed by a revenues officer.** An alternative process is to immediately refer all residents with two or more debts in arrears to a debt advice partner (or internal money adviser) to complete a financial statement. A mechanism can be agreed to route the resident back to the Council with a payment offer towards the arrears. We think this will create a better resident experience, reduce I&E fatigue for your resident and create efficiency savings for Local Authorities. Crucially, this will also reduce the risk of a council recoveries agent negotiating an unaffordable payment offer



# **A consistent approach to payment arrangements and pre-enforcement**



## A consistent approach to payment arrangements and pre-enforcement

When exploring how Local Authorities handle resident affordability we have identified an inconsistent approach to how Councils treat payment offers from the advice sector. We do not want to create a 'black and white' approach but we certainly think it is worthwhile providing some operational recommendations for how Councils can better support the debt advice sector by being more consistent with repayment offers towards Council Tax arrears.

We recommend the following approach to payment offers from debt advice agencies.

- **Term of arrangements** – We acknowledge that Councils may seek repayment of arrears in the quickest and most sustainable timescale and preferably before the end of the current financial year. That said, payment arrangements extending beyond the current year should be accepted following an SFS affordability assessment by the Council or a professional debt adviser
- **Arrangements clearing the arrears within twelve months** – Payment arrangements which propose repayment of arrears within twelve months should be accepted on the basis that Councils will not progress any enforcement action including an application for a Liability Order
- **Where the Council has obtained a Liability Order** – We accept that payment arrangements may be accepted subject to the Council requesting employment details where appropriate. This is on the basis that Councils will not enforce the Liability Order or make employment enquiries for performing payment arrangements. In addition, any subsequent Attachment of Earnings amount (for a broken arrangement only) should not exceed the payment value recommended by a debt adviser
- **Short-term concessionary payment arrangements** – We accept that the Council will ideally require payment arrangements to be over and above the ongoing liability. However, the Council should accept short-term concessionary payment arrangements where a debt adviser provides an explanation about the likely improvement in a resident's financial circumstances
- **Arrangements extending beyond twelve months** – Payment arrangements running beyond twelve months with no previous arrears should be still be accepted without the need for a Liability Order. If there has been a history of arrears or broken payment arrangements, we accept that the Council may protect its position to the point of obtaining a Liability Order but not enforce the order if payments are maintained. The resident must be clearly informed of the position in writing with a rationale for the decision taken
- **First payment of an arrangement** – It is reasonable that the first payment of the arrangement should be made within 30 days or the resident's next payment date. All future payment dates should be aligned to resident payment dates. An exception to this is where a resident is engaged with a regulated debt adviser and 'breathing space' from collections activity is being applied
- **Discuss affordability at early arrears stage** – Some residents make contact after missing one or two payments perhaps due to a financial life event such as redundancy, separation or bereavement. The resident may report that they expect to have an ongoing affordability issue. Councils should review affordability in full, using an SFS financial statement and not ask the resident to call back once the arrears become 'more serious' or reached the stage of a court summons
- **Rejection of payment arrangements** – If the Council rejects a payment proposal a letter should be sent to the resident and debt advice agency within 5 days outlining the reasons why and what the next steps will be
- **Unreasonable repayment terms** – Councils should not coerce residents into further borrowing (including from friends of family) to raise funds to repay Council Tax arrears as this is likely to increase the resident's financial distress not to mention jeopardise the resident's ability to maintain their ongoing liabilities

St. Albans District Council is a good example of a Local Authority that has recently reviewed its Council Tax Recovery process with the intention of creating a fairer, consistent approach and to improve its partnership working with local advice agencies.

## Case study – St. Albans District Council

### 'Taking a more consistent approach to 'ability to pay'

St. Albans District Council have reviewed their Revenues Collection Policy with a view to improving collaboration with debt advice agencies and to bring consistency to their approach to resident affordability during financial difficulties.

Money Advice Service statistics calculate that St. Albans has a circa population of 112,000 with **11.4%** of the adult population estimated to be over indebted. St. Albans aim is to ensure that a fair, proportionate and consistent approach is taken to the recovery of arrears, maintain collections rates and to reduce their use of enforcement agents

St. Albans council is committed to a supportive approach towards vulnerable residents, those who suffer financial hardship or live in poverty. They will take a collaborative approach to engagement with third party debt advice agencies that support their residents.

The Council now proactively refers appropriate residents in financial difficulty to Citizens Advice, StepChange Debt Charity and Business Debtline (the self-employed)

### Approach to resident affordability

St. Albans Council have made a firm commitment to consider resident affordability and support the Standard Financial Statement (SFS). They now do this by:

- Accepting financial statements from advice agencies that has been assessed using the Standard Financial Statement (SFS) household spending guidelines
- Applying 30 days breathing space from Collections activity where a resident is engaged with a FCA regulated debt advice agency
- Accepting that items of discretionary expenditure that exceed the SFS guidelines will be noted with an explanation from a debt adviser
- Aligning all internal forms of Income and Expenditure (I&E) forms to the SFS categories
- Always aiming to recover Council Tax arrears within the current financial year but will accept longer term payment arrangements where an affordability issue can be demonstrated
- Not applying for a 'Liability Order unless payments will run beyond twelve months or multiple payment arrangements have been broken
- Accepting payment arrangements where a 'Liability Order' is in place without the threat of further enforcement. (If arrangements are expected to run beyond 12 months, the council will request employment details from the resident before acceptance)
- Mandating their Enforcement Agent panel to mirror their approach to affordability and use of SFS at Enforcement contact centre stage

### Long-term affordability issues - recommendations

Concessionary payment proposals that extend beyond 12 months with no prospect of an improvement in financial circumstances should receive the following considerations.

- **Utilise Section 13A of the Local Government Finance Act. (Council Tax)**<sup>10</sup> - Refer the resident to the Council's policy and application process for 'Discretionary Council Tax relief'. Any Income and Expenditure (I&E) forms should also be aligned

to the categories of the SFS. Councils should provide appropriate support to help with any subsequent application

- **Historic arrears forgiveness** – Some residents improve their financial situation which allows them to maintain their ongoing liability to the Council but there is a long-term inability to clear historic arrears. We think Councils should have a discretionary write-off policy for historic arrears where appropriate residents have taken steps to rehabilitate their financial situation

<sup>10</sup> <http://www.legislation.gov.uk/ukpga/1992/14/section/13A>

## Broken payment arrangements and pre-enforcement activity

The Money Advice Service has no fundamental objection to any creditor or Local Authority taking reasonable steps to recover arrears which includes litigation or use of enforcement agents.

However, enforcement action by Local Authorities should be proportionate, viewed as a last resort and not batch-driven or viewed as an easy option to reduce internal costs. Councils should have

endeavored to contact all residents (including outbound telephone contact) following missed payments to understand their situation, consider affordability and discuss solutions to help them manage their Council Tax arrears.

A decision to enforce should be taken following a manual review by a revenues professional with appropriate experience and not decided by an automated process. Bristol City Council is a good example of a Local Authority that take this approach as described in the following case study:

### Case study – Bristol City Council and Talking Money

#### 'Engaging with hard to reach residents'

Bristol City Council's collaborative approach with advice agencies has been commended by Talking Money.

The council is a unitary authority and unusual in that its Executive function is controlled by a directly elected mayor. MAS estimates that **17.1 %** Bristol's adult population are over indebted. The council foresees a rise of **39%** in debt advice clients presenting to them between now and 2020.

Bristol's population includes a blend of the highly affluent, those on low incomes and a high volume of students who struggle with high rental costs. The authority includes significant communities of migrants from countries such as Poland and Somalia. This affects the council's revenues collections strategy as some migrants may be used to a different financial services system or methods of repayment.

#### Partnership approach

Bristol Council recognise that people in financial difficulty want to pay their council tax and that debt advice agencies tend to be able to engage with 'difficult to reach' residents.

In Bristol, a 'local planning board' meet regularly which includes Bristol Council and advice services. Some of the agreed processes in place are:

- Pro-active referrals: – the council pro-actively signpost appropriate residents for impartial debt advice
- Pre-enforcement checks: - The council manually reviews all arrears cases at 'pre-enforcement' stage and considers appropriateness of further action
- 'Direct Lines' to Council: the local advice sector has a direct telephone number for the Council Tax and Parking revenues teams to discuss resident support and arrears payment proposals. A named Manager is available at the council for escalations. A letter of resident authority is not required
- Collections letters: the council has involved Talking Money in reviewing its collections letters
- Breathing space: the council will agree a 30-day breathing space from Council Tax collections activity if residents are engaged with debt advice support. The council will also withdraw enforcement action for vulnerable customers
- Re-payment arrangement mandates: Talking Money has agreed mandates in place for payment proposals towards Council Tax arrears and parking fines. If the agreement is met, the Council will withdraw enforcement action. Also, the council will accept a payment proposal without the need for a financial statement, if the resident receives a means tested benefit

#### Resident affordability

Bristol City trust the expertise and impartiality of the local advice sector. They support financial statements from the advice sector including those based on the new Standard Financial Statement (SFS). The Council is also exploring the benefits of adopting the SFS within its Revenues teams.

"We really appreciate the strong working relationship with Bristol City Council, based on a position of trust and professionalism it enables advisers to get client issues resolved much quicker – a benefit for all involved" - Talking Money

Councils should also be confident that they have taken all reasonable steps to pro-actively engage residents with free, independent debt advice at all stages of the arrears process which includes reasonable efforts to pro-actively contact the resident by telephone. Should resources be an issue outbound calling at pre-enforcement stage is the least we would expect.

Local Authorities should also consider refraining from commencing, or consider suspending or ceasing, any bailiff action upon identifying that the resident is vulnerable and that such action would be likely to exacerbate a physical or mental health condition. Every Local Authority should have a policy for supporting vulnerable people, publish it and ensure it is used by the revenues department and its enforcement agents.

Furthermore, it is important to acknowledge that unknown vulnerabilities may be present in all situations as disclosing this may be difficult for residents. Councils should always look for indicators of this, as well as ensure that there are no 'points of no return' where vulnerable residents identified late in the process can't be offered the support they need because the debt has reached a certain stage of enforcement. A good reference point for staff training is the 2017 Bristol University resource 'Vulnerability – a guide for Debt Collection'.<sup>11</sup>

### Low arrears balances

In exploring the sector, we have found that many Councils move too quickly to bailiff action for Council Tax arrears balances that are shockingly low – often less than £100. A resident may fall into arrears, receive several reminder letters, but probably no telephone contact from the Council. The case is then sent to the magistrates' court for a liability order which attracts a court fee and court costs. The case is then referred to an enforcement firm who will then potentially add the following fees to the resident's balance:

- £75 (Compliance stage- when the case is passed to a bailiff firm and further contact is attempted)
- £235<sup>12</sup> (enforcement stage - when the enforcement agent visits the resident's property)
- £110 (Sale stage – a charge for the bailiff to remove 'enforced goods for sale')

So, a resident could have an arrears balance of £100 and very quickly have court fees and costs followed by enforcement fees of up to £420 added to the balance, escalating the debt to £520. This approach is not proportionate and cannot be in the interests of the Council or the resident concerned.

### Pre-enforcement checklist

In summary, we recommend that a pre-enforcement check list be used at four key stages of the Council Tax Recovery process. We believe that a manual case review by an experienced revenues professional is highly appropriate at four critical stages of the recovery process, before a decision is made to utilise more severe powers of recovery. The four critical stages are:

- Pre- Liability Order Summons
- Before enforcing the Liability Order
- Pre-enforcement visit (performed by the enforcement agency)
- Pre-application for committal proceedings

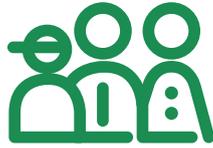
Figure 6 provides an illustration of the pre-enforcement checklist.

Figure 7 provides a simplified flow chart of the Council Tax recovery process and the four critical stages where a manual intervention if required, using our pre-enforcement checklist.

<sup>11</sup> <http://www.bristol.ac.uk/media-library/sites/geography/pfrc/pfrc1701-21-steps-vulnerability-and-debt-collection-%28web%29.pdf>

<sup>12</sup> If a debt or sum of more than one debt being enforced is over £1500, other fees may be added. Also, the enforcement agent can add any other reasonable costs that they incur.

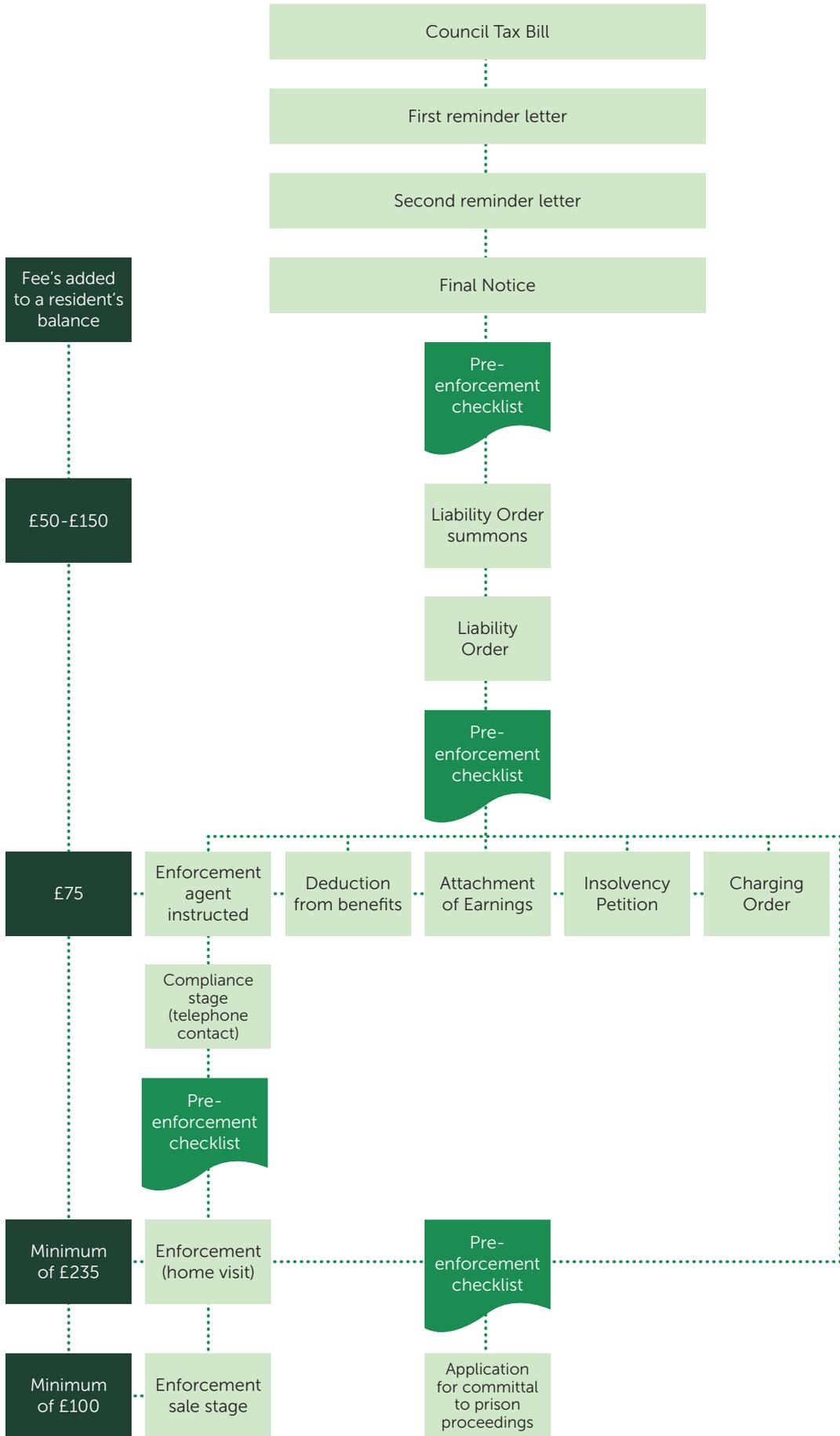
Figure 6 – Pre-enforcement checklist



Proportional	Ability to pay	Income Maximisation	Debt advice referral	Contact attempts
<ul style="list-style-type: none"> <li>No known vulnerabilities?</li> <li>Debts above £500?</li> <li>Not in receipt of Council Tax reduction?</li> <li>No outstanding balance disputes?</li> </ul>	<ul style="list-style-type: none"> <li>Considered affordability using the Standard Financial Statement (SFS)?</li> </ul>	<ul style="list-style-type: none"> <li>Welfare support referral?</li> <li>Eligible for Council Tax Reduction?</li> <li>Considered Section 13A (Discretionary Council Tax relief)?</li> </ul>	<ul style="list-style-type: none"> <li>Signposting to debt advice partners via letters, Text Messages, Website, council premises and via calls with Revenues agents?</li> </ul>	<ul style="list-style-type: none"> <li>Manual review of case (not an automated instruction)?</li> <li>Demonstrable efforts to contact resident via letter, text message, outbound calling and where possible, email?</li> </ul>



Figure 7 – Flowchart showing critical pre-enforcement check points





# **Debt Advice Referral Strategies**



## Debt Advice Referral Strategies

Residents present financial difficulties to Local Authorities in different ways. This could be in telephone conversions, face-to-face, or online via webchat or email.

Local Authorities also seek engagement when payments are missed, and they do this predominately via statutory collections letters. Some Councils will also send text messages, make outbound calls or visit the resident at home.

Councils are different to consumer creditors as they have public-facing offices and many residents make a conscious decision to visit the premises and even make cash payments. The Local Authority may display information about external sources of free debt advice support. It is also common for an advice provider to be close by or even based in the same building.

In addition, Local Authorities also display information about how to seek support for financial difficulties via their websites.

Most Local Authorities recognise an obligation to refer appropriate residents to sources of regulated debt advice, but many have told us of the problems they experience in doing so. Some Local Authorities advise us that:

- Their residents find it difficult to navigate the landscape of the debt advice industry
- They would like guidance on which residents are likely to need support with a debt advice referral
- Many Councils are aware of differences between debt advice agencies, (such as available referral routes, debt solutions offered). They would like guidance on when it is appropriate to segment resident referrals to different debt advice agencies
- They have problems with resident inertia and persuading them to take positive action

In this section we have captured the best of accepted good practice in referral strategies but recognise that work can be done to improve referral mechanisms from Local Authorities to debt advice agencies

### Debt advice referral partners

Many Local Authorities have established ongoing partnerships with specific debt advice agencies to prioritise referring appropriate residents for independent debt advice. This is known as a debt advice referral partner. Referral partners can be national, telephone debt advice agencies, or local 'face-to-face' charities. A debt advice partner may also be an 'in house' money advice team. We have identified that some Local Authorities may have

a good relationship with local advice agencies but have a poor understanding of the services of national telephone debt advice agencies. For this reason, several national debt advice agencies have set out their partnership propositions to Local Authorities in Appendix B of this resource.

### Debt advice referral mechanisms

In this chapter there are frequent references to the following referral mechanisms. Our definitions are as follows:

- 'Warm transfer' (or hotkey transfer), This is where a Council offers to immediately transfer a resident to a free, independent debt advice referral partner. Resident engagement is higher as the debt advice agency will be available to accept the call immediately
- Web referral – Where the Council completes an on-line form hosted by the advice agency. The debt advice agency will call the resident and offer debt advice support
- 'Signposting' Where a Council provides the contact details for trusted free, debt advice partners via revenues agents, posters at Council premises, websites or within letters or brochures
- [moneyadvice.service.org.uk](http://moneyadvice.service.org.uk). The Money Advice Service debt locator [moneyadvice.service.org.uk/debt-advice-locator](http://moneyadvice.service.org.uk/debt-advice-locator) helps people find a free debt advice agency in England, Wales, Scotland and Northern Ireland whether the channel preference is telephone, face-to-face or on-line
- The Money Advice Service helpline (0800 138 7777) helps callers find a free debt advice agency based on four principles; emergency, previous advice, client capability and appropriate channel

### Online Web referrals to debt advice agencies

Encouraging your resident to engage with a third-party debt advice agency can be challenging – often the resident has already had a conversation about their arrears with the council and may be reluctant to stay on the telephone for additional time. That said, we would still recommend that residents are warm transferred to a debt advice agency to reduce the risk of disengagement from support.

However, if time is an issue, use of a 'web referral' is the next best option. This is where the creditor/council completes a secure online referral form hosted by the debt advice agency. The advice agency would then telephone the resident and offer support. This service is offered by the debt advice agency Payplan.

An alternative process is where the council and a partner debt advice agency use an independent online platform such as 'Refernet'<sup>13</sup> to facilitate the referral. The case study from Denbighshire Council below describes how Refernet is used.

## Case study – Denbighshire County Council and Citizens Advice

### Secure web-based referrals to debt advice support.

In Denbighshire, Wales, the County Council and Citizens Advice have a positive working relationship when it comes to residents and council tax arrears.

MAS statistics estimate that **16.5%** of the adult population in Denbighshire are over indebted.

Citizens Advice Denbighshire have regular meetings with the council and their enforcement agents Dukes to discuss resident support for financial difficulties. Citizens Advice acknowledge that the council take a risk-based approach to revenues collection – meaning that speed of collections or enforcement action depends on many factors such as arrears history, balance, ability to pay and takes into consideration any known vulnerabilities.

This engagement and the local authorities pro-active approach has led to the council investing additional resource into the collections 'pre-action stage. Residents receive appropriate reminder letters and outbound calls where possible to try to and investigate the reason for arrears.

In addition, all council departments use 'Refernet', a secure web-based referral system which goes beyond basic signposting. This means the council can pro-actively refer residents in financial difficulty to a source of free and professional debt and budgeting advice. The process is straightforward – following resident consent, the council makes a referral to Citizens Advice via 'Refer net. Citizens Advice then pick up the referral, telephone the resident and offer professional debt, budgeting and benefit advice through a variety of channels dependant on what suits the client.

A large proportion of residents that are referred via Refernet, go on to engage with Citizens Advice regarding their council tax arrears.

Citizens Advice also use Refernet to record the outcome of the debt advice appointment and supporting information. The council are then able to access this reporting feedback which allows them to make strategic decisions on whether to proceed with collections or enforcement activity.

Other outcomes from regular engagement include:

- The council supporting financial statements from Citizens Advice based on the Standard Financial Statement (SFS). (This includes applications from Citizens Advice for Discretionary Housing Payments which include an SFS financial statement)
- A pilot scheme introducing a weekly repayment scheme
- Council support for all statutory insolvency solutions. For example, the council and their enforcement agents will apply 30 days breathing space from collections or enforcement activity when a resident has a Debt Relief Order (DRO) application pending
- Citizens Advice Denbighshire have built a working relationship with Dukes Enforcement Agents. When Dukes visit people at home and they observe vulnerability they can then call the Citizens Advice debt team directly and ask for the client to be considered for emergency assistance

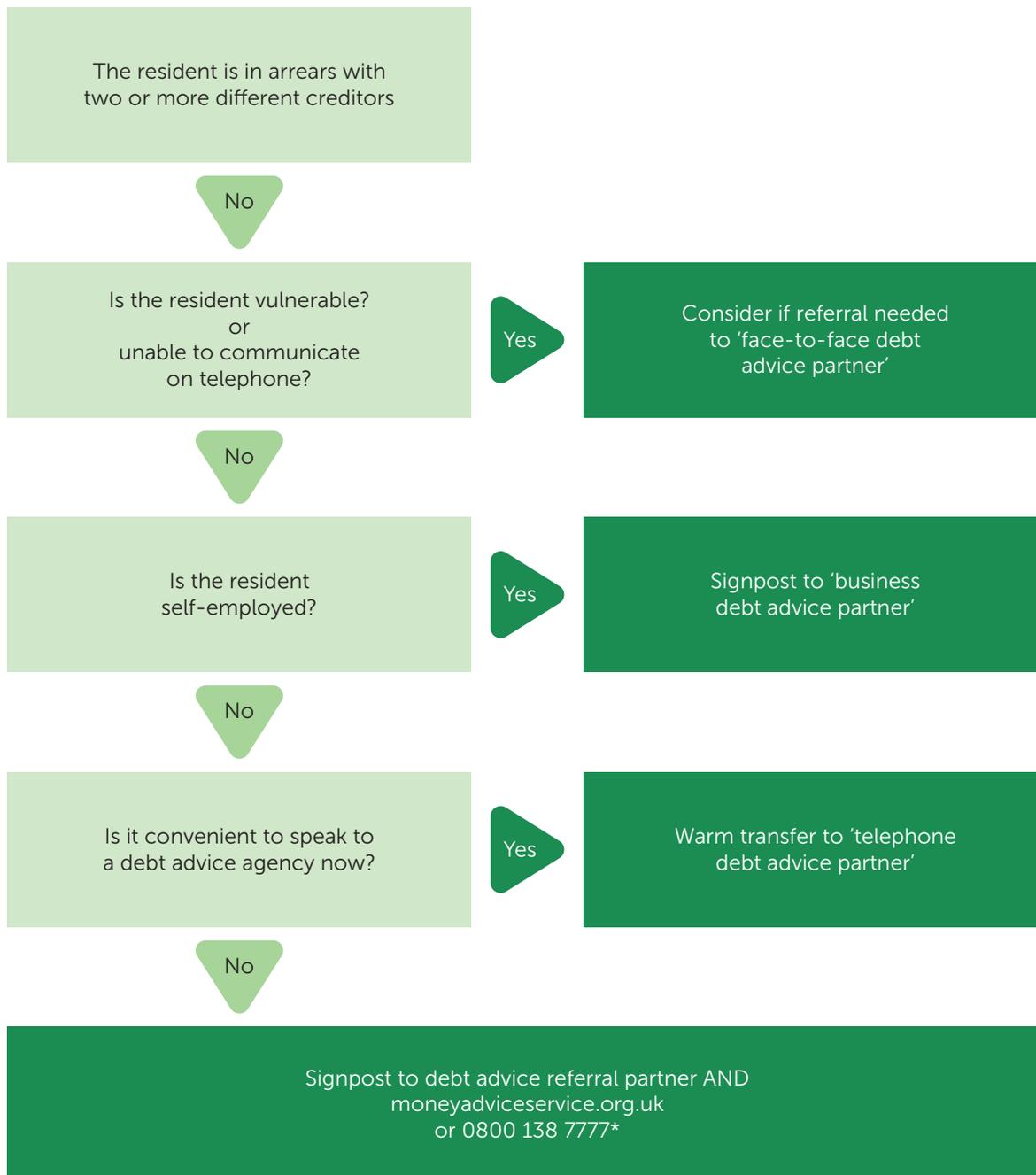
For more information on Refernet, see <https://www.refernet.co.uk/>

## Telephone referrals to debt advice agencies

### Councils should:

- **Quickly identify if the resident has multiple arrears with more than one creditor.** Ask the resident a couple of high-level key questions that will quickly provide a view on their debt levels, number of creditors and if they have arrears with priority debts. Work with a referral partner on the wording used to engage a resident in a referral, clearly highlighting the benefit, not overpromising, and ensuring the resident fully understands what will happen next
- **(Where a resident has arrears with two or more creditors) Offer a referral to a trusted debt advice partner, ideally by way of a warm telephone transfer.** This will give the resident the opportunity to receive independent advice on their whole debt situation and opportunities to maximise their income. (StepChange Debt Charity and Payplan offer this service - see Appendix B)
- **Consider signposting appropriate residents with vulnerabilities or communication problems to a face-to-face debt advice partner.** Examples of face-to-face debt advice agencies are the local Citizens Advice, Christians Against Poverty (CAP) or a chosen member of the Advice UK network. (Again, see Appendix B for CAP partnership proposition for councils)
- **Signpost the self-employed to debt advice agencies that provide business debt advice.** This group of residents requires specialist advice on separate business and personal financial statements and access to debt solutions for the self-employed. Examples of debt advice agencies that support the self-employed are Business Debtline, run by the Money Advice Trust and PayPlan (partnership offerings from Payplan and Money Advice Trust covered in Appendix B)
- **A warm transfer (or 'hot key') to a debt advice provider is one of the most effective ways to engage residents with the advice that they need.** This assumes that many residents will drop out of the process if they accept a list of telephone numbers to call themselves. Figure 8 illustrates what we believe to be a best practice telephone referral process
- **Consider using an on-line 'web referral form'** to request that a debt advice agency call the resident band back and offers free debt advice. (Payplan offer this service)
- **If a warm handover or web referral is not appropriate for the resident or the debt advice agency – signpost to a debt advice referral partner AND Money Advice Service Debt Advice locator** via [moneyadviceservice.org.uk/debt-advice-locator](https://moneyadviceservice.org.uk/debt-advice-locator). The debt locator will give options of telephone, face-to-face and online debt advice and assist the resident in navigating the debt advice sector
- **Councils and the referral partner (debt advice agency), should consider a way of creating a referral reporting mechanism.** This provides the Council with feedback on the outcome of their referrals (subject to individual consent) and helps revenues officers to decide on whether further collections activity is appropriate

Figure 8 – Local Authority debt advice referral strategy (telephone)



The Money Advice Service helpline will help signpost/warm transfer the resident to an appropriate debt advice agency at their convenience

- **(If the resident accepts a warm transfer to a debt advice agency) Hold debt collection activity for a minimum of 60 days.** This will allow the resident time to receive the advice that they require. This period is commonly known as 'breathing space'
- **Follow up on the debt advice referral.** For example, by engaging with the resident 14, 30, 60 and 90 days later to understand if the resident has engaged with the debt advice agency and the expected outcome. It is important to understand their plans for dealing with their debts before placing them back into the regular collections or enforcement process
- **Revenues quality assurance should include a measure of checking if appropriate residents were offered a referral to impartial debt advice.** A warm transfer or web referral should be offered first, followed by signposting to the debt advice referral partner and the Money Advice Service debt advice locator
- **Councils should give revenues agents the flexibility around debt advice referrals rather than a scripted process.** Many debt advice agencies are happy to provide training on the identification of appropriate residents for referral to sources of free, independent debt advice
- **Consider a partnership communications approach with an external debt advice provider.** Take a joint approach – debt advice agencies are good at promoting their support services and may be able to help with appropriate language. Some creditors in other sectors have achieved success by targeting groups of residents that are difficult to engage with. The resident 'call to action' could vary depending on the objective of the campaign. The resident may be given the option of contacting the Council or perhaps the debt advice agency directly if they are more comfortable doing so
- **The body of revenues letters should not endorse signposting to more than two appropriate debt advice providers.** Too much choice may create anxiety and risk, disengaging the resident from the advice they may need. Instead signpost to debt advice referral partner AND the Money Advice Service debt locator via [moneyadviceservice.org.uk/debt-advice-locator](http://moneyadviceservice.org.uk/debt-advice-locator). The debt locator will give options of telephone, face-to-face and online debt advice and assist the resident in navigating the debt advice sector. Some residents may not have access to the internet, so we would suggest some wording including appropriate telephone numbers
- **Where appropriate, ensure collections letters signpost to a specialist debt advice agency for the self-employed such as Business Debtline.** Councils that are unable to segment collections letters in this way can get around this issue by signposting residents to [moneyadviceservice.org.uk/debt-advice-locator](http://moneyadviceservice.org.uk/debt-advice-locator) or the Money Advice Service helpline on 0800 138 7777. The MAS helpline will direct the enquirer to a suitable free debt advice agency

### Revenues letters and signposting to debt advice

- **Signpost early to sources of debt advice –** consider referencing in response to events other than missed payments. For example, when a direct debt fails or when a resident makes contact and advises they may have difficulty making a payment due to a financial life event such as redundancy, bereavement, divorce and separation
- **Revenues telephone staff should be familiar with all debt recovery letters and be familiar with the debt advice agencies that are referenced. This ensures that telephone and letter messages are consistent**
- **Billing services and Revenues functions should work closely together.** This is to ensure that messages to residents such as collections letters, text messages and emails complement each other with consistent messages about where to seek external free debt advice if appropriate

## Residents visiting Council Offices and referring to independent debt advice

- **Train staff that handle Council Tax payments to spot the signs of problem debts.** StepChange Debt Charity's six indicators of financial difficulty are a useful tool as shown below in Figure 9. We recognise that councils have two options in this scenario
1. Local Authority employees can signpost residents to [moneyadvice.service.org.uk/debt-advice-locator](http://moneyadvice.service.org.uk/debt-advice-locator)

or the Money Advice Service helpline on 0800 138 7777. The MAS helpline will direct the resident to a suitable free debt advice agency. It is a good idea to produce an internal leaflet with this information.

2. Some Local Authorities may prefer colleagues to firstly refer residents to the councils 'in house' revenues team who would be expected to show the appropriate forbearance, apply 60 days 'breathing space' and direct the resident to the Council's debt advice referral partners which may be a local relationship.

Figure 9 – The six indicators of financial difficulty<sup>14</sup>

The six indicators of financial difficulty
1 Making minimum repayments on credit commitments for three months or more
2 Falling behind on essential bills
3 Using credit to pay essential bills
4 Using credit to keep up with credit commitments
5 Using credit to get through to payday
6 Getting hit with overdraft or late payment charges on a regular basis
Life on the Edge (2013) and The new normal (2015) – both by StepChange Debt Charity
StepChange Debt Charity define people reporting three or more of these indicators as being in severe financial difficulty. Those reporting one or two are considered to be in moderate financial difficulty.

- **Offer a warm transfer to a debt advice referral partner – offer a private room on site.** Some residents may visit the council offices and report problems making payment. Some Local Authorities may first refer to internal sources of debt advice. However, some residents may prefer to engage with external sources of debt advice. Where this occurs, it is good practice to offer a warm referral to a trusted debt advice partner. A private room should be allocated in the council offices where the colleagues can introduce the resident to a debt advice agency. The Hyde Group, a housing association, describes such a process in the case study below. We believe this process would also work for Local Authorities

14 <https://www.stepchange.org/policy-and-research/life-on-the-edge.aspx>

## Case study – The Hyde Group

### How residents visiting in person are supported with debt advice

The Hyde Group have created an internal team of specialists providing advice on debt, employment and tenancies. This holistic service uses behavioural economics and nudge principles to achieve positive long-term sustainment of rent payments.

From April 2017 to March 2018 they supported **1,716** clients and achieved outcomes for residents of **£600,000** and gains to the business of **£1,200,000** through reducing rent arrears, Housing Benefit payments and securing sustainable arrears repayment agreements.

On average an eviction costs Hyde between **£8-10k** and in the above period they have prevented **90** evictions, allowing residents to remain in their homes. This has a wider impact on public services and homeless units.

Advisers are highly trained and certified by the Institute of Money Advisers and offer a full range of solutions in line with recommended practice and have a limited authorisation with the Financial Conduct Authority.

Sometimes residents prefer advice from someone that is not their housing provider which is why they also work in partnership with other debt advice agencies such as PayPlan.

Hyde have a referral process in place with PayPlan to support residents that visit their offices experiencing debt problem's and showing signs of vulnerability.

Hyde have found that a warm hand over works very well. This would be supported by either a three-way call or an adviser being present with the client at the initial call with PayPlan. They will offer the resident a private room to have the conversation with PayPlan. The process has been a success and **70%** of referred residents choose to engage with PayPlan for debt advice.

They also like the web referral form that PayPlan provide. This allows them to complete contact details and PayPlan will call the resident back at their convenience.

A high percentage of clients also use this route where a Debt Relief Order is a possible solution.

Hyde also receive regular feedback from PayPlan about residents that disengage following debt counselling – this allows them to respond and contact the resident directly to offer further support.

## Home visits including bailiffs

The resident should be provided with a leaflet signposting to the Money Advice Service debt locator and helpline. [moneyadviceservice.org.uk/debt-advice-locator](https://moneyadviceservice.org.uk/debt-advice-locator) or the Money Advice Service helpline on 0800 138 7777. The MAS helpline will direct the resident to a suitable debt advice agency.

## Local Authority websites and signposting to debt advice

- **Financial difficulties support information should be easy to find.** It should be prominent within information for residents and navigable from the website home page
- **Consider timed 'pop up' messages referring to websites of debt advice agencies.** These can be timed to appear if residents hesitate on information relating to financial difficulties
- **Track the volumes of residents that exit a council website via links to websites of free debt advice agencies.** Discuss volumes and trends with your debt advice partner and look for opportunities to improve on the wording and language used
- **Signpost residents to free online debt advice services.** 'Debt Remedy' by StepChange Debt Charity<sup>15</sup> and 'MyMoneySteps'<sup>16</sup> by National Debtline are good examples of websites that allow members of the public to 'self-help' by guiding clients to maximize their income, check their income and spending, make the most of their money and choose an option to deal with their debts. The websites have tools that provide step-by-step information on how to deal with debts and practical advice on budgeting and boosting income. The self-help tools are supported by access to telephone, webchat or e-mail support if required
- **Provide opportunities for residents to access the webchat service of debt advice referral partners.** This can be done by adding links to the Council website or by providing opportunities for residents to access webchat support via kiosks on council premises. (National Debtline<sup>17</sup> provide 'assisted self-help' via webchat, empowering residents to contact their creditors and resolve their financial situation)

## Recommendations for improvements (debt advice referral strategies)

- Signposting could be replaced by the Council sending a text message with a link to [moneyadviceservice.org.uk/debt-advice-locator](https://moneyadviceservice.org.uk/debt-advice-locator) which will help residents select a free debt advice agency for support and using the appropriate channel
- There should be independent research into the effectiveness of Local Authority debt collection letters including those that threaten bailiff action or use the threat of imprisonment
- The Money Advice Service has already begun a review into the 'customer journey from creditor to debt adviser' and how the referral process can be further improved. A cross-sector working group has been created. One of the considerations is whether a new hub, could provide creditors (including Local Authorities) with greater visibility of what stage the resident is in the advice journey – one benefit being to avoid multiple advice referrals from multiple creditors for the same person
- Councils (much like private sector creditors) would like to receive referral outcomes from all debt advice agencies to enable them to move the resident into an appropriate internal recovery strategy reflective of the recommended solution. This would also enable Councils to have a more informed conversation with their residents. Again, a form of creditor to debt advice agency (B2B) hub may support a more efficient customer journey

15 <https://www.stepchange.org/DebtRemedy.aspx>

16 <https://www.mymoneysteps.org/>

17 <http://178.251.239.87/webchatasp/>

# **'Local Authority oversight' of referral partners – what is reasonable?**



## 'Local Authority oversight' of referral partners – what is reasonable?

Councils have an obligation to refer financially distressed residents to sources of debt advice. As with any referral arrangement to a third party, councils may feel the obligation to have some oversight that residents are receiving external support that correctly matches their individual needs. Moreover, it is reasonable that councils also seek assurance that debt advice supports their ability to recover Council Tax arrears.

To support Council obligations, most debt advice agencies operate an 'open door' policy and host private sector creditor visits to share the support that they provide to their clients. However, debt advice agencies have told us that volumes of creditor visits are becoming problematic, jeopardise the impartiality of the agency and are basically 'pseudo audits'. Debt advice agencies are usually charities and are not to be treated as a creditor supplier. As Councils build more strategic relationships with the advice sector, we suggest oversight is reasonable, but it is important to listen to the constraints of debt advice partners.

We have previously asked creditors, debt advice agencies and others to debate how creditors can reasonably oversee their customers' referrals to debt advice partners. The following is thought to be good practice, but we have also listed several recommendations for improvements.

- Appoint a dedicated person to directly manage the Council's relationship with debt advice agencies. The nominated person should hold regular review meetings with the debt advice agency's 'Creditor Relationship Manager' (or equivalent). Use this meeting to discuss referral volumes, outcomes and opportunities to work in partnership to support specific cohorts of residents in financial difficulty. The debt advice agency can also provide the Council with feedback on what difficulties residents are experiencing in dealing with the Local Authority
- Negotiate regular reporting on the outcome of debt advice referrals. Debt advice agencies have no obligation to provide reporting but may be willing to do so if the Council can demonstrate that the information will be used to support the resident. For example, the revenues team could use outcome reports to apply 60 days 'breathing space' from collections activity or identify internal forbearance solutions for the resident
- Visit the debt advice agency reasonably regularly. Hold your regular review meeting, but also take the opportunity to listen to debt advice calls or observe face-to-face appointments. Use this as a learning opportunity to understand resident behaviour during times of financial difficulty
- Do not treat your debt advice referral partner like a supplier. Partnership visits are not audits. But do use visits to gain assurance about how the agency uses the SFS household spending guidelines, their compliance with data protection legislation, identification and treatment of resident vulnerability, and the identification and treatment of other extraordinary resident circumstances
- Hold telephone 'call calibration' workshops. Listen to anonymised collections telephone calls with expert debt advisers from your referral partners. Use the workshop to identify opportunities and techniques for referring appropriate residents to sources of debt advice support
- Agree a Memorandum of Understanding (MOU) with your debt advice referral partners. It is worth the effort of drafting a MOU to outline what the Local Authority and the debt advice agency expect from the relationship. For example, an MOU might include referral processes, conduct during third-party visits, and escalation points

### Recommendations for improvements – creditor oversight of debt advice referral partners

An independent body should work with the public sector, private sector creditors, advice providers and others to agree a solution to the growing number of creditor audits and the demand it places on debt advice agencies. The scope of the work may include:

- A new target operating model for the debt advice sector which includes better resident journeys from Councils/creditors to debt advice agencies
  - A standardised 'single audit framework' for debt advice agencies. Each agency would accept an independent audit, and the results could be shared with creditor referral partners
  - Agreement and implementation of a single sector-wide reporting framework
  - Broader agreement on how referral reporting should be used by creditors
- Opportunities for creditors to satisfy oversight requirements remotely, reducing the burden of online site visits to debt advice agencies
  - Ways to avoid duplication when creditors and their suppliers (DCAs) often have a direct relationship with the debt advice agency
  - Other ways that creditors and debt advice agencies can share data for the benefit of mutual residents or clients



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# **Engagement and Partnerships**



## Engagement and Partnerships

Local Authority revenues teams now have a day-to-day working relationship with debt advice agencies. Much of the relationship is administrative and may involve payment proposals, or negotiations. We have observed some excellent working relationships but also some poor or adversarial ones. This chapter aims share the best of what we have seen.

Local Authorities are unlikely to have a dedicated team or person accountable for managing engagement with the debt advice sector. Those responsibilities probably lie with the Revenues Manager and we recognise that external relationships with the third sector can often fall down the list of priorities behind challenging collections targets driven by political pressure to fund public services.

Yet, there are Local Authorities that have recognised that funding challenges imposed on Local government combined with feedback from the advice sector requires a new progressive and collaborative approach. Some councils are more pro-active, take a more targeted approach and work in partnership with debt advice agencies to develop innovations to support cohorts of residents with specific advice needs.

Some councils are more visible externally than others and get involved in local debt advice or 'Financial Inclusion' events, or cross-sector working groups seeking to resolve issues affecting the lives of local people.

### What is good collaboration with the debt advice sector?

We facilitated several cross-sector workshops to discuss how revenues officers can positively engage with the free debt advice sector. Many participants said those Local Authorities that take a collaborative approach are usually those that have senior support to do so from within the Council. This usually means that the Council recognises two things:

1. The Local Authority has an obligation to work with external debt advice agencies to assist residents to access impartial advice during periods of financial hardship or vulnerability.
2. There is also value to the Council in debt advice support – many revenues officers said they see advice agencies as a vital extension of their own recoveries strategies, particularly around sustainable arrears repayments and increased resident engagement.

We visited the City of Liverpool and observed a very effective partnership approach between Liverpool City Council and the local Citizens Advice network.

## Case study – Liverpool City Council and Citizens Advice

### 'A close working relationship'

Liverpool City Council's approach to partnership working has been praised by local advice agencies, particularly the local Citizens Advice network.

Money Advice Service statistics estimate that **20%** of Liverpool's adult population are over indebted. The authority is the **4th most deprived** in the UK, with 3 in 10 receiving Council Tax Support (CTS), paying up to a maximum of **8.5%**

The Council has a clear strategic direction to protect vulnerable people whilst growing the economy of the City.

### Partnership approach

Liverpool City Council realise that some residents may have difficulty in paying their bills and may need support from them or a debt advice agency.

Which is why the Council has established a working party initially with local Citizens Advice Bureaux but now extended to other debt advice agencies. Some of the benefits realised from the group include:

- A data sharing protocol; local debt advice agencies can directly telephone the council Revenues team, provide a password and the council will provide access to Revenues & Benefits data relating to the arrears, including notes
- Stacking of re-payment arrangements; where residents have multiple debts to the council, advice agencies can propose one single monthly payment and the council will apportion payments received accordingly
- Training; Citizens Advice has provided training to Revenues colleagues on their client's experiences of bailiff activity and client vulnerabilities. This has led to the council drafting a new Vulnerability Protocol
- Collections letters; the group have worked together to revise letters, an improved signposting to advice, leading to a big increase in residents seeking support at an earlier stage
- Breathing space; the council will agree a six-week breathing space from enforcement activity if residents engage with debt advice support.

### Resident affordability

Liverpool Council place their trust in the expertise and impartiality of the local advice sector. They support accept payment offers using the Standard Financial Statement (SFS) and are exploring the benefits of adopting the SFS and how this could lead to affordable payment arrangements being agreed with their customers at the earliest opportunity.

### 'Clean slate' pilot

The Council are also outbound calling a small initial cohort of Taxpayers to offer a restructured payment schedule and an offer to pause recovery of all historic arrears. The 'Clean Slate' initiative is intended to identify those Taxpayers who are:

- Council Tax Support claimants
- who are over-indebted
- who are making attempts to pay their Council Tax
- are unable to afford both their current year and payment to arrears
- are therefore locked in a cycle of recovery action and costs

Citizens Advice Liverpool: "Liverpool City Council and local Citizen's Advice advisers started working together over 10 years' ago, securing today's successful working partnership has taken commitment, trust and hard work on both sides over the years, to achieve the best for clients with council tax debts. Knowing that Liverpool City Council offer this payment help for our clients and that we can approach them if there are any issues is a huge benefit to advisers and clients alike"

### A 'Trusted friends' agreement

As described earlier in this resource, we have observed some very close working relationships between councils. Where the relationship is strong agenda we have identified several commonalities:

- There is an institutional culture within the Local Authority that more can be achieved by working together with the free debt advice sector and respecting the resources and value they bring to the Council's own objectives and challenges
- Clear partnership objectives have been identified by both sides with transparency about the drivers and limitations which builds trust
- Strong lines of communication exist both at strategic and operational level
- Ongoing reviews happen regularly to discuss resident / client issues and to track progress and celebrate joint successes

- There may be a partner agreement or memorandum of understanding (MOU) setting out roles, responsibilities and objectives for both parties
- The Council places reasonable trust in the advice agency to assess whether collections or enforcement activity should be suspended on the grounds of vulnerability or the need to provide debt advice in relation to the resident's full debt situation

The case studies in this resource featuring Liverpool, Salford, Bristol and Gateshead (featured below) are good examples of close cross-sector working relationships that we have seen. If you have a close working relationship that you would like to share – we would be delighted to hear about it via [kevin.shaw@moneyadvice.org.uk](mailto:kevin.shaw@moneyadvice.org.uk).



## Case study – Gateshead Council and Citizens Advice Gateshead

### 'Trusted Friend Agreement' and easy payment options

Gateshead Council have pledged to put people and families at the heart of what they do. A vital part of this pledge is their close working relationship with Citizens Advice Gateshead.

Money Advice Service statistics list the North East of England as the most over indebted region of the UK. **18.1%** of Gateshead's **182,000** population are estimated to have missed recent payments to creditors or consider their debts to be a heavy burden. The town has above average unemployment, with **1 in 5** children considered to be living in poverty.

### Partnership Approach

Gateshead Council has a 'Trusted Friend agreement' in place with Citizens Advice Gateshead which has engendered a close working relationship

The agreement includes:

- Regular meetings to discuss resident issues and trends
- The Council accepting resident payment proposals via Citizens Advice based on trust including those assessed using the Standard Financial Statement (SFS)
- Giving Citizens Advice authorisation to make payment arrangements directly with Council Enforcement Agents
- Allowing Citizens Advice to contact Council Enforcement Agents to place cases on hold – providing the customer with much needed "breathing space"
- Working together to review the content of statutory letters to improve resident engagement with the council and debt advice
- Objectively reviewing some resident cohorts, including forbearance on court costs for low arrears balances

### Outbound calling residents with Liability Orders

Gateshead Council, as part of its Public Service Reform agenda, is also piloting telephoning a cohort of council taxpayers subject to a liability order. The objective is to find out what really matters to them and key issues – not just focusing upon the collection of council tax. Depending on the outcome a home visit may follow or a referral to internal or external support services. Third-party partners include Citizens Advice, DWP and local mental health services.

### Flexibility of payment options

In addition, Gateshead Council have over **40** different payment options, making it easier for residents to select a plan that best suits their circumstances. To help customers maintain their ongoing Council Tax payments to the authority and to pay arrears they have:

- Pro-actively encouraged Direct Debit at the point of registration and any ongoing contact, resulting in close to **2 out of 3** customers paying by this method. The Council have found that residents are more likely to accept a Direct Debit on the telephone if they know the instalment amount – as opposed to waiting for a bill to arrive in the post
- Payment arrangements can be set weekly or fortnightly and payments can be made for any day of the month

### Citizens Advice Gateshead

"We welcome the Gateshead Pledge and the Council's commitment to tackle inequality so people have a fair chance. We have seen a change in emphasis in the Council's Revenue Collection Strategy, moving from pure debt collection to one which is much more about collaboration with residents and the advice sector. The Council recognises that when we challenge their decisions, we are helping them to improve the system. It really feels like we are working together for a better future for Gateshead".

## Networking

There are several key debt advice industry events which councils can attend which may create positive engagement with debt advice agencies – and network with creditors in the private sector that already have established partnership strategies in place.

We suggest that councils start by considering the following events:

- **The Institute of Money Advisers (IMA) Annual Conference** – The IMA is the professional body for money advisers in England, Wales and Northern Ireland<sup>18</sup>
- **AdviceUK Annual Conference** – AdviceUK is the UK's largest support network for independent advice services<sup>19</sup>

## The Money Advice Liaison Group (MALG)

The Money Advice Liaison Group, known as MALG<sup>20</sup>, is a not-for-profit UK membership organisation whose purpose is to galvanize organisations to work together to improve the lives of people in problem debt.

Through its national and regional member meetings and conferences, it aims to challenge members to do things differently, bringing new perspectives from different sectors. MALG membership includes representatives from a diverse range of public, private and third-sector organisations, all with an interest in matters relating to personal debt.

We know that regional MALG forums would welcome increased attendance and engagement from Local Authority Revenues Managers, the enforcement industry and Local Authority trade bodies. The forums play an important role in improving communication, understanding and best practice between money advisers, creditors and debt collection professionals at a regional and local level.

Councils can find their closest regional meeting and details of the MALG annual conference via [www.malg.org.uk/](http://www.malg.org.uk/)

## Having a clear point of contact (POC) for advice agencies

Debt advice agencies have told us that a clear and obvious point of contact within a Local Authorities' revenues team is important. This works best when the point of contact is a dedicated role which manages relationships with the third sector, but also can influence issues that affect residents within the Council. This can be at strategic level but also with front-line revenues agents – they can benefit from communication on the causes of financial difficulty and sources of free external support available.

We recognise that Local Authorities may not have a dedicated Debt Advice Liaison Manager and the best practice described can be delivered proportionately within the Council.

Transparency should be two ways: there should be an open-door policy between Local Authority and the debt advice agency and this should involve mutual visits. Councils should be open to feedback from debt advice agencies and use this to inform fair and ethical debt collection strategies. In Figure 10, we have documented what we believe to be a good debt advice engagement strategy.

18 <https://www.i-m-a.org.uk/>

19 <http://www.adviceuk.org.uk/>

20 <http://malg.org.uk/>

**Figure 10 – The debt advice engagement strategy – eight steps to good practice**

**The debt advice engagement strategy – eight steps to good practice**

- 1 The Debt Advice Liaison Manager / (or Nominated Operational Manager) should have a senior sponsor (ideally a senior Council leader or politician) who can influence the changes needed to support people in financial difficulty, which may involve partnerships with the free debt advice sector.
- 2 Implement a defined external engagement strategy with the debt advice sector. Build a reputation as a Local Authority that wants to engage with debt advice agencies to support residents in financial difficulty. Do this by meeting regularly with debt advice referral partners and by attending and participating in advice sector events.
- 3 Have an internal engagement strategy – place importance on updating front-line revenues colleagues on the causes of over-indebtedness, indicators of financial difficulty and sources of external support. Monitor referral volumes with council leaders and revenues colleagues to ensure the appropriate arrears customers are given access to free, impartial debt advice.
- 4 Provide a clear an escalation process for debt advice agencies to raise issues and trends affecting their clients/ your residents.
- 5 Act as a conduit between the Council’s revenues collection operation and the debt advice sector – there are many administrative interfaces such as offers of repayment, and debt adviser feedback on the Council’s debt recovery process.
- 6 Facilitate an open-door policy to the debt advice sector – encourage debt advice agencies to visit you and understand the challenges involved in Local Authority revenues collection. Welcome feedback and use this to shape debt recovery strategy and policy.
- 7 Manage oversight of debt advice referral partners – on behalf of the Council, oversee that referred residents receive fair and appropriate outcomes from debt advice appointments. Visit debt advice agencies to understand the support residents receive post referral.
- 8 Be the Council’s subject matter expert on the debt advice sector – necessary for responding to relevant consultations or identifying legislative or regulatory changes that impact on the Council. Evaluate partnership opportunities with free debt advice agencies – identify ways for a targeted approach with customers that may need specialist advice and present internal propositions which could improve the lives of residents and create efficiencies for the Council.

# Taking a targeted approach to partnership working



## Taking a targeted approach to partnership working

Once Local Authorities have implemented good practice strategies for affordability, debt advice referrals and engagement strategies, they should consider whether a more segmented approach is appropriate for residents that are 'hard to reach' or require specialised support.

### Why should Local Authorities take a segmented approach?

Councils should principally take a segmented approach to debt recovery because not all debts or residents are the same. It is increasing unpredictable which types of communication residents will engage with – for example, they may not respond to more traditional forms of communication such as letters or even phone calls. Many are influenced by social media and prefer more technological methods of communication.

Issuing a reminder letter may be sufficient for residents that have missed their first payment, but recurrent issues require a more considered approach. As an absolute minimum, residents with recurrent arrears should receive pro-active contact via telephone, text message or e-mail to discuss their situation, ability to pay and to access third-party support if appropriate.

In exploring the sector, we have observed that Local Authorities do not commonly engage in outbound calling for Council Tax arrears – reasons provided include a lack of resource, a lack of resident telephone numbers or simply an expectation that residents should be aware of their Council Tax obligations and reminder letters are more than adequate. A more palatable explanation for the lack of outbound calling from Council revenues teams is the annual billing cycle for Council Tax, which has a causal effect on inbound calls in quarter one of every year. The debt charity Christians Against Poverty (CAP) report that 80% of their clients are 'scared to open their post'<sup>21</sup>.

It should be said for context that CAP typically support some of the most vulnerable in society with personal debt problems, but nevertheless, the message is clear - a debt recovery strategy based solely on a batch letter process is not enough to engage with all cohorts of residents in arrears. Yet, we have started to see a change in attitude – the case studies in this resource from Liverpool, Gateshead, Hammersmith & Fulham and the enforcement company Phoenix all document evidence that Councils (or their suppliers) are piloting outbound calling, albeit for small groups of residents.

Furthermore, in this chapter we have captured case studies of Councils that have recognised that taking a targeted approach resonates with some residents while improving collection rates. Local knowledge held by Councils does make them well placed for bespoke or innovative local engagement strategies using demography, geography or even psychography (a group of resident's values, lifestyles, attitudes).

### Taking a strategic approach

At the London Borough of Croydon, the Council is midway through building the foundations of a modern debt recovery strategy. Croydon have responded to challenging welfare changes for their residents whilst acting to modernise internal technology which will help them to better identify residents with multiple debts to the Council. We are pleased to see that Croydon have worked with behavioral experts to revise recovery letters and that they are working towards standardising their approach to affordability assessments. A case study for Croydon is set out below.

21 [https://capuk.org/filesserver/downloads/policy\\_and\\_government/client-report.pdf](https://capuk.org/filesserver/downloads/policy_and_government/client-report.pdf)

## Case study – London Borough of Croydon

### The 'Transforming Income & Debt' project

Croydon has varied demographics with increasing deprivation levels and high levels of homelessness. Many of Croydon's residents have been impacted by changes to welfare reform. – for example, following the introduction of Universal Credit, Croydon has seen a circa increase of **53%** in housing arrears. Furthermore, analysis shows that circa **3,500** residents multiple debts owed to the council (Council Tax, Rent and Housing Benefit overpayments).

MAS estimates that **17%** of Croydon's of adult population are over indebted. Croydon's Gateway and Welfare Service was established in 2015 to provide a holistic approach to resident support, inclusive of income maximisation, through housing support, employment support, and debt advice.

#### The project

In addition, in 2017 Croydon's executive team approved the 'Income and Debt transformation project'. The project acknowledges that monies collected are critical to the council's financial wellbeing to enable delivery of statutory public services for residents.

The Council is committed to embedding ethical debt collection practices, but also supporting residents at an early stage therefore avoiding the need for debt recovery. Croydon has tailored engagement, communications and collections processes to ensure sustainable payment arrangements are in place where a resident is struggling to pay. By working with behavioural science specialists, Croydon has revised resident communications to encourage positive payment behaviours and promote engagement. The project also sets out objectives to partner with local organisations to improve the financial capability of some cohorts of residents, particularly where vulnerability is evident.

The project has now been running for over a year.

#### Phase 1 has delivered:

- A single strategic overview of all debts owing to the council which can be segmented by customer, debt types, ward, enforcement stage and demographics
- Revised and tailored revenues collections communications using behavioural science techniques
- Website improvements making it easier to self-serve and more reference to third party support
- A more collaborative approach across services to improve the customer journey rather than competing and often conflicting action
- The highest ever collection in 2017/18 for Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayments
- A **42%** increase in digital payments
- A **21%** reduction in accounts summonsed because of non-payment

#### Phase 2 is now underway and aims to deliver:

- A centralised revenues approach, simplifying processes, with a new target operating model for council tax and business rates collection
- A consistent internal approach to Income & Expenditure assessments utilising the principles of the Standard Financial Statement (SFS)
- Better identification, segmentation and treatment of cohorts of residents with vulnerability, with large account arrears and potential fraud cases

## Engaging with 'hard to reach' residents

In North Somerset the Council and Citizens Advice work together on the 'First Steps' project. Effectively the Council has recruited specific colleagues who will be based at the Citizens Advice offices. The Council officers are based in the community which has established trust and enabled them to make

home visits to those that are struggling with Council Tax arrears. The First Steps partnership has proved an effective strategy in engaging with residents that had disengaged with the Council and many non-payers are now paying their Council Tax having received debt advice support. A case study for North Somerset is set out below.

## Case study – North Somerset Council and Citizens Advice

### 'First steps partnership'

North Somerset Council has many low income, vulnerable residents who are struggling to pay their council tax and debts owed to other creditors.

Money Advice Service statistics estimate that North Somerset has a population of **210,000** with **13.1%** of those considered to be over indebted.

### The scheme

This is why the council began a partnership with North Somerset Citizens Advice to engage those in receipt of council tax support with impartial debt advice.

The scheme is different as the council have sponsored two officers who are based at the offices of Citizens Advice to work in the local communities, building trust at Citizens Advice outreach centres. The council also work with Citizens Advice by making home visits to those receiving council tax support and struggling to pay council tax. The objective is to support residents with holistic debt advice and prevent additional charges being added from enforcement activity.

### Benefits

Engagement with difficult to reach residents has increased by **86%** and the confidence customers have in the council has undergone a step change. **23%** of these engaged customers are now paying their council tax, with **77%** also currently going through the assessment and support service. **These customers had previously disengaged from council attempts to contact them regarding non-payment of council tax.** By having officers working in the area and engaging with customers face to face the council have been able to adapt to customers' communication needs and preferences. They still use letters and emails to make contact but they are presented in a clear and straightforward manner avoiding jargon.

Both organisations have input into the scheme. A data sharing agreement is in place to share relevant casework information. Data is collected to study the health and wellbeing of individuals at the start and during the process

### Anonymous resident case study

Allan F had historic council tax debts of approximately £4500, Allan had become a complete social recluse, not answering the door or phone to anyone if he didn't recognise them. A single parent and primary caregiver for two very young children, he admitted to having suffered severe depressive episodes because of this, and had been on the verge of suicide on several occasions.

By actively seeking out engagement and offering support with his situation, the scheme officers could carry out a full assessment of Allan's situation and put a debt relief order (DRO) in place. Allan is now in a stable environment and is stronger mentally. He has now started volunteering with Citizens Advice as he wants to offer the same support that he was given through the scheme.

## A multi-agency approach

North Warwickshire Borough Council has received numerous public-sector awards for their progressive approach to debt recovery and engagement with residents. The Council has innovatively leveraged a food bank partnership to engage financially distressed residents with the Council and third-party support

services. Their collections results, combined with a significant reduction in bailiff use, demonstrates that a multi - agency referral approach can contribute to positive outcomes and residents and the Council. A case study for North Warwickshire is set out on the following page.

## Case study – North Warwickshire Financial Inclusion Partnership

### 'Helping others to help themselves'

In 2016-2017 North Warwickshire Borough Council (NW) collected **98.6%** of Council Tax due whilst reducing arrears for previous years by **39%**. This was achieved by collecting monies with a supportive approach which includes third sector partnerships.

NW has been acknowledged for a progressive approach by retaining the Public-Sector Collections Team of the Year award at the Collection and Customer Service awards.

MAS estimate that **14.2%** of North Warwickshire's adult population are over indebted.

NW issued **60%** less cases to enforcement agents in 2017/18 compared to the corresponding period in 2016/17

### The NW Food Hub via 'The Healthy Living Network'

The NW Food Hub launched as an alternative to social fund payments. A partnership was established with Ocado, the on-line supermarket who donated refrigerated vehicles to the project. The vehicles are used to distribute food parcels to residents in financial difficulty.

Operating as 'Ediblelinks', the scheme has supported the hardest to reach residents while increasing engagement with the council. People in financial difficulty are supported in their own community or provided with an emergency food delivery. In return residents are encouraged to access:

- Debt and welfare advice
- Employment advice
- Mental health and wellbeing support
- Programmes to improve confidence in digital skills which enables residents to save money on utility bills and increase their income

### Help and support from 'partner agencies'

This scheme appears in the Councils resident magazine. Residents can access third party support via several different ways. They can complete the 'Help with money and debt' referral form at home, at ICT hubs or via their mobile phone. Completion of the form authorises a seven-day food supply with no further obligations but further support requires more information. The questionnaire includes the option of a basic income and expenditure form, a Discretionary Housing payment form and the ability to refer residents to **over 20** partner organisations.

The forms are picked up by NW council who electronically refer the resident to partner agencies such as Citizens Advice, Mind or Rethink Mental Illness.

Referral partners receive the details, telephone the resident and offer appropriate support.

Since going live, **33%** of those accessing the food hub have engaged with partner organisations and case studies show positive outcomes with people improving their life chances.

### Resident affordability

NW Council support financial statements from the advice sector based on the Standard Financial Statement (SFS). The Council is also committed to aligning internal income and expenditure forms, (including the I&E used in the electronic questionnaire) to match the spending categories of the SFS.

*"We have been part of North Warwickshire's vibrant and innovative Financial Inclusion Partnership since its inception. We are all committed to joining up our efforts to achieve the best outcomes for clients who are often in very difficult circumstances. We have good access to council colleagues and speedy access to food support and work together to solve problems and promote our preventative messages" – North Warwickshire Citizens Advice*

## Income Maximisation

The charity Turn2us reports that £10 billion of welfare benefits and tax credits go unclaimed each year.<sup>22</sup>

Many Local Authorities directly provide welfare rights support or have close referral arrangements with local free welfare rights or debt advice agencies.

There are also bespoke enterprises that specialise in welfare rights support and this type of advocacy can often go beyond the support available from Local Authorities or debt advice agencies. Some creditors in the private sector have recognised that partnering with specialised income maximisation organisations can help customers to improve their financial resilience and complement their debt advice referral strategies. Therefore, they have taken the opportunity to refer vulnerable customers that struggle with the complexity of the welfare system.

The cohorts of residents that may commonly benefit from this type of support may be vulnerable customers that do not understand the welfare system and require a more intensive approach. Or perhaps the disabled, retired or those experiencing a money life event such as separation or a bereavement.

Income maximisation organisations can offer specialist case ownership support and if appropriate, advocacy with government bodies such as DWP, HM Revenue & Customs or The Pensions Advisory Service (TPAS).

Local Authorities can benefit from income maximisation support as residents that achieve uplifts in their income can be more resilient in maintaining Council Tax repayments.

To give an example of this partnership approach, IncomeMax, a telephone-based Community Interest Company (CIC), describe their work with a range of creditors in the private sector.



## Case study – IncomeMax

### 'Realising additional income for vulnerable and low-income households'

IncomeMax are a specialist community interest company (social enterprise) who work in partnership with a range of creditors to provide telephone-based, personal welfare and benefits advice to vulnerable and low-income customers.

Established in 2009, IncomeMax help around **10,000 families** each year to establish missing sources of income and financial support.

#### The referral process

To manage referral and capacity, IncomeMax have developed a partner network, so that targeted customer referrals can be made into specific projects.

The referral process is simple. The partner creditor identifies appropriate customer's that may benefit from support and IncomeMax will provide a call back – subject to customer consent. Customer engagement is high – **95%** of referred customers accept support.

The income maximisation service is tailored to each family but follows a broadly similar process.

Firstly, IncomeMax agents undertake a full financial assessment with each referred customer, establishing the current financial situation and circumstances in each case.

Secondly, the IncomeMax agent identifies potential sources of new income; these can include new benefits, additional elements within existing payments, tax credits and charitable grants as well as ways to reduce key household bills like energy and water.

#### Providing advocacy

Finally, IncomeMax provide support and advocacy to customers to ensure extra income is realised. This can include making phone calls with customers, writing letters or completing forms.

Outcomes for IncomeMax customer include increased income and reduced household bills.

#### Customer feedback

IncomeMax customer feedback shows that customers receiving income maximisation advice feel supported, relieved and generally better about their financial situation afterwards, especially if new income sources help with debt repayments.

The structure of the welfare system means that it is possible to segment the types of customers that can benefit from specialist income maximisation support. Appropriate customer cohorts may include disabled people, single parents, pensioners and carers. Life events, such as divorce and separation, having a baby or becoming sick also act as key indicators for referral to specialist income maximisation support

What IncomeMax customers say;

"It was invaluable help for me as I have problems filling out forms. The three-way call with the Jobcentre was so helpful and really took the stress out of trying to understand the benefits system."

#### Additional income confirmed for IncomeMax customers since 2009

**£1 million** for customers of financial services organisations.

**£7 million** for customers of energy suppliers.

**£3 million** for customers of water companies.

<http://www.incomemax.co.uk/>

## Helping residents access charitable funds and grants

Charitable trust funds are run by organisations that provide grants to people in financial difficulty. These types of charitable trust funds only provide grants to people who meet their eligibility criteria, using a sum of money that the organisation has set aside for this purpose.

The funds are provided by organisations (including creditors such as energy and water companies) that have grant-giving as part of their aims and objectives.

The eligibility criteria of each fund is different, but there are some commonalities such as:

- Specific health conditions or disabilities
- Jobs or industries that an individual works or was previously working
- Older people or families with children or young people

- Nationalities or faiths
- Aimed at specific regions in the UK
- Low incomes

We suggest that Councils signpost residents to the website of the charity Turn2Us<sup>23</sup> for sources of charitable grants and trust funds. Turn2us helps people in financial hardship to check their entitlement via their 'Benefits Calculator' and 'Grants Search' tools.

In certain circumstances, charitable grants can be awarded to people with debt including Council Tax arrears. The following case study describes a partnership that the energy company ScottishPower has with the debt advice agency National Debtline. The partnership supports ScottishPower arrears customers to access free, independent debt advice and helps eligible customers to access the 'ScottishPower Hardship Fund'. (We have included this case study for awareness as many Council Tax arrears residents may also be struggling with energy debt).

### Case study – ScottishPower and National Debtline

#### 'Accessing an energy hardship fund'

ScottishPower work in partnership with National Debtline to provide support for customers who struggle to pay their electricity or gas bills.

#### Identifying eligibility

ScottishPower train their staff to recognise signs of financial difficulty, such as the loss of a job or benefits, or increased expenses due to illness or disability. Their collections team will attempt to resolve the issue before the customer's arrears increase beyond their control, but also signpost customers to National Debtline. ScottishPower explain to customers that National Debtline can provide an income and expenditure check, help with budgeting for their on-going energy use and other bills, and advise on their overall debt situation.

National Debtline also have a bespoke process with ScottishPower to specifically support their customers. Following a referral, National Debtline will assess whether the customer is eligible for the ScottishPower Hardship Fund and provide details of how to apply to the independent fund administrator. This helps many customers with little or no surplus income to get the fresh start they need.

Those customers who don't qualify for the hardship fund are referred to the ScottishPower Payment Care Team to set up an affordable payment plan, based on the Income and Expenditure statement completed with National Debtline.

ScottishPower refer an average of **115 customers** to National Debtline on a weekly basis. Of those:

- **50%** of those engage with National Debtline and seek debt advice
- **30%** of those that engage with National Debtline go on to make an application to the hardship fund

The lady I spoke to at National Debtline listened attentively to my problem with ScottishPower. She then gave me advice on how to approach them [ScottishPower] and how to say what I wanted to say. In fact, there was a sample letter in the pack of debt advice she sent me. Due to following her advice, I had a call from ScottishPower saying they were going to forgive the debt.

National Debtline client feedback

### Other suggested engagement strategies

Several creditors in the private sector have tested partnerships with debt advice agencies as a strategy to engage 'difficult to reach' cohorts of their customers or residents. Usually, there is an indication that their customers may be experiencing problem debt with multiple creditors – the objective being to engage the customer with debt advice support, advice on debt prioritisation and potential debt solutions. Participating creditors tend to benefit from this support, particularly if they are a priority creditor. Some simple examples of this are:

- The creditor writes to customers and advises they have been unable to make contact regarding arrears. The creditor advises that the customer will receive an outbound telephone call from a free, independent debt advice agency offering support
- The creditor is unable to generate contact with a cohort of customers regarding arrears via the usual collections letters. Instead, the creditor sends another letter, this time co-branded with a free debt advice agency suggesting customers may instead want to consider debt advice support. This method works best as part of a complementary suite of messages including text messages and website 'landing pages'



# **The MAS Supportive Revenues Collection Standards**



# The MAS Supportive Revenues Collection Standards

To summarise this resource, in Figure 11 we have consolidated good practice examples of Local Authority collaboration with debt advice agencies. In doing so, we use the following definitions.

## Minimum standards

*"Where the Local Authority's debt advice collaboration involves basic signposting to various free debt advice agencies.*

*Debt advice agencies that want to engage with the Council must contact the general debt collection helpline. Financial statements or payment proposals from professional debt advice agencies are treated no differently to regular resident contact."*

## Good practice support

*"The Council has a robust strategy in place to effectively route appropriate residents to sources of free external debt advice. Pro-active, warm telephone transfer processes are in place within the revenues team and referrals are segmented by resident need, such as for the self-employed or the particularly vulnerable.*

*The Council accepts financial statements from debt advice agencies and has aligned all internal forms of income and expenditure to that of the Standard Financial Statement (SFS).*

*A clear nominated person or team is in place for liaison with debt advice agencies.*

*A dedicated contact number is advertised for debt advice agencies to call.*

## Going above and beyond

*"The Council demonstrates that collaboration with the free debt advice sector is embedded into their revenues collection strategies. A close working relationship is in place to target specific groups of residents for engagement or debt advice support. This should include all forms of resident communication such as telephone, letters, website or face-to-face contact.*

Figure 11 summarises the 'MAS Supportive Revenues Collection Standards.

Figure 11 – Collaborating with debt advice agencies – Measuring the standards

Minimum standards	Good practice support	Going above and beyond
<b>Debt advice referral strategies</b>		
<ul style="list-style-type: none"> <li>• Basic telephone signposting to various debt advice agencies</li> <li>• Basic letter signposting to various debt advice agencies</li> <li>• Website financial difficulty pages have basic signposting to various debt advice agencies</li> </ul>	<ul style="list-style-type: none"> <li>• Telephone warm transfers to debt advice referral partner</li> <li>• ‘Money worries’ support section present on home page of Council website. Debt advice support navigable within three ‘clicks’ and referrals tracked</li> <li>• Bespoke telephone referral process in place for self-employed residents</li> <li>• Bespoke referral process in place to face-to-face debt advice referral partner where appropriate</li> <li>• Arrears letters signpost to debt advice referral partner AND Money Advice Service debt advice locator tool</li> <li>• Telephone signposting to debt advice referral partner AND Money Advice Service debt advice locator tool</li> <li>• Minimum of 60 days ‘breathing space’ from collections activity applied on debt advice referral</li> <li>• Quality Assurance process includes guidance on the appropriate residents to refer to debt advice – see ‘StepChange 6 indicators of financial difficulty’</li> </ul>	<ul style="list-style-type: none"> <li>• Council website gives direct access to debt advice webchat</li> <li>• Joint mailing campaigns with debt advice partner</li> <li>• Enforcement agent suppliers have contractual agreements on warm transfer referrals</li> <li>• Telephone ‘review contact strategies’ in place to follow up debt advice referrals and offer internal forbearance or re-refer to debt advice where appropriate</li> </ul>

Minimum standards	Good practice support	Going above and beyond
<b>Resident affordability</b>		
<ul style="list-style-type: none"> <li>• Financial statements from debt advice agencies are processed but resident expenditure is inconsistently challenged</li> <li>• The Council is working towards adopting the SFS to assess resident affordability</li> <li>• The Council promotes direct debit payments at the point of registration and during any ongoing contact</li> <li>• Having flexible payment options in place to support resident income circumstances (weekly, fortnightly, monthly etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• The Local Authority is a member of the Standard Financial Statement (SFS)</li> <li>• The Council accepts payment offers from debt advice agencies that have prepared a financial statement using the SFS</li> <li>• The Council has aligned all income and expenditure forms within the revenues collection process to the spending categories of the SFS</li> <li>• The Council has clear rules in place for acceptance of payment arrangements and when enforcement activity will be suspended</li> <li>• The Local Authority has clear rules in its Revenues policy setting out how payments will be apportioned where the resident has multiple debts owing to the Council</li> <li>• The Revenues team performs a manual review of the resident's case at critical pre-enforcement stages (Should not be an automated process), using the 'MAS Pre-enforcement checklist'</li> </ul>	<ul style="list-style-type: none"> <li>• A process is in place where debt advice agencies can propose a single payment arrangement for residents with multiple debts owed to the Council.</li> <li>• All Enforcement Agents suppliers are contracted to accept SFS financial statements</li> <li>• Enforcement agent suppliers are contracted to take reasonable steps to assess resident affordability using the SFS (Compliance stage only)</li> <li>• The Council has a strategy in place to consider arrears forgiveness or write off historic arrears for appropriate residents that have resumed regular payments following a period of financial distress</li> <li>• The Local Authority use the SFS as the universal approach for assessing affordability during financial difficulty in all relevant parts of the Council. This could include, but not limited to Housing, Money advice, Revenues, Social Care, Discretionary Council Tax relief</li> </ul>

## Minimum standards

## Good practice support

## Going above and beyond

### Engagement & Partnerships

- Debt advice agencies may call the main debt recovery helpline and provide an agreed, secure password which allows them to act on behalf of their client/ the council resident

- Dedicated 'debt advice liaison manager' or named operational person available for debt adviser escalations relating to resident treatment
- The Council has a 'Trusted friend' arrangement with debt advice agencies where they can contact Enforcement agents to ask for 'vulnerable cases' to be placed on hold and 60 days 'breathing space' applied
- Dedicated line in place for debt advice agencies to call and make payment proposals
- The Council works with local debt advice agencies to review the effectiveness of debt recovery letters
- Memorandum of Understanding (MOU) in place with advice agencies documenting how the Council will work in partnership to support its residents through financial difficulties. (could form part of Corporate Revenues Policy)

- Debt advice engagement strategy in place and aligned to MAS '8 steps to good practice'
- The Council works with debt advice agencies on partnership initiatives to support cohorts of residents that have specialist needs or 'hard to reach'
- The Council partners with a local advice agency to enable home visits to those in arrears, whilst receiving Council Tax Support (CTS)
- Revenues professionals host joint surgeries with local debt advice agencies to offer face to face support
- The Council has a process in place with advice agencies to share appropriate resident data relating to arrears or vulnerability (subject to resident consent)

# Our approach

# Our approach

MAS is an independent organisation set up by government. We are neither a debt advice agency nor a creditor and, with our remit to strategically coordinate, we are well placed to produce impartial good practice resources looking at collaboration between the two sectors. In 2017 we published 'Working Collaboratively with Debt Advice Agencies – a strategic toolkit for creditors'. This 'Creditor Toolkit' was well received and sets out good practice for a joint working approach between the debt advice and creditor sectors. Our stakeholders have since encouraged us to move towards producing a suite of resources focusing on specific creditor sectors, taking into consideration their unique challenges in collecting debts.

As the below graphic highlights, Council Tax debt has become increasingly common as an issue reported to debt advice agencies and in light of reports by Citizens Advice<sup>24</sup>, StepChange Debt Charity<sup>25</sup> and the Money Advice Trust<sup>26</sup> which all campaign for fairer public-sector debt collection practices and a reduction in enforcement activity, it made sense to begin with debt recovery by Local Authorities. Revenues professionals have also told us that they need more guidance on working with the debt advice sector, beyond their local agencies. In 2017 Citizens Advice and the Local Government Association (LGA) launched the refreshed Council Tax Collection protocol which aims to help improve the experiences of residents with Council Tax. This toolkit is designed to complement the Council Tax Collection protocol by providing more detailed operational guidance.<sup>27</sup>

In producing this resource, we wanted to explore the collections strategies being employed across Local Authorities and identify good practice. We have aggregated these existing good practices with some new recommendations to create the 'MAS Supportive Revenues Standards'. From this, we hope to influence more consistent Local Authority practices for all those with Council Tax debts.

During the last 18 months, we have listened to the experience of a broad range of Local Authorities and debt advice agencies, including the following.

We facilitated 4 expert workshops to capture the views of Local Authority Revenues Managers, debt advice trade bodies and others. A full list of participating organisations is contained in Appendix A.

We have visited 21 Local Authorities in England and Wales to capture their approaches to debt collection, their Council Tax revenues strategy and partnership working with debt advice agencies.

We documented case studies that were innovative and

demonstrated positive outcomes for Councils and residents in financial hardship.

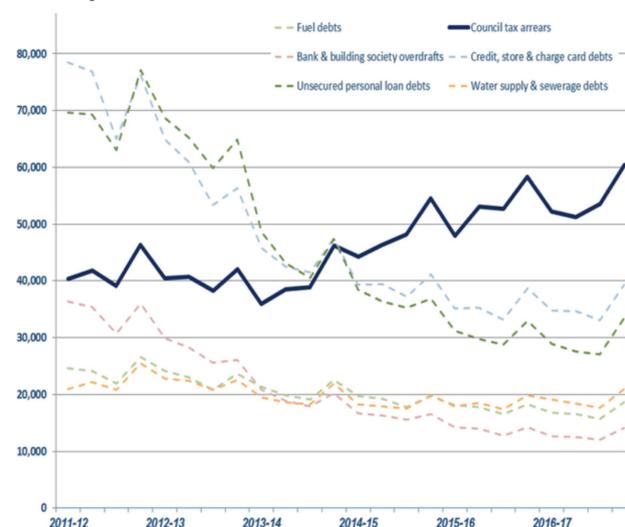
We held a workshop with the wider Debt Advice Operational Group (DAOG) to seek cross sector views about Local Authority approaches to the collection of Council Tax arrears, particularly about how affordability is assessed.

We visited an established enforcement company to understand debt collection processes. In addition, we spent a day with an enforcement agent and observed their front-line enforcement approach for Council Tax arrears.

We presented at 12 events hosted by the Institute of Ratings Revenues and Valuation (IRRV) and captured views and opinions on Local Authority collaboration with debt advice agencies.

**Figure 12 – Citizens Advice statistics showing the increase in clients reporting Council Tax arrears.<sup>28</sup>**

## Rise in council tax arrears issues vs. other debt issues seen by local Citizens Advice



24 <https://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/the-state-of-debt-collection/>

25 <https://www.stepchange.org/Portals/0/documents/Reports/stepchange-creditor-and-debt-collector-conduct-july2016.pdf>

26 <https://www.stoptheknock.org/>

27 <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/citizens-advice-and-lga-launch-council-tax-collection-protocol/>

28 <https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/citizens-advice-and-lga-launch-council-tax-collection-protocol/>

# About the Money Advice Service

# About the Money Advice Service

The Money Advice Service helps people manage their money. We do this directly through our own free and impartial information service. We also work in partnership with other organisations to help people make the most of their money. We are an independent service, set up by government.

We are funded by an allocation from the levy collected by the Financial Conduct Authority (FCA) from the financial services firms it regulates.

In an environment where 8 million people have problems with debt, the Money Advice Service plays several critical roles, one of which is the strategic co-ordination of the debt advice sector.

In March 2015, the Treasury (HMT) published the report of the Independent Review (led by Christine Farnish) into the Money Advice Service (MAS). In relation to debt advice, the review recommended that MAS should be bolder in its sector-wide leadership and stated that the Service is uniquely placed to bring together creditors and debt advice providers to achieve greater co-ordination, drive efficiency gains, increase the capacity of the system and help more people. The Review recommended that MAS demonstrates strategic leadership by convening a high-level Debt Advice Steering Group (DASG). A Debt Advice Operational Group (DAOG) has been formed

to support the work of the DASG in developing and delivering the required interventions.

This resource builds on the broad creditor resource 'Working Collaboratively with debt advice agencies – a strategic toolkit for creditors' that we published in July 2017.<sup>29</sup>

This bespoke resource for Local Authorities has been produced by working in collaboration with the debt advice sector, Local Authorities, private sector creditors and, with expert representatives kindly provided by the Money Advice Trust, Citizens Advice and StepChange Debt Charity.

Finally, it is important to note that in January 2019, the UK Government will set up a new Single Financial Guidance Body (SFGB). This will bring together The Money Advice Service, Pensions Wise and The Pensions Advisory Service (TPAS) into one organisation.

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<sup>29</sup> <https://www.moneyadviceservice.org.uk/en/corporate/press-release-ground-breaking-toolkit-helps-creditors-to-support-people-who-fall-behind-on-payments>



# Appendices

## Appendix A

The following organisations participated in workshops facilitated by MAS, which were designed to debate best practice in how Local Authority revenues professionals could work more collaboratively with debt advice agencies.

### **Debt advice sector**

Citizens Advice (England & Wales)  
Citizens Advice Swansea Neath Port Talbot  
Citizens Advice Gateshead  
Money Advice Trust  
StepChange Debt Charity  
Christians Against Poverty  
Payplan  
Institute of Money Advisers  
Debt Counsellors Charitable Trust  
Think Money

### **Local Authorities**

London Borough of Lewisham  
London Borough of Newham  
London Borough of Islington  
Westminster Council  
Enfield London Borough Council  
London Borough of Waltham Council  
Royal Borough of Greenwich  
Blackpool Council  
London Borough of Hackney  
London Borough of Hammersmith & Fulham  
Liverpool City Council  
London Borough of Hounslow  
London Borough of Ealing  
London Borough of Harrow  
Royal Borough of Kingston upon Thames  
Blaenau Gwent County Council  
Swansea City Council  
Cardiff City Council  
Bridgend County Council  
Gateshead Council  
East Riding Council  
Selby District Council  
City of Bradford Metropolitan Council  
Durham County Council  
North East Lincolnshire Council

Arvato (Sefton Council)  
Manchester City Council  
South Lakeland Council  
South Ribble Council

### **Trade bodies**

Institute of Revenues Rating and Valuations (IRRV)  
Civil Enforcement Association (CIVEA)

### **Other**

Welsh Local Government Association (WLGA)  
Your Homes Newcastle (YHN)  
The Insolvency Panel (TIP)  
Elevate East London  
Merlin Homes  
Hoople Limited  
Yorkshire Purchasing Organisation (YPO)  
Bristow & Sutor  
Wilkin Chapman LLP  
Computershare Loan Services

## Debt advice agencies – partnership propositions for Local Authorities

### MONEY ADVICE TRUST



#### Working together to help residents in financial difficulty

The Money Advice Trust is a national charity helping people across the UK to tackle their debts and manage their money with confidence.

They run **National Debtline**, offering free, independent and confidential advice on personal debt over the phone and online, and **Business Debtline**, the UK's only free dedicated debt advice service for people who are self-employed and other small business owners.

#### Debt advice services

National Debtline and Business Debtline advisers helped 169,700 people by phone and 50,600 people through webchat in 2017 – with more than 1.5 million visits to our websites.

**After advice from National Debtline:**

- **85%** of callers are more likely to open their post
- **81%** are more likely to repay their debts
- **84%** feel less likely to find themselves in a similar situation

**NATIONAL  
DEBTLINE**

**After advice from Business Debtline:**

- **92%** of callers have reduced or stabilised their debt
- **58%** say the advice they received helped them continue trading
- **76%** reported a positive impact on their emotional or mental health

**BUSINESS  
DEBTLINE**

#### Referring to National Debtline

*National Debtline can provide residents with advice on priority debts such as rent or council tax arrears and support in dealing with debts. The service is free, confidential and independent. At [www.nationaldebtline.org](http://www.nationaldebtline.org) you'll find guides, fact sheets and sample letters, as well as a personal budget tool.*

*Signpost to [www.nationaldebtline.org](http://www.nationaldebtline.org) or **0808 808 4000** (free phone) - **Monday to Friday 9am to 8pm** or **Saturday 9.30am to 1:00pm**.*

#### Referring to Business Debtline

*Business Debtline provides advice for self-employed people and other small business owners on business debts such as non-domestic rates, tax liabilities and support in dealing with personal debts. They can help your residents look at their business finances and help untangle a business budget from a personal budget. At [www.businessdebtline.org](http://www.businessdebtline.org) you'll find guides, fact sheets and sample letters, as well as a business and household budget tool.*

*Signpost to [www.businessdebtline.org](http://www.businessdebtline.org) or call Business Debtline on **0800 197 6026** (free phone) - **Monday to Friday 9am to 8pm**.*

#### Vulnerability training for Local authorities

The Money Advice Trust also provides vulnerability training, working with local authorities to help staff to identify, understand and support residents who are in vulnerable circumstances. To find out more visit [www.moneyadvicetrust.org/vulnerability](http://www.moneyadvicetrust.org/vulnerability) or email [training@moneyadvicetrust.org](mailto:training@moneyadvicetrust.org)

"We decided to take part in the Money Advice Trust's vulnerability training as we had seen an increase in the number of citizens that we believe are vulnerable. The training has helped us improve our knowledge of how to deal with potentially vulnerable citizens, and especially identifying vulnerability, so we can deal with the case in a different way. This also enables us to stop any actions that would have a detrimental effect on people's health and wellbeing.

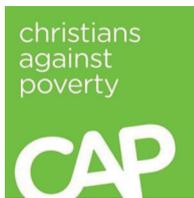
"By having a better knowledge of vulnerability, it also means that we can continue to build our relationships with the advice networks and keep to our goals and objectives displayed in our newly signed Council Tax Protocol."

Bradford City Council

#### For more information

For more information on working in partnership with the Money Advice Trust contact Perry Douglas on [perry.douglas@moneyadvicetrust.org](mailto:perry.douglas@moneyadvicetrust.org) or 020 7653 3321.

## Partnership opportunity for councils



### Christians Against Poverty (CAP): free debt help service with home visiting

Christians Against Poverty (CAP) is a UK wide, debt counselling charity working to help people out of debt and poverty. They offer a free, face-to-face, home-visiting service, which provides both practical and emotional support to anyone, regardless of age, gender, faith or background.

CAP's specialist debt help is one of the most in-depth and holistic services available in the UK. It is geared to accommodate those with complex needs and vulnerability that extends beyond their financial situation. This means CAP is uniquely placed to help vulnerable clients – in particular, low income, financially and socially disadvantaged people – out of debt.

Time is taken to understand a client's individual circumstances. CAP will support with immediate client needs, for example with emergency food aid, as well as providing professional debt counselling, and putting in place a sustainable debt solution. There are no limits to the amount of debt or income clients can have nor minimum repayment requirements.

Every client is given a budget that prioritises living costs and CAP negotiates affordable repayment plans with the organisations they owe money to. CAP's support lasts until the client is debt free, including distributing payments through a CAP Plan and befriending from local volunteers. Specialist advice on complex financial life events and insolvency options are also available.

CAP works through the local Church, with over 600 churches operating a CAP service across the UK. In addition to CAP's debt help service, CAP has expanded to tackle more causes of poverty. CAP now operates the following programmes:

- **Job Clubs;** helping people to find work
- **Fresh Start;** assisting people to tackle life-controlling habits
- **Life Skills;** empowers members with the essential skills and support they need to live well on a low income

#### How Local authorities can work with CAP

Councils can signpost residents to [capuk.org/help](http://capuk.org/help) to conduct a postcode search to check availability. Home visits can then be booked via CAP's Freephone number 0800 328 006. It would also be beneficial to contact the local CAP Centre Manager to find out more about CAP's service and how to refer.

For more information email [externalaffairs@capuk.org](mailto:externalaffairs@capuk.org).

## Appendix B



## How working with StepChange Debt Charity can help your residents

StepChange can work with your residents to ensure debts are prioritised, maximise income, reduce expenditure where possible and work towards a sustainable repayment solution to their debt problems. They support over 300,000 people with debt advice every year and help over 200,000 people to make sustainable payments to their creditors via managed debt solutions.

### Working Together

StepChange research suggests that many people put off getting debt advice for over a year because of the shame and anxiety they feel, or because they simply don't realise that help is available for people with problem debt.

### Signposting to StepChange

Local Authorities can increase the likelihood that residents engage with debt advice by repeatedly signposting to StepChange across different touch points:

- **Website content:** To increase the awareness of free debt advice Local Authorities can add information about StepChange to their website, including key facts such as:
  - ✓ They have helped people with money worries for over 25 years
  - ✓ Their expert debt advice is completely free and impartial
  - ✓ Clients receive tailored debt advice based on their individual circumstances
  - ✓ They can offer advice online at [www.stepchange.org](http://www.stepchange.org)
  - ✓ Or by telephone on 0800 138 1111 (Open Mon-Fri 8am-8pm, Sat 8am-4pm)
- **In person:** StepChange leaflets or quick reference cards can be discreetly provided to residents, just email: [partnerships@stepchange.org](mailto:partnerships@stepchange.org) to order
- **By telephone:** StepChange's referral guide can help councils train frontline staff to identify a resident on a call who might need debt advice, help prepare them for advice, and refer them by sharing the StepChange phone number: 0800 138 1111 (Open Mon-Fri 8am-8pm, Sat 8am-4pm)

- **Letters and emails:** Revenues processes can be changed so that residents in arrears are made aware of StepChange early in the process, to prevent arrears from escalating. Contact their partnerships team for support, just email: [partnerships@stepchange.org](mailto:partnerships@stepchange.org)

### Use the digital debt advice tools

Councils can also add tools to their websites which will help residents to engage with debt advice:

- **Embed the 60-second debt test**  
The 60-second debt test is StepChange's embeddable mobile-friendly customer engagement tool. It's designed to nudge people who might be struggling financially towards debt advice; the tool provides people with a quick debt health check  
<http://www.stepchange.org/about-us/partner-with-us/promote-60s-debt-test.aspx>
- **Link to Debt Remedy**  
Debt Remedy is StepChange's unique debt advice tool. It gives customers confidential and personalised debt advice and takes about 20 minutes to deliver a tailored action plan to help customers deal with their debts  
<http://www.stepchange.org/debtremedy>

### What to do next

For a step-by-step guide to writing engaging debt advice content for your website, using the digital tools and linking to StepChange, download the free guide and get started today.

<https://www.stepchange.org/Portals/0/partnerships/stepchange-debt-charity-helping-your-customers-online-factsheet.pdf>

For further support contact the StepChange Debt Charity partnerships team at [partnerships@stepchange.org](mailto:partnerships@stepchange.org) quoting reference 'Local Authority outreach' in the title of your email.



## PayPlan – debt advice referral process for Local authorities

PayPlan are one of the UK's largest providers of free debt advice and free debt management plans. Priority and non-priority creditors in the private sector use PayPlan's debt advice referral process. The Payplan referral process also works for Local authorities – the process is different as referring councils are asked to provide a small amount of resident data – subject to verbal resident consent.

The information requested is:

- Revenues agent name
- Your resident's name
- Details of any repayment arrangement agreed towards priority arrears such as Council Tax or rent

This is because Payplan recognises that Local authorities have an obligation to oversee the journey of residents that are referred to debt advice. The data is used to provide councils with feedback on debt advice appointment outcomes and to provide updates throughout a resident's debt advice journey.

PayPlan provide several referral options to support your residents, including:

- 1 Warm transfer by telephone to 0808 2500869
- 2 Online web form – Local authority revenues agents can request a Payplan call back on behalf of resident
- 3 Signposting your resident to PayPlan's website where they can self-request a call back themselves
- 4 SMS campaigns where local authorities can promote the services of PayPlan and where a trackable link can be inserted to a PayPlan Co – branded landing page
- 5 Webchat, debt advice support

For more information contact:  
businesssupport@payplan.com

Payplan provide referral training to local authorities free of charge.

### Revenues benefits

Priority debt payment arrangements (such as rent or council tax) are accurately included and prioritised in a client's financial statement.

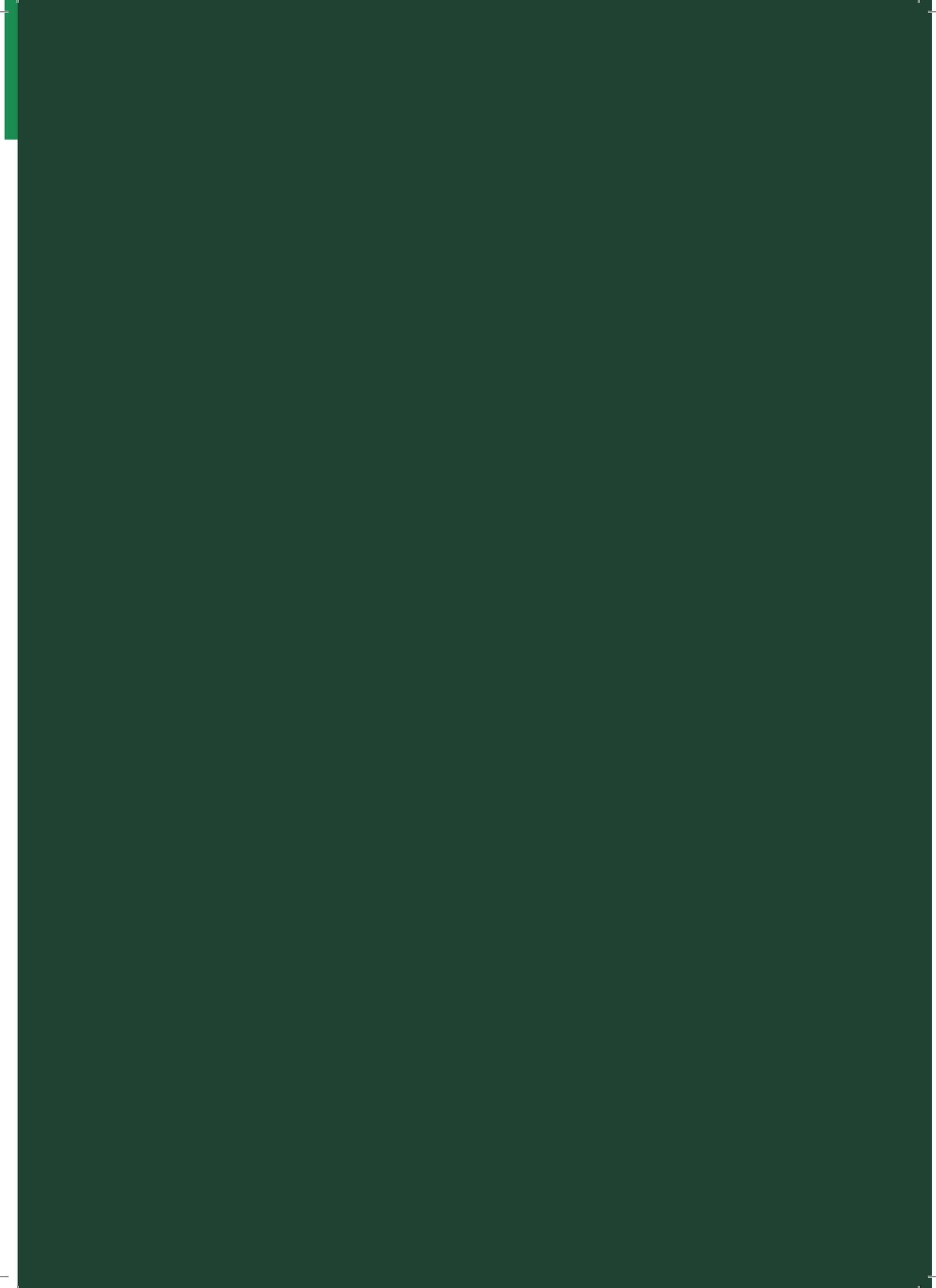
Payplan provide reporting on the outcome of referrals. Information provided can include:

- Volumes of referrals
- Referring collections agent
- Progress of case
- Debt advice appointment outcome
- Client attributes and demographics

### FCA View

*A mortgage lender's referral process was highlighted as good practice by the Financial Conduct Authority(FCA) in their 2014 thematic review into Mortgage lenders arrears management and forbearance.*

***Firms that made it easy for customers to obtain early money advice saw better outcomes.*** One lender had piloted a 'hot key' system which allowed agents to transfer borrowers directly to a third-party debt advice agency. The advice was independent and free of charge to the borrower. As a result of these referrals, some borrowers prioritised their essential outgoings against non-essential expenditure. ***The lender experienced up to a 50% increase in payments received, resulting in reduced levels of arrears and improved outcomes for both borrowers and the firm.***



For more information about this resource please contact

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