ENFORCEMENT NEWS

The quarterly magazine from CIVEA, the Civil Enforcement Association

SPRING 2023

Reimagining public debt recovery

CIVEA
Civil Enforcement Association

Contents+

"Well, I wouldn't start from here..."

Welcome to the Spring edition of Enforcement News.

A hiker lost on the moors asked a local farmer the way to the main road. The farmer paused, scratched his head and said, "Well, I wouldn't start from here..."

The same could be said of the review of enforcement agents' fee structure. The post-COVID economy and high inflation does not make for the best conditions to consider how to address the disparity between costs and charges. However, there is an urgent need to resolve the issue regardless of circumstances.

At the time of writing, CIVEA and its members were working hard to collate data for the Ministry of Justice's review of the fees that enforcement agents can recover from debtors under the Taking Control of Goods (Fees) Regulations 2014. We hope that you found the guidance we provided useful to interpret the data request.

While it may seem to be a difficult time to be reviewing the fees that can be charged for debt recovery, it's important to note that the fees have not been changed since they were set in 2013. By not adhering to the guidance in the fees regulations, we now have a significant adjustment to make to ensure that enforcement is fair and sustainable.

The review will explore whether the level that the fees were set at remain appropriate, given the technological, economic and regulatory changes that have taken place since they were set. The Ministry of Justice has advised that it was particularly interested in reviewing four aspects of the fee structure.

First, to seek to use the fee structure to reduce the number of cases that lead to a physical enforcement visit.

Second, to ensure that there is a financially sustainable and professional enforcement industry that provides an effective service to creditors, and remunerates enforcement agents for the activities undertaken for each stage of enforcement.

Third, to review the fee charged for Enforcement Stage two of the High Court enforcement procedure.

Fourth, to review whether enforcement costs should continue to rest solely with those in debt in non-High Court cases and what the implications would be of making any changes to this policy.

CIVEA is working closely with the government officials and we are grateful for the level of detail that is being applied to the review process. This is the most significant consultation since the 2014 regulations were designed and its impact will be far reaching.

On the whole, the enforcement industry and those in debt have benefited from the clarity of new rules. The 2014 regulations and National Standards give a clear explanation of how agents can operate and what individuals can expect from the process. Where both parties adhere to the rules, the process runs smoothly and is an effective feature of the justice system. The impact of the reforms is evident:

- Fewer customers have doorstep visits and therefore only a much smaller fee is added
- Complaints levels remain low due to the simplified process and fixed transparent fees
- Firms have implemented improved awareness and training in all aspects of vulnerability and the development of specialist staff/teams
- All agents receive externally verified training and there has been investment in industry training that exceeds the minimum standard
- Significant investment in technology is helping to maintain engagement levels and establish professional standards within the enforcement sector.

The fees review was announced by the Ministry of Justice in its response to the 2019 call for evidence on agent reforms under the Tribunals, Courts and Enforcement Act 2007. CIVEA provided a detailed response and it was encouraging to read that standards have been consistent and enforcement firms have continued to adapt to the challenging economic circumstances.

The report showed that measures put in place by enforcement firms and trade associations to ensure their enforcement agents operate within the rules included:

- Training and monitoring. All agents are required by law to pass an exam to qualify for certification. Best practice examples include training on complaints handling and managing disputes, safeguarding, vulnerability and some firms require agents to have a Level 3 NVQ
- Body-worn cameras to record visits. CIVEA members have voluntarily committed to the use body-worn cameras
- Formal complaints procedures and independent adjudication by the Local Government and Social Care Ombudsman and the Compliance, Adjudication and Review of Enforcement Panel (CARE)
- Tracking agents vehicles by satellite in order to supervise how much time agents are spending at properties
- Recording and monitoring call centre calls with requirements to meet quality standards
- Contract and performance review meetings with clients/creditors to discuss performance, complaints and service delivery
- Independent advisory panels to oversee standards, culture and standards
- Working with the advice sector to deliver training and develop internal policies.

However, these developments are not without cost and the fees review is needed to address the imbalance of significant investment without increased remuneration. The fixed fee structure means that enforcement charges cannot be flexed to reflect the increased operational costs. It is critical for enforcement agents to be appropriately remunerated to ensure a sustainable enforcement service, and to attract new talent into the profession.

While we wouldn't have started from here, we now have an opportunity to embed a sustainable uprating mechanism that reflects modern enforcement practice.

Please enjoy this edition of Enforcement News and, as always, I welcome feedback on the magazine.

Russell Hamblin-Boone
CEO,
CIVEA

Lord Brooke, of Alverthorpe Labour: Does the Minister agree that one of our problems is that the current council tax structure is well past its sell-by date and needs changing? In those circumstances, and building on the noble Lord's suggestion about a referendum, would they permit a council to run a referendum for a restructuring of its council tax?

Baroness Scott of Bybrook, Parliamentary Under Secretary of State (Department for Levelling Up, Housing and Communities):
" I do not think that there is anything in the rules that allows them to do that. As I said yesterday, we are looking at updating the local government finance system. It has been an issue to get right for a long time, under many different governments. We have said that we will continue to look at it, carry out a review—particularly on relative needs and resources—and reset the cumulative business rates growth as well."

Lord Taylor, of Warwick Non-affiliated: To ask His Majesty's Government what steps they are taking to support households facing rising council tax bills in 2023.

Baroness Scott of Bybrook, Parliamentary Under Secretary of State (Department for Levelling Up, Housing and Communities):
" The government has legislated to require councils to set up their own local support schemes for council taxpayers in financial need. Additionally, the government is providing councils with £100 million of additional funding to support economically vulnerable households with their council tax bills."

Rachael Maskell, Labour/Co-operative, York Central: To ask the Secretary of State for Business, Energy and Industrial Strategy, whether his Department is taking steps to prevent debt collectors and bailiffs from making demands on people who are (a) behind with their energy payments and (b) in fuel poverty.

Graham Stuart, Minister of State (Minister for Climate):
" The government introduced the 'Breathing Space' scheme which aims to address consumers' ability to tackle debt and offers legal protections from creditors for 60 days. Under Ofgem rules, energy companies must set appropriate repayment plans based on a customer's ability to pay, for those at risk of or in debt."

Rachael Maskell (Labour/Co-operative, York Central): To ask the Secretary of State for Business, Energy and Industrial Strategy, if he will make an estimate of the number of households that have been visited by (a) debt collectors and (b) bailiffs due to the non-payment of energy bills in the last 12 months; and whether his Department is taking steps to monitor trends in this data.

Graham Stuart, Minister of State (Minister for Climate):
" The government and the independent regulator, Ofgem, do not collect data about actions on individual customer accounts. The government introduced the 'Breathing Space' scheme which aims to address consumers' ability to tackle debt and offers legal protections from creditors for 60 days. Under Ofgem rules, energy companies must set appropriate repayment plans based on a customer's ability to pay, for those at risk of or in debt."

Christopher Chope, Conservative, Christchurch: To ask the Secretary of State for Levelling Up, Housing and Communities, how much (a) council tax (b) business rates remained uncollected in England at the end of (i) 2019-20, (ii) 2020/21 and (iii) 2021/22.

Lee Rowley, Parliamentary Under Secretary of State (Department for Levelling Up, Housing and Communities):
" Data on the amount of council tax and business rates arrears outstanding for these years can be found in Tables 7 and 8 of the 'Collection Rates and receipts of council tax and business rates' statistical release. The latest release can be found ***here****."*

Lord Kennedy of Southwark, Shadow Chief Whip (Lords): To ask His Majesty's government what estimate they have made of the amount of money collected by local authorities through fees and charges that are not council tax, business rates and rents for social housing.

Baroness Scott of Bybrook, Parliamentary Under Secretary of State (Department for Levelling Up, Housing and Communities):
" Sales, fees and charges income is reported in local authorities' Revenue Outturn returns and totalled £13.973 billion in 2021-22, the latest year for which these data are available. This excludes council tax, business rates and housing revenue account income. This information is publicly available (attached) in table 2x ***here***

Navendu Mishra, Labour Stockport (Opposition Whip):
In January 2021, Citizens Advice estimated that more than 3.5 million people were behind on their council tax, of whom 51% were not behind before the pandemic. As the cost-of-living crisis deepens, that, sadly, will only get worse. It also found that bailiff fees add an average £310 of debt for people struggling with council tax arrears.

Research last year by Policy in Practice found that, primarily, there is: *"no clear relationship between stricter council tax collection policies and higher council tax collection rates"*.

I urge the Minister to look into that.

I recently submitted a freedom of information request to Stockport Council, asking it to detail the number of residents referred to enforcement agents and, subsequently, the data for people classed as vulnerable. I welcome the fact that the number went from 588 people in 2021-22 to 270 in 2022-23, although I appreciate that this year is not over. It is clearly an inappropriate course of action to use debt collection agencies to hound people who are struggling financially.

I have tabled a number of written parliamentary questions on the matter, including one asking: *"how many local authorities have stopped using bailiffs to collect unpaid council tax."*

The government's answers have been weak, and the Department for Levelling Up, Housing and Communities seems to have no oversight on the use of bailiffs. It is important that it publishes a proper policy on that, outlining alternative ways for collecting council tax that do not create further stress for vulnerable people.

Prioritising independent oversight

Welcome to all our readers.

One of my first meetings of the year was with Catherine Brown, chair of the Enforcement Conduct Board (ECB), Chris Nichols, the new chief executive and the four directors of the Board. The meeting was well attended with most of the CIVEA Executive Council represented.

From discussions with CIVEA members at the end of last year, it was clear that there was an eagerness – and almost frustration – to make progress with the oversight of our industry. But in the year ahead we must get behind the project and regain the lost momentum.

Post-pandemic our work has been incredibly challenging. There are huge backlogs of debts due to court delays and resource limitations in local authorities, which creates uncertainty about the volume of work that will be passed through the courts for enforcement.

In addition, as many people are experiencing problems for the first time, we have a more difficult task discerning those who have no means to pay from those who can, and should, honour their responsibilities to fund local services by paying their taxes and fines.

Our members are required to take on more cases where we need to try to filter those who need welfare support from the council and those who are legitimate cases for enforcement action. We must not forget that some people can choose not to pay, and as an industry we are now tasked with the challenge of separating and reacting sensitively to the two.

The pandemic has dramatically altered the household debt profile and the government's response to problem debt. It's not an exaggeration to say that, while past reviews of enforcement activity are helpful, we should really start with a clean slate and reassess our industry function and purpose.

For example, the statutory fees structure was designed 10 years ago and has remained unchanged. It does not reflect a fair return on enforcement action and we are relieved that the Ministry of Justice has announced plans to review enforcement fees.

We were also pleased to read the findings from the 2019 call for evidence. However, it relates to activities from 2018, and does not reflect the significant reforms in our members businesses that began with a revised code of practice and a huge expansion in work at the Compliance Stage.

In fact, the call for evidence recommendations and those of the Justice Select Committee have all been implemented by CIVEA members and developed further. The only exception is the fees review, which thankfully is in the pipeline.

Therefore, while we can work on some areas for improvement, the priority for us is to transition to independent oversight of our standard operations as soon as possible. This can be broken down into five actions that we hope to agree with the ECB and support to deliver.

First, in order for there to be effective scrutiny, we need to support the ECB by helping with expert input and we need to develop a formal process for a high level of engagement with our industry.

Second, to identify trends and highlight areas of improvement, the ECB needs to understand detailed complaints and accurate volumes by being involved in adjudication and examples of case studies.

Third, while we are very supportive of transparency and will open our businesses to scrutiny, we cannot predict what our revenue levels are until the MoJ fees review is complete. We are working very closely with officials and have allocated resource to CIVEA to get this completed as soon as possible.

Fourth, we need to manage expectations with good communications. We have seen how our members need regular updates in respect of ECB's development plans, so it is essential communication is maintained to a high level. This is something I was encouraged to hear Chris has in his headlights.

Finally, the key to the ECB's early success is establishing credibility as soon as possible. We are especially keen to help the new CEO make an early impact on his appointment this Spring. We will work with Chris to draw up a detailed business plan with measurable progress. That is how we will reassure our members and ensure that independent oversight can achieve the shared objectives set out in the framework document agreed by the collaboration of CIVEA and the Taking Control Group.

Paul Whyte
President,
CIVEA

NEWS in this Quarter

Government announces review of Council Tax
Levelling Up Secretary, Michael Gove, has announced that the government is considering reform of council tax and that junior minister Lee Rowley, has been tasked to lead the review. Giving evidence to the Levelling Up, Housing and Communities Committee, Gove described council tax reform as a 'challenge', and *"one that we want to look at"*. Mr Gove said council tax was the *"second most unpopular tax in the country"*.

Welsh government announces plans to change council tax collection
The Welsh government has responded to its consultation on council tax reform with a statement by Rebecca Evans MS (Finance and Local Government Minister). The Welsh government plans to abolish the policy of full payment becoming due for a missed payment.

Ministry of Justice responds to Call for Evidence
The government has published the long-awaited response to a call for evidence about the implementation of regulations that were introduced in 2014, to regulate the enforcement of debts and fines by enforcement agents. Its plans include a review of the statutory fee structure.

Fairness Group publishes Economic Abuse Toolkit
Minister for the Cabinet Office, Jeremy Quin, visited Money Advice Plus to launch the Economic Abuse Toolkit. The toolkit was produced by the Cabinet Office Fairness Group to help public sector bodies who are recovering debt. It aims to help them understand, identify and support people who may have experienced or may be experiencing economic abuse.

Citizens Advice cost-of-living report
Citizens Advice publishes a monthly dashboard at an online briefing. The data is collected from the bureaux in England and Wales and includes some interesting data on council tax arrears (slides 11 and 12), as well as other metrics broken down by regions.

For more news go to the CIVEA website
https://www.civea.co.uk/news-and-media

Chichester District Council – The battle with homelessness

TellJO – Are you ok? –

Across the South of England, many Councils are fighting a losing battle with homelessness. In the year to March 2022, Chichester District Council spent a total of £791,000 on temporary homeless housing, up significantly from £470,000 the year before[i].

Chichester District Council is a large rural district. With a higher-than-average growth for England and the Southeast[ii], they have seen an increase of 20.8% in people aged 65 years and over.

Coming out of COVID-19 and into a cost-of-living-crisis, the Benefits team became increasingly concerned about how the economic environment would affect their growing number of vulnerable residents.

The Council needed help to identify vulnerable residents and create payment arrangements before enforcement. It required a new cross-functional team responsible for talking to residents that had been referred to them.

TellJO is an early intervention and prevention platform that helps organisations such as Councils and Social Landlords check-in with their residents by asking if they are ok. It also creates payment arrangements from late payment customers and identifies causes of hardship for early intervention.

> *" The Council needed help to identify vulnerable residents and create payment arrangements before enforcement."*

TellJO's digital engagement allows residents to effectively respond to the reasons that payments are missed. Identifying 63 indicators of vulnerability, TellJO automatically refers residents into the customer's wellbeing teams or TellJO's in-house triage service.

Identifying vulnerability and creating payment arrangements before enforcement.

During 2022, TellJO was asked to talk to residents in arrears and:
1. Identify their vulnerabilities
2. Refer them to debt advice
3. Encourage them to make a new payment arrangement.

TellJO identified 1000 Chichester residents with debt issues from council tax arrears data. Of these:
- 75% requested a new payment arrangement for their Council Tax
- 60% received an Outreach call from the Council or TellJO to support the root causes of debt
- 62% requested debt advice.
- 57% were choosing between heating and eating
- 50% had recently seen their income reduce
- 50% were paying persistent debt such as min. payment credit card
- 47% had an unmanaged overdraft
- 40% were in rent arrears
- 31% reported that a life event had affected their finances
- 27% were using a foodbank
- 20% were experiencing hardship with a 'buy now, pay later' plan.

In addition to being referred for debt support, residents who had completed a TellJO assessment also received an out-bound phone call from *Supporting You*, the Council's cross-functional team. The team offer advice on finances, household bills, housing, health and wellbeing. The direct council outreach service is aimed at dovetailing the debt advice, by tackling the root causes of debt such as poor mental health or low financial capability.

By using TellJO, Chichester District Council was able to achieve specific strategic objectives whilst realising significant benefits:
- Engage instantly and at scale with all residents demonstrating signs of distress
- Engage digitally with vulnerable residents
- Help identify and support residents who were choosing between 'heating or eating'
- Provide self-help digital signposting to external support services such as Samaritans and Refuge
- Create a unique, personalised, consent-based vulnerability profile for each resident
- Instantly captures resident voice digitally.

"TellJO is excellent at catching vulnerable people early on. It feeds vital information to our cross-functional team who can be proactive and work across our departments to help them."
Marlene Rogers, Benefits and Systems Support Manager, Chichester District Council

i Department for Levelling Up, Housing and Communities 2022
ii This is higher than the overall increase for England (6.6%) and for the Southeast (7.5%).

Dominic Maxwell
Co-founder and Director, TellJO

The increasing need for independent debt advice and how the enforcement sector can help

One of the core remits of the government sponsored Money & Pensions Service (MaPS) is to commission funding for the free debt advice sector in England[1]. Indeed, we recently announced a £76m per year investment into debt advice services in England, signing three year contracts with national debt advice services, business debt advice services and administrators of Debt Relief Orders (DRO's)[2]. In addition, MaPs provides the public with free and impartial guidance on all aspects of their money and pensions via MoneyHelper

Given our remit in supporting people with financial wellbeing, it is vital that we profile which people are struggling financially, how many people need debt advice right now, who might need debt advice in the future and how people are responding to current changes in the costs of living.

This is why, at MaPs, we run an annual survey which measures the need for debt advice which gives us insight into a broad section of society. We recently published an update to our 'Debt Need Survey'[3] and the indicators are that 9.3m people in the UK could benefit from debt advice, an increase of 800,000 compared to 2021. This means that this sizeable group are likely to of recently missed payments to priority creditors, been subject to creditor enforcement action or experiencing high levels of indebtedness.

Moreover, the indications are that a further 11.8m are 'financially squeezed' and would benefit from guidance from MoneyHelper or other sources.

The Money Adviser Network – increasing engagement with independent debt advice

With this in mind there is a need for organisations collecting debt to have a more pro-active debt advice referral process that goes above and beyond basic signposting and it is encouraging that the vast majority of the Civil Enforcement sector have now joined the MaPS Money Adviser Network (MAN) as referral partners.

The Money Adviser Network (MAN) is a partnership opportunity for creditors in the public and private sector or indeed for suppliers of debt resolution services. The MAN simplifies how customers in financial difficulty access free regulated debt advice. Customers are referred through a virtual contact centre (VCC) – providing a single point of entry to a panel of debt advice agencies. Our VCC directs customers to an agency with capacity to help immediately.

Enforcement referral partners now have access to three advice channels:

1. **Immediate Call Back** option if your customer is ready to go ahead immediately, referral partner agents can send our VCC notification of an immediate call-back request. Our VCC allocates the call back to a debt adviser who will call the customer back within 30secs of your agent submitting the web referral form.
2. **Scheduled Call Back** option if your customer needs time to prepare for their debt advice session, referral partner agents can send our VCC notification of a call-back request. Our VCC allocates the call back to a debt adviser who will call the customer back within the allocated timeslot.
3. **Digital Debt Advice Referral** option if your customer prefers to self-help on-line, referral partner agents can send our VCC notification of a referral, and we will connect the customer with an online debt self-help tool. The customer can complete a Standard Financial Statement themselves and receive web-based advice on negotiating with creditors. If the customer finds the process difficult, the on-line tool will offer a telephone transfer to a debt adviser.

Finally, MaPS helps you understand what has happened to your referral by providing a weekly customer level report advising which debt advice agency is supporting your customer or whether the customer has disengaged from the process. This allows firms to make decisions on your next course of action.

The ideal outcome is that customer works with a debt adviser to come up with a sustainable repayment plan for their holistic debt situation.

Enforcement firms interested in referring to the MAN should contact the MaPS Regional Partnership Team via ***partners@maps.org.uk***

The MAN and the enforcement sector. How is it going so far?

Several Enforcement firms were earlier adopters of the MAN referral process but referral volumes were low. Then, in 2022, Crown Commercial Services made signing up to the MAN a mandatory requirement for suppliers of customer facing Debt Resolution Services for the public sector and we have been working with all successful suppliers to onboard them as referral partners.

So how are referral partner partnerships going so far? It has been a reasonable start, with some enforcement firms making small numbers of referrals via the MAN but given current cost of living pressures and increasing indebtedness we think more can be done to help people access debt advice support. Simply signing up to the MAN and signposting does not go far enough and we would like to see firms embed the full solution wherever there is a touch point with customers, certainly those where you have identified a likelihood of vulnerable circumstances.

All customer facing colleagues at enforcement firms have the ability to book an immediate or scheduled call back and the referral process does not need to be ring fenced in specialist vulnerability teams. There also seems to be a reluctance from Senior Leaders to offer the referral process on the doorstep – we are not sure why as enforcement agents are ideally placed to hear the circumstances of people struggling with multiple debts to multiple creditors. We know enforcement agents tend to carry Ipads, so they have the capability to make referrals via the MAN web referral form.

We would like to see the referral process embedded within the quality assurance process for the telephone Compliance Stage but also for doorstep visits. New compulsory requirements for body cameras means the capability exists for firms to monitor whether financially vulnerable people have been offered a referral to specialist debt support or not.

Finally, the MAN has a customer self-referral option that can be added to customer facing collateral which includes letters, text messaging, and websites and every referral partner is provided with a unique URL which allows us to report on referral volumes.

However, it is early days and I encourage all enforcement firms to work with your MaPs Regional Manager to discuss strategies to help more people to access debt advice via the MAN.

1 Government sponsored debt advice is a devolved matter.

2 *maps.org.uk/2022/11/24/money-and-pensions-service-signs-contracts-for-national-and-business-debt-advice-services-and-the-administration-of-debt-relief-orders-in-england/*

3 *maps.org.uk/2023/01/25/need-for-debt-advice-and-how-households-are-reacting-to-changes-in-the-cost-of-living/*

Kevin Shaw
Senior Creditor Strategy Manager
Money and Pensions Service (MaPS)

Reimagining public debt recovery

With the economy declining and the government looking at austerity measures against a backdrop of increasing numbers of households in problem debt, it seems an impossible environment for central and local government departments to manage budgets.

Take the tax gap, which is the difference between the amount of tax that should be paid to HMRC and the amount actually paid. In 2019/20 it stood at £35 billion, or approximately 5% of total tax liabilities. This figure excludes outstanding arrears for council tax, business rates, vehicle excise duty and the London congestion charge. There is around £5 billion outstanding in unpaid council tax alone.

In England, as of September 2022, 24.5 million dwellings were liable for council tax. There were 15.8 million dwellings (62.7% of all dwellings) liable to pay 100% council tax, and 8.3 million dwellings were receiving a discount because they were occupied by single adults. 3% of all dwellings were exempt from paying council tax.

StepChange Debt Charity reported that 12% of adults, or six million people in Britain, are currently behind on at least one household bill. 2.4 million people report that they are behind on their energy bill.

In January, a Money and Pensions Service analysis concluded that 8% of the UK adult population needed debt advice, around 9.3 million people. These tend to be people aged under 35, with children, on low incomes, renting their home and from minority communities. They also were more likely to have had an income shock in the previous three years.

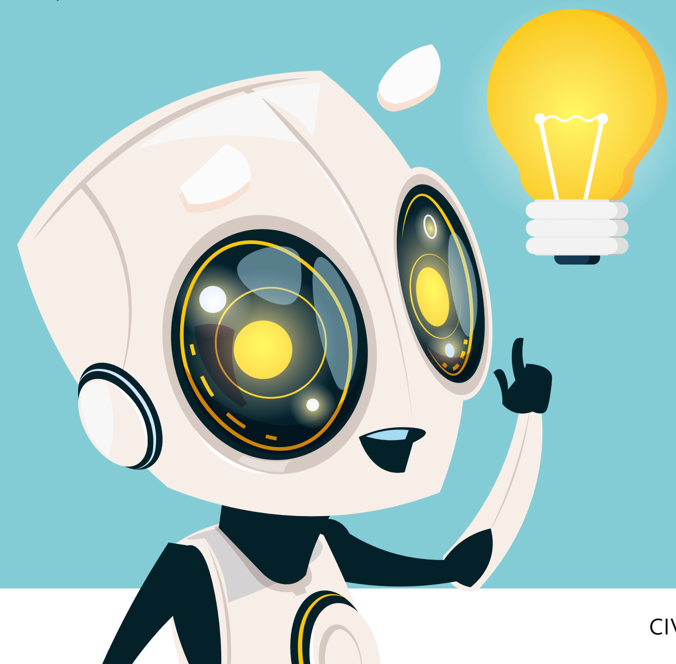
London continues to have the highest need for debt advice at 30%, up from 27% in 2021. There has been no improvement in the regions where indebtedness has historically been high, such as the North and West Midlands. However in 2022, the need for advice spread to the less densely populated English regions that had been coping until now, such as the South West, East of England and East Midlands.

With rising costs, stagnant wages and benefits cuts, central and local government face challenges in public debt collection. The age-old dilemma is how to ensure fairness to taxpayers, robust and effective debt recovery, while maintaining vital public services, such as adult care and children's services.

The solution was hinted at in the government's tax strategy published in July 2020, which aims to make HMRC 'one of the most digitally advanced tax administrations in the world' through its Making Tax Digital programme.

The development of technology that has been pioneered in the consumer credit market following the financial crisis of 2008, presents a huge opportunity for the public sector.

A series of experts from the Cabinet Office's Government Debt Management Function, credit reference agencies and local authorities, lined up to expound the virtues of technology with a clear message that data is the key element of responsible debt resolution.



What began in financial services under the Treating Customers Fairly ethos has been adopted by the energy sector, followed later by the water utilities and enforcement agencies, and is filtering through to public sector policy as 'ethical' debt collection.

This enlightened use of data is shifting the emphasis in the public sector from hitting collection rates to better debt resolution. Finance officers are responding to the appeals of collection teams faced with the task of recovering arrears from households with deficit budgets by restructuring debt. In-year collection targets are being replaced by longer-term repayment plans. Although this means shortfalls in annual budgets in the short term, it could lead to significant efficiencies in the longer term. The cost to the public purse when people in financial hardship need welfare support, can be avoided through debt resolution to help people manage their debt with minimum payments over a longer period, while meeting their on-going liabilities.

Previously recurring debt such as utility bills and council tax was left to accumulate debt-on-debt in an endless cycle. More recently, government departments and local authorities are interrogating the wealth of personal data they hold on individuals.

Pioneering local authorities are using data analytics to segment their customers. They recognise that not all individuals are the same and there is no effective 'one-size fits all' approach. Within a single community there will be those who should be able to pay but need some guidance with budgeting, others who are just about managing but on the verge of financial difficulty, and those who are struggling to pay their bills and need welfare support. By drawing on multiple data sources held by local authorities and central government departments, like the Department of Work and Pensions, it is possible to target resources to vulnerable households where they can be most effective. The Cabinet Office has had proven success at recovering aged debt by accessing data across government under the Digital Economy Act.

Improved data technology needs to be coupled with better communications. Most people want to pay down their debts but struggle to engage with their creditors. Communications are sometimes restricted to letters and phone calls that are ignored. Technology offers multiple ways to talk to people on the platform that is most convenient and comfortable to them. For example, people sometimes were more open on webchat than over the telephone. Chatbots were more efficient at resolving simple enquiries leaving call centre agents to respond to more complex enquiries.

Technology also allows people to self-serve if they feel capable to manage their debt themselves but require a more flexible approach. The evidence is that self-help apps and flexible repayment plans using behavioural insight reduce the occurrence of broken arrangements.

The conversation has already begun and CIVEA members are reporting an enlightened approach from many councils who are allowing enforcement agents to offer better payment terms and longer repayment periods. In-year collection is no longer the single measurement and reducing harm and supporting sustainable debt repayments are being set as part of service-level agreements with enforcement firms.

The cost-of-living crisis will add to the pressures on local authority budgets. Responsible debt collection is an opportunity to achieve fair outcomes for government and the public purse, and for those who should be able to pay and those who need additional support.

It requires a new mindset to invest in technology that prevents short-term harm and leads to long-term cost savings.

Russell Hamblin-Boone
CEO,
CIVEA

CIVEA Civil Enforcement Association

Happy New Year?

What unique challenges will the Enforcement Industry be facing in this year particularly? We may well have been relieved that COVID-19 restrictions hampering any fair form of Civil Enforcement during the best part of the past three years have now been lifted completely, only to find the nation plummeting into an economic crisis, with public finances stretched beyond belief and private investment almost non-existent. We are, it seems, a seriously cash strapped country.

What this is going to mean on a wider scale is an increase of those finding themselves in debt, additional stress for those already experiencing hardships and for some, already struggling with severe financial difficulties, the possible slide into desperation.

It is a total myth that the creation of additional debt through recession creates income opportunities to the Debt Collection Industry. The situation cannot be seen as positive in any way. There is simply a higher proportion of individuals who find they cannot afford to settle their liabilities and it becomes our job to establish those who cannot, from those who will not, pay their way.

Our Industry is one of just a few which experiences the more extreme consequences of recession up close and personal. We encounter some individuals who have run out of options and are not sure where to turn to next. Our intended actions can polarise a situation which may have been blighting their lives for months or even years and we are in the perfect position to help them deal with it once and for all.

As a trained Mental Health First Aider, I understand that now, more than ever, it is important to recognise potentially vulnerable individuals. These will not generally be those who have identified themselves as vulnerable but often, these are persons who have been highlighted to the Vulnerability Team as presenting a cause for concern. Recent research conducted by The Samaritans concluded: *"We found that income and unmanageable debt, unemployment, poor housing conditions, and other socio-economic factors all contribute to high suicide rates"* (Samaritans.org). As an increasing number of our society start to fall within these categories, it is vital to be as vigilant as possible.

Engaging our customers in meaningful conversations, asking the right questions and building up a picture of their particular situation, is key to handling their debt resolution as effectively as possible. The skill is working out the best way forward which may be a combination of enforcement actions, arrangements to pay and signposting debt payers to professional help where appropriate.

With the challenges which this particular financial climate now poses for us, it is simply not acceptable to use Enforcement as a blunt instrument. It has evolved into the catalyst we now use to start effective dialog, encouraging the successful collection of debts owed in a fair, accountable and robust manner.

As we move into 2023 it is more important than ever that we react to people on an individual basis, appreciating where help is required but not forgetting we have a duty to collect the collatable where it is being withheld.

Julie Darvill MHFA
Whyte & Co
Recovery Supervisor/Vulnerability Team

What is the difference between an Accredited course and a Regulated Qualification

1 Purpose: An accredited training course is designed to provide workers with practical skills and knowledge that they can use immediately in their jobs, while a qualification is designed to assess a worker's knowledge and skills more comprehensively and provide evidence of their learning and development.

2 Content: An accredited training course covers specific topics relevant to the worker's job role and provides practical skills and knowledge that can be applied in the workplace. A qualification, on the other hand, covers a broader range of topics and includes assessments to ensure that workers have a comprehensive understanding of the subject matter.

3 Recognition: Accredited training courses may be recognised by specific employers or professional bodies, but qualifications are typically recognised more widely and have a higher level of credibility and prestige. Qualifications are required to meet a national standard which means they are recognised externally of the business or industry.

4 Formal Assessment: Accredited training courses may include assessments, but they are typically less formal and may not be as rigorous as those included in a qualification. Qualifications typically include formal assessments that are designed to validate and verify a worker's knowledge and skills.

Qualifications involve formal assessment, which helps to validate and verify the knowledge and skills of workers. This ensures that workers have a thorough understanding of the subject matter and are equipped to perform their jobs effectively and safely.

5 Career Progression: Accredited training courses can help workers improve their job performance and increase their knowledge, but a qualification can provide more comprehensive evidence of learning and development and is often required for career progression or entry into certain professions.

If you would like to check if your workers have a regulated qualification then go to ***https://www.gov.uk/find-a-regulated-qualification***

Daren Shaw
Head of Training & Development and
Head of Internal Quality Assessment Manager,
IES Training

Freedom of choice for court users

Excel Civil Enforcement and HCE Group have been supporting the High Court Enforcement Officers Association's (HCEOA) campaign, running since 2015, to allow court users to choose a High Court Enforcement Officer to enforce judgments and recover regulated and unregulated debts under £600.

Following the survey they ran in 2021, the HCEOA ran a second survey between August and October 2022. You can read the report at ***hceoa.org.uk/campaigns/supporting-court-users***.

390 court users took part and support for change remains consistently extremely high:

- 97% would like the freedom to choose between a High Court Enforcement Officer (HCEO) and County Court Bailiff to enforce their unregulated judgments under £600
- 93% support a further change allowing HCEOs to collect debts arising from Consumer Credit Act regulated agreements
- 96% are still concerned about County Court delays
- Only 4% feel the current system meets their needs
- The HCEOA and its members believe that High Court Enforcement Officers could help court users by offering:
  - Recovery through first-time compliance and early payment
  - A flexible and sympathetic approach to enforcement
  - Proven capacity to deliver a nationwide service
  - Experienced and highly trained teams
  - Full transparency and real time reporting
  - The latest advances in technology

Changes to the current regulations would also alleviate delays to the court system, giving the County Court Bailiffs the time needed to work through the backlog of cases from outstanding judgments, and take on new cases from creditors who do not want to transfer up lower amounts of debt.

A previous concern was around the fees to be charged for lower value judgments. The HCEOA has proposed that the fees that HCEOs charge for collecting debts under £600 should match the non-High Court fee scale for debts of the same amount.

This would make the fees for judgments below £600 totally in line with the current system.

The HCEOA is urging the Government to act now and support the thousands of UK businesses and individuals who would benefit from these changes.

All that is required are two small changes in regulations, easily made by the Lord Chancellor and Ministry of Justice.

To show your support, or if you have any questions, please do not hesitate to email the HCEOA at ***freedom@hceoa.org.uk***

Mike Garland
Group Director,
Excel Civil Enforcement Ltd

Fairness in Operation

CDER Group is a supplier of enforcement and debt collection services to Local and Central Government. Our services include the collection of unpaid council tax, non-domestic rates, road traffic offences, road user charging offences and magistrates court fines. It is inevitable that **the cost-of-living crisis will have an impact on** many of the customers we engage with and we expect to see increasing numbers of individuals seeking additional support to repay their debts.

Enforcement Agents are already well-equipped to identify and support individuals in financial hardship. **The role of enforcement** has evolved over many years, recognising the need to better support individuals who cannot afford to pay or who need extended time to pay. Changes to legislation in 2014 introduced a compliance stage to the collection process, to encourage the payment of debt at lower cost to the customer and without the escalation to an invasive doorstep visit. These changes were not only welcomed by the industry, but expanded strategies were developed to extend the statutory time period for compliance, introduce multiple contact channels to maximise engagement and invest in dedicated and fully trained welfare teams to identify vulnerability and potential vulnerability and provide intervention, support and referral to independent advice as necessary, managing individual cases through to debt resolution.

Enforcement agencies continue to develop and expand their understanding of vulnerability and financial vulnerability and tailor engagement and services to support the increasing number of individuals who want to pay but need greater forbearance, flexibility and the option of extended resolutions.

Flexibility is a key principle of the CDER Group Vulnerability Strategy, launched as part of our Fairness Framework over three years ago, before the world changed and adapted to the impact of the COVID-19 pandemic.

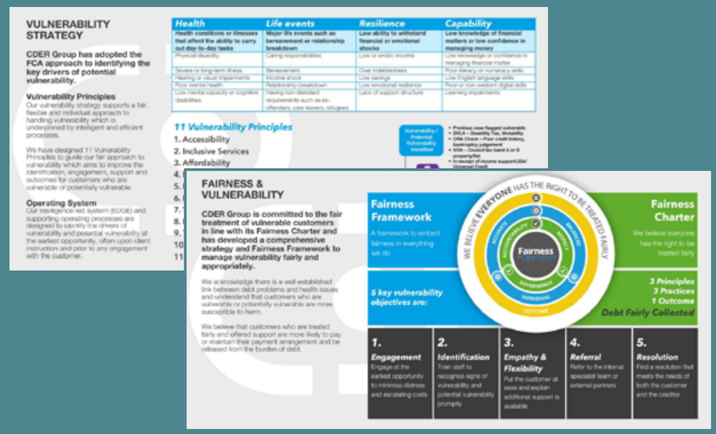
After three years of Fairness in Operation we can demonstrate how being **open to vulnerability** will ensure those impacted by the cost-of-living continue to be treated fairly, and how the enforcement process delivered fairly is Equitable to Society.

The collection of public debt must be fair and proportionate and we cannot ignore the impact the increased cost-of-living is having on people's finances or mental wellbeing. **Balancing the collection of public debt** and the ability of the customer to repay was crucial to the implementation of our fairness strategy.

> *"Evidence has shown that those in debt are more likely to suffer with mental health issues and there is a close link between debt and suicidal thoughts."*

Analytics prove that debt that is allowed to stagnate becomes more difficult to collect and is less fair to the customer. This was evidenced during the COVID-19 pandemic when enforcement was suspended and local authorities halted the issuing of warrants and liability orders. **Fluid engagement** achieves a more successful outcome and understanding an individual's circumstances and providing them with the opportunity to repay via a plan which is affordable and sustainable is more likely to result in full payment and future compliance. **Equally, identifying vulnerability** and the need for reasonable adjustments or support early in the process leads to a better outcome for the customer and creditor.

Being **open to vulnerability** means we apply our vulnerability strategy ***before*** identifying or evidencing an individual's circumstances.



We are identifying more customers as potentially vulnerable and these customers are all managed via our dedicated welfare team. Our strategy is aligned to the FCA guidance for the fair treatment of vulnerable customers. Whilst the enforcement industry is not regulated by the FCA, it would be misguided not to acknowledge the considerable research and good practice embedded within the financial sector. The payment of taxes, penalties and fines due to the public purse should always be considered a priority, however vulnerability is not selective by debt type.

Note. Intelligence is still being received on 2022 cases so showing increasing percentage of vulnerability throughout 2023

Capability is the highest vulnerable category identified from our customer base, closely followed by resilience. In May 2022, the FCA reported an increase in UK adults with characteristics of vulnerability from 46% to 47%, still a reduction on COVID-19 pandemic figures of 53%. Our chart shows how our approach and thinking about vulnerability has evolved since 2016 and is much closer aligned to the FCA approach. It would be reasonable to expect a higher proportion of individuals with characteristics of vulnerability from the customers and types of debts we collect. In reality, it is likely to be much higher than we report given the proportion of customers who fail to engage despite an average of 12 contact attempts. A visit by an enforcement agent continues to highlight a high proportion of vulnerable individuals who have never made contact previously, with the creditor or us, and our objective is to continue to reduce this number.

Once an individual has been identified as vulnerable or potentially vulnerable, they are referred to our specialist welfare team. Our team has doubled in size since 2020 and we plan for further expansion this year. The team has undergone considerable training and are regularly supported through engagement with our debt advice partners, particularly Money Advice Trust and Christian's Against Poverty. Specialist training has also been delivered to qualify all of our welfare agents as Mental Health First Aiders and in Suicide First Aid and Intervention. Evidence has shown that those in debt are more likely to suffer with **mental health issues** and there is a close link between debt and suicidal thoughts. We have seen an unfortunate increase in crisis disclosures since the pandemic and it is inevitable these thoughts will intensify for individuals struggling to afford the cost-of-living and experiencing anxiety over their debts.

Extended payment breaks and long-term repayment agreements are the most common resolutions managed through our welfare department. We partner with a number of organisations to enhance our treatment of vulnerable individuals. We worked closely with the Money Advice Service (MAS) to adopt the Standard Financial Statement when it was first introduced in 2017 as our benchmark for assessing affordable and sustainable repayment plans. We also partnered with Policy in Practice at the same time to use their benefit and budget calculator to carry out digital financial assessments and also identify opportunities for income maximisation. It is remarkable, but perhaps not unsurprising, that individuals with low financial capability are entitled to benefits or grants which they are unaware of and have not claimed. Our relationship with MAS developed as they became the Money and Pensions Service and we were the first enforcement agency to pilot the Money Adviser Network, and to also include signposting to Money Helper, to encourage money guidance prior to debt crisis. This was particularly prevalent and certainly welcomed by many during the pandemic.

There is a sound framework already in place to meet the increased demand for support as a result of the cost-of-living crisis. Our role is to recover public funds without exacerbating an individual's circumstances or placing them in a crisis situation, which is the key foundation of our Fairness Charter. It is by no means an easy challenge but through our approach, we have seen improved customer engagement and a steady increase in payment arrangements agreed, sustained and the amortisation on arrangements extend by almost double.

Whilst local authority creditors have been largely supportive about the changes to the collection curve, there are still some creditors measuring in-year performance and cash collection as success criteria and this needs to change. Projected revenue from arrangement portfolios is considerable and results in a higher recovery rate in the longer term.

The landscape has already changed – there will be a large rise in individuals relying on extended payment arrangements to clear their debts. **Failure to adapt** and accommodate this growing need will result in lower revenue recovery and more individuals entering a crisis situation. We have recently partnered with IE Hub to meet the growing demand for financial assessment to achieve debt resolution. IE Hub has reported that 70% of individuals completing an I&E through their tool have been identified for eligibility for a benefit or social tariff. Supporting individuals through a combined strategy of subjective financial assessment using universally recognised spending guidelines, extended repayment options, flexible repayment terms which include payment breaks and deferral, income maximisation, signposting and referral to independent advice, is all key to meeting the challenges of the cost-of-living crisis and delivering fairness.

We have updated our website to provide signposting to those concerned about the rising cost-of-living and delivered training internally to our staff, particularly in relation to local support services available. Local authorities are an excellent point of contact with many operating advice hubs and local centres offering support. There is invaluable information and support available, but the most important message to those in a debt situation is to pick up the phone and speak to creditors as early as possible.

Engagement is crucial to early and supported compliance and whilst the stigma of debt has lessened over the years, there are still too many who fear making contact or lack the capability to do so. The media has not helped by villainizing the industry, often dramatising rare instances of poor practice, and failing to provide sufficient context or exploring the wider role of enforcement and the value it provides to society. The narrative needs to change and with the introduction of independent oversight in the form of the Enforcement Conduct Board, we can collectively build trust, raise awareness of the importance and benefits of early engagement and help more individuals towards debt resolution.

A fair enforcement process delivers a valuable contribution and is equitable to society, assisting local and central government in their aims to reinvigorate our economy, and assist in the delivery of fair outcomes for the civil and criminal justice systems.

Carole Kenney
Director of Welfare & Customer Care
CDER Group

WhatsApp opens the door to engagement

In the current climate, whether a local authority is in favour of using enforcement agents visiting customers on the doorstep or seeking an 'ethical' alternative, there is always a door facing you that needs to be opened for the actual engagement with a person.

WhatsApp is described as a **'digital front door that makes opening a chat with a business as easy as possible'**, a QR code printed on a letter, SMS message or Email can bring a new or existing customer into a private messaging channel.

Once in a WhatsApp conversation, by using tools, businesses have been showcasing products and services all within the app, making sales via WhatsApp simple. More than 40 million people view business services on WhatsApp every month. With figures like that, can WhatsApp's popularity be adapted for enforcement applications?

In most organisations, managers look for success in their customer acquisition efforts and a cost-effective way to reach a high proportion of customers, where they can be found! Apply those objectives to enforcement services contacting customers where they are found, and you get the same result.

WhatsApp is the Most Popular Messaging Channel in the United Kingdom (2022)

WhatsApp is the number one messaging channel in the United Kingdom. In the second quarter of 2022, WhatsApp reported around 2.17 million downloads from users in the United Kingdom. Statista's UK Global Consumer Survey revealed that 80% of respondents selected WhatsApp as the instant messaging service they used regularly. Statista data also shows that WhatsApp users in the United Kingdom are projected to reach 38.35 million users by 2025.

In recent years when presenting technologies, I have often asked audiences whether they used WhatsApp, and why. Most of the audience have put up their hands and said they do so because its free, secure and easy to use. After 20 years of SMS text messaging services, we were all prepared for WhatsApp before we ever saw it.

Mobile Sales
51,361,433
Mobile Traffic
76%

In January 2023, a comment was made on the cost-of-living crisis at a conference that there is a digital divide regarding broadband availability in the UK, affecting people's ability to access online services. A now tired and out-of-date statement, which is also misleading. Most of all services, purchases, access to the internet and transactions, all take place on mobile devices. Access to this capability is so cheap or freely accessible publicly, that those comments no longer hold weight.

Desktop Sales
25,913,083
Desktop traffic
24%

Financial status and vulnerability are not obstacles to access this type of technology, and should enforcement offer customers this channel, they will be pleasantly surprised by the adoption and its ability to bring people into conversation, especially where other channels have failed.

WhatsApp and other chat services are now a powerful, direct and primary tool for customer engagement. Enforcement and local government risk being left behind if they don't pay close attention to the tools we all use in our lives.

Time waits for no man as other industries already face strong customer demand to engage with them via WhatsApp. This customer pull faces equal corporate-IT pushback regarding privacy and security. Software engineering leaders need to understand the issues, trends, and concerns when making decisions on WhatsApp support. These so-called ICT experts need to be challenged as to their "Not Invented Here" (NIH) syndrome, preventing businesses the best opportunity to achieve successful results.

Traditional communication modes such as lettering, email, telephony and SMS text messages are not as effective as advanced messaging for engaging customers, particularly younger users who prefer consumer messaging apps, like WhatsApp.

WhatsApp business service has controls that IT departments may be unaware of. These include encryption, in-country storage support, GDPR compliance and customer opt-in approval. By 2025, 75% of enterprises will use advanced messaging tools, such as WhatsApp, to engage with their end-user customers, estimated at less than 20% today.

I would baulk at the thought of enforcement officers now installing WhatsApp to start messaging and chatting directly with customers. 2023 is an era where messaging is a part of the business landscape, but if employees use WhatsApp in a non-compliant manner, they will put their organisation at severe risk.

When WhatsApp is used for enforcement applications, then the most effective way to utilise this new contact channel in volume and in a controlled and complaint manner is to link the new WhatsApp channel to an effective chatbot. Chatbots are to be the primary tool, meeting and signposting customers. Conversations that are not answered by live staff in a timely manner will lose immediate opportunities and possibly the only opportunity to speak to that person. Chatbots play an important role in catching and filtering customers.

Ultimately, conversations may need to be linked to a member of staff when the chatbot has exhausted its own capabilities, but purely from a customer experience, the chatbot should act as the concierge to your business.

Whether a member of staff, or the chatbot working on its own, responds to a customer, WhatsApp's message templates enable users to send pre-written messages like appointment reminders, payment consultations and vehicle release confirmations.

The options are endless, and as an immature channel for engaging people, the options are only limited by your own imagination.

As an example, WhatsApp is already being successfully used within banking to send information, process orders, payment reminders and payment acceptances. Insurance is using more features for claims processing — via pictures, analytics, bots and texts. This allows insurance companies to fulfil routine insurance claims without sending out a claims adjuster.

Probably the greatest gain an enforcement organisation will see will be the unexpected contact from hard-to-reach customers that are comfortable with this technology, using and engaging via it. Why put a barrier in front of the people who you need to respond? Remove the barrier by introducing WhatsApp, open the door and get that conversation going to prompt a better resolution.

Daniel Pearce
Director of Business Development,
Telsolutions Ltd

All our agents are 'Ask for Ani' trained

At the beginning of 2020 the Home Office launched the Ask for ANI (Action Needed Immediately) domestic abuse codeword scheme to help victims access emergency support from the safety of local pharmacies. This encourages victims of domestic abuse to come forward and approach a trained organisation that will know the person in question, requires immediate assistance or sanctuary.

When a victim comes forward and uses the codeword, staff are trained to take the victim to a private room/safe space where they can call the police, domestic abuse helpline or a family member, a friend or perhaps even a solicitor.

The enforcement industry, as a whole, visits thousands of properties daily. Sometimes the properties that we are visiting are the most vulnerable homes in our society. For one reason or another, these people haven't engaged with the enforcement provider to notify them of their vulnerability, and sometimes this can be due to abuse suffered in the household.

Schemes such as Ask for Ani are implemented to allow an individual a discreet way of obtaining help from an organisation. Research from the Office for National Statistics shows domestic-abuse related crimes rose 6% in the year ending March 2021. Demand on domestic-abuse related hotlines shows an increase of 22% of people it supports during the same period. A domestic-abuse charity reports that 1 in 4 women will suffer domestic abuse in their lifetime (1 in 6 for men). Domestic abuse isn't just limited to physical abuse, it could be coercive control, financial control, or emotional abuse.

JTR recognised that there is a growing issue in abuse-related vulnerabilities, and our safeguarding measures needed to reflect this.

JTR Collections have since implemented the Ask for Ani codeword scheme throughout the business and within policies, procedures and training. All correspondence that is sent to the property will have the Ask for Ani logo attached. All documentation the agents leave at the property will bear the Ask for Ani emblem. All internal and external staff have received training on how to respond to a customer if they ask to speak with Ani. If the request to speak to Ani happens whilst the enforcement agent is knocking on the door and in person, the agent is trained in how to respond to this.

The role of an enforcement agent is an important and varied role. Legislation clearly defines vulnerability and the requirement to actively identify vulnerabilities affecting an individual's ability to pay. The Ask for Ani codeword scheme allows us to identify and understand if a customer needs to speak to the police or would like help to access support services, like national or local domestic abuse helplines.

For further help and information, contact our Welfare Team: Call: **01933 625486** or Email: **rose.bella@jtrcollections.co.uk**

Michael Line
Managing Director,
JTR Collections

Want to appear in our magazine?

We are looking for contributors for Enforcement News

If you are interested in writing an article, either as a one-off or a regular piece, please contact us at: **enfnews@wsacommunications.co.uk** or call **01908 371177**

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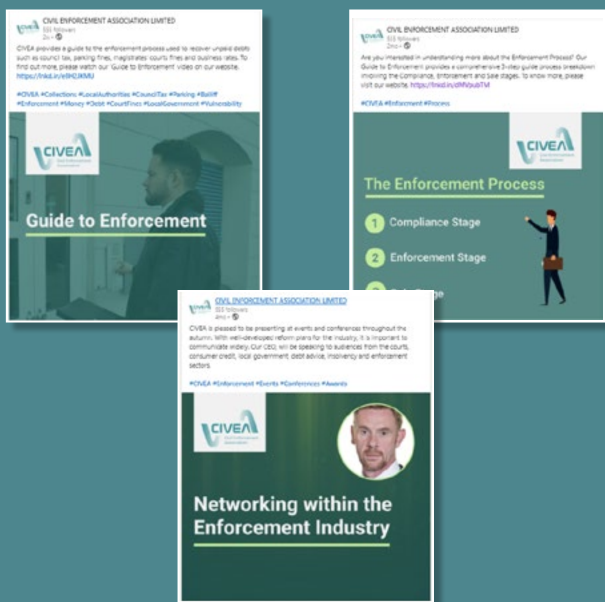
...where we discuss industry topics and updates from the enforcement industry.

Our regularly released blogs focus on key topics being discussed in the enforcement industry from updates from the Ministry of Justice to Government enforcement updates and regulations.



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CIVEA Civil Enforcement Association