

SUMMER 2019

ENFORCEMENT NEWS

The quarterly magazine from CIVEA,
the Civil Enforcement Association



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PRESIDENT'S EDITORIAL

Andrew Mackay,
President,
CIVEA



The data shows that the regulations have achieved their objectives:

- 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;
- All enforcement 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.

But we cannot be complacent and assume that the reforms are complete. CIVEA continues to lead the drive for higher

standards. Later this year we will launch a new code of practice, which will aim to provide consistency and best practice that goes beyond the minimum requirements set out in regulations.

From 1 June, we implemented a new complaints procedure. In response to calls for more independence in our complaints process, CIVEA will direct all complaint appeals to the Local Government and Social Care Ombudsman via the local authority. We have explored the option of formalising an industry adjudication service provided by the ombudsman, but this is not feasible under existing legislation. CIVEA members are reminded that all final decision letters should include a signpost to adjudication via an ombudsman.

On the subject of the ombudsman, Andrew Hopley, assistant ombudsman, gave evidence to the Justice Committee in the House of Commons. He disclosed that after analysing all the complaints received by the Local Government Ombudsman since 2014, figures do not suggest a huge increase in the number of complaints about bailiffs or in the number of complaints that are being upheld.

The same committee also took evidence from Russell Hamblin-Boone and Simon Jacobs, as well as our vice-president, Carole Kenney. All three were able to give MPs a detailed insight into our industry and gave a strong voice on behalf of CIVEA members. The committee will submit the conclusions of its inquiry to the Ministry of Justice call for evidence.

CIVEA and its members were also well represented at the LACEF annual conference in Cardiff. While the call for evidence does not appear to be a major concern for many revenue officers working in local authorities, there is likely to be more scrutiny of government debt collection practices. The conference was well attended and provided an excellent opportunity for the private and public enforcement sectors to share views and practices.

As you can tell, CIVEA has been on the frontline challenging inaccurate commentary about our industry and ensuring that we are heard in policy debates. Our chief executive has been working as an ambassador for our industry and CIVEA has a seat at all the important forums. He will be meeting the new Justice Minister this summer. We are unlikely to know the outcome of the call for evidence until the end of the year, so we will continue to educate politicians and the media about enforcement.

CIVEA will host a conference for members on 19 September with an excellent line up of speakers. With the success of our last conference combined with the imminent report on the government's reforms, it will be an event not to be missed. The conference website is <https://civeaconferece.org/>

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NEWS THIS QUARTER

Local government budgets published

The provisional Local Government Finance Settlement for 2019-20 was published on 13 December 2018. The settlement covers England only, as local government is devolved to Scotland, Wales and Northern Ireland. The settlement documentation includes details of allocations of grant funding to local authorities for the 2019-20 financial year. For that year, it also includes details of business rate retention pilots; proposed council tax referendum principles; and policy decisions on the New Homes Bonus, 'negative Revenue Support Grant', and grants for social care.

Citizens Advice accuses EAs of breaking rules

A report by Citizens Advice published in November claimed that one third (850,000) of the 2.2 million people contacted by a bailiff in the last two years experienced them "pushing the limits of the law - such as by forcing entry into a home or removing goods needed for work". Citizens Advice said this works out as one person every minute being forced to deal with a rule-breaking bailiff. The scathing report, A law unto themselves: How bailiffs are breaking the rules, is from research based on 277 respondents of which 107 people had seen bailiffs do one or more of the following: bailiffs threatening or breaking into a property, taking goods that were not eligible as controlled goods, and bailiffs dealing unsympathetically with disabilities or illnesses.

Citizens Advice complaints against bailiffs on increase

Complaining against bailiffs is complex and intimidating, according to Citizens Advice. The report claims that 72 per cent of people who experience bailiffs breaking the rules do not complain. The report is heavily based on the views of 14 debt advisers. Ministry of Justice figures obtained by Citizens Advice show that 56 complaints were made through the court-based process, which was introduced with the 2014 regulatory reforms.

New private parking code launched

The government is backing a code of practice that will mean motorists have a single place to appeal private parking charges. The bill sets out to give motorists the opportunity to challenge unfair charges and will mean the appeals process is overseen by an independent team of adjudicators. The Code of Practice Bill sets out that there will be a fine limit of £100 and a grace period of ten minutes before drivers can be fined. The introduction of this new legislation will hopefully provide a consistent and fair approach to parking fines issued for parking on private land.

Financial problems impact on mental health

A new report by the Money and Mental Health Policy Institute reveals the impact on mental health of being in financial hardship. Drawing on an in-depth survey of people with personal and professional experience of issues around suicide (3), the report highlights a number of ways in which someone's financial circumstances can put them at risk of becoming suicidal. The report has led to a new campaign, Stop the Debt Threats, aimed at bringing an end to the use of intimidating and inaccessible language and content in creditors' letters.

Justice Committee recommends independent regulatory body

The House of Commons Justice Committee published its report into bailiff regulation. The Committee's inquiry ran parallel to the Ministry of Justice call for evidence. It was prompted by claims that debt advisers were receiving high levels of complaints. Citizens Advice said that it had recorded 850,000 cases of agents breaking rules, including agents assuming powers to break into property and threatening to take control of exempt goods. The evidence has yet to be substantiated.

The Justice Committee concluded that there was a significant gulf between the complaint levels registered with enforcement firms, local authorities and the ombudsman, compared to the report from debt advice charities.

Although it was unable to substantiate evidence of rule breaking, the committee recommended that an independent regulatory body should be established. Separately, a new complaints process should be put in place.

The committee also recognised that the fee structure had not been reviewed since its introduction in 2014. The report said that this should be reviewed, keeping in mind the size of the industry and the need to keep charges low for the poorest debtors.

Government to tackle aggressive council tax collection

The Ministry of Housing, Communities and Local Government plans to publish revised guidance to improve how councils recover unpaid council tax and end aggressive enforcement tactics. The government wants to bring in a more effective council tax collection system that treats people more fairly, while ensuring the money required to fund public services is collected. It recognises that consideration of personal circumstances can help a person's financial recovery. The ministry said councils should be willing to negotiate payments at any point in the enforcement process, take account of individuals' circumstances and agree affordable and sustainable payment plans to ensure debts are paid off in a reasonable time.

WELCOME TO ENFORCEMENT NEWS

Russell Hamblin-Boone
CEO
CIVEA



Our industry continues to receive attention in Westminster and the Welsh Assembly. The Ministry of Justice has completed its call for evidence and is considering the responses it has received. This includes a report from the House of Commons Justice Committee into bailiff regulation.

In this edition of Enforcement News, we have a report on the Justice Committee witness session, which took evidence from CIVEA and some of our members. It is likely to publish a report in the summer. We do not yet know what recommendations the committee will make, but it is a very influential cross-party group of MPs.

In January, an alliance of MPs from across the political spectrum wrote to the Justice Minister calling for a regulator for the enforcement industry. At the same time MPs debated the issue using case studies from their constituents' experiences or from debt advice groups. The debate illustrated that there is a low level of understanding about the enforcement industry. The call for action is based on an emotional response from politicians, rather than hard evidence.

We have also seen some new research which, to the uninitiated, presents a convincing argument for tighter regulation. In November, Citizens Advice published a report entitled A law unto themselves: How bailiffs are breaking the rules. The report included allegations that implied that debt advisers need more training to understand the regulations. For example, it states that bailiffs are refusing to accept affordable payment offers and are pressing people to make unrealistic offers. As we know, the Taking

Control of Goods Regulations do not require enforcement agents to set up repayment plans and the conditions of payment arrangements are set by clients.

This report was followed up this year by The Rules of Enforcement, which analysed the complaints process. It found that there are significant barriers to making complaints and, when people do, the process doesn't work. Both reports were based on statistically invalid data samples that were extrapolated to generate a strong headline. CIVEA gave voice to the industry response with media interviews, press statements and news articles.

The Local Government Ombudsman presented a different picture to the Justice Select Committee. It shows that a very small number of complaints are made against enforcement agents and a very small percentage of those are upheld.

The CIVEA Council is confident in the industry complaints process but has responded to concerns that the procedure should be more independent. From 1 June, where complainants wish to challenge a decision after CIVEA members have made a decision, they will be referred to the Local Government and Social Care Ombudsman. CIVEA will no longer adjudicate on complaints.

A CIVEA working group is making good progress with a review of our code of conduct. A new code with independent monitoring will be introduced at the end of the summer to coincide with our conference. The code aims to address perceived concerns and to demonstrate that CIVEA members are committed to driving up standards in the enforcement industry.

In this edition of the magazine we also have guest articles from Procurement Hub, which provides a new CIVEA-recommended dynamic purchase system, Christians Against Poverty on the importance of effective partnerships and Telsolutions on new channels for improvement engagement.

We are always keen to feature thoughts of our members, so please get in touch if you would like to raise any issues.

NEW DPS FROM PROCUREMENT HUB

Alan Heron
Director of Procurement
Procurement Hub



Procurement Hub has recently launched a new Enforcement Agency Services Dynamic Purchasing System (DPS) for the public sector. This DPS is fully endorsed by CIVEA, who have been working closely with Procurement Hub over the past six months, to ensure the new Enforcement Agency Services DPS offers value to both CIVEA members and the public sector organisations who will use the new solution.

Procurement Hub is part of Places for People, one of the UK's largest property management, development and regeneration companies. Responsible for more than 140,000 properties and over 100 leisure centres across the UK, Places for People are held in high regard for their procurement strategies within the public sector.

Procurement Hub is an innovative and forward-thinking company, with a highly skilled and experienced workforce and one of the fastest growing procurement consortia in the UK. With over 400 public sector organisation members, Procurement Hub has become a leading provider of public sector procurement services, managing almost £1bn of public sector money via their DPS and framework solutions.

The new Enforcement Agency Services DPS will provide an excellent platform to allow enforcement agencies a fully robust and compliant way to engage with local authorities, councils and other public sector bodies. The DPS will be completely equitable, transparent and efficient for any enforcement agencies who are awarded a position on it. The DPS has no 'ranking' system, and therefore will offer no single agency preferential treatment - meaning that every enforcement agency has an equal opportunity to bid for and win public sector contracts.

The DPS is a compelling proposition for public sector organisations too, as there are no access fees or any other associated charges to public sector bodies for using the DPS to award business to enforcement agencies. Furthermore, membership of Procurement Hub is also completely free for public sector customers. This means that there are no barriers to public sector organisations, and the Enforcement Agency Services DPS is available completely free of charge to public sector bodies.

Procurement Hub will be supporting the launch of the new Enforcement Agency Services DPS with a multi-faceted marketing campaign. This will include full-page adverts in sector press and publications, blogs, a digital launch campaign including e-shots and social media promotions, plus a presence at upcoming conferences and exhibitions.

Procurement Hub and CIVEA are proud to be launching the new Enforcement Agency Services DPS which will offer both excellent opportunities for CIVEA members and unprecedented value to public sector organisations.

Enforcement agencies wishing to know more about the new DPS can contact Procurement Hub by emailing info@procurementhub.co.uk.

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MODERNISATION OF VEHICLE KEEPER LICENSING DATABASE AND SYSTEM LONG OVERDUE

John Mason
Client Services Director
JBW Group



On 9 September, the Department for Transport (DfT) launched a consultation on proposals to introduce green-coloured numberplates for Ultra Low Emission Vehicles (ULEVs). With global warming being high on the agenda and the government obviously keen to introduce different measures to encourage the switch to cleaner vehicles, such proposals should be applauded. However, I cannot help but think that there are much more pressing issues that the DfT should be seeking to address.

One particular issue that continues to have a significant adverse impact on the level of revenue returned to authorities for road-traffic-related PCNs, is the quality of the data and the lack of adequate controls for changes to the DVLA vehicle keeper licensing database.

There are more than 39 million vehicles currently registered and licensed with the DVLA, however the agency does not hold any information as to the number of records on its database which it would be able to supply to an authority to enable it to issue a PCN and/or NtO to the registered keeper. Nor is the DVLA able to supply any data in relation to enquires made by authorities for a valid VRM where the DVLA is unable to provide the name and address of the keeper, despite the VRM being valid and one of the 39 million on its database.

“There are more than 39 million vehicles currently registered and licensed with the DVLA, however the agency does not hold any information as to the number of records on its database which it would be able to supply to an authority to enable it to issue a PCN and/or NtO to the registered keeper.”

When talking to other suppliers and clients on this important issue, the general consensus is that the quality of the DVLA keeper database has a significant adverse impact on the volume of PCNs that should be issued and enforced by up to 20 per cent. That is a significant amount of revenue due to authorities that is being lost through the inadequacies of the vehicle keeper licensing system and process. Unfortunately, even when the DVLA is able to provide authorities or third party suppliers with keeper information, quite often it is woefully out of date. This is normally due to the previous keeper not updating the DVLA as they are required to do so by law. A significant level of complaints about the services we deliver as enforcement agents are as a direct consequence of such failures and result in a considerable amount of administration and cost. Much of this could be eradicated with a keeper licensing system that is fit for purpose.

Unfortunately, when challenged, the DVLA seems to rely on a survey it does every now and again. The last one took place between Jan and Mar 2016 when it wrote to 4,002 registered vehicle keepers to “determine the level of traceability” of registered keepers from the details held on DVLA records. This concluded that accuracy of the data it held was 92.6 per cent. By its own records this means that some 2.9m of the vehicle keeper records the agency does hold are inaccurate.

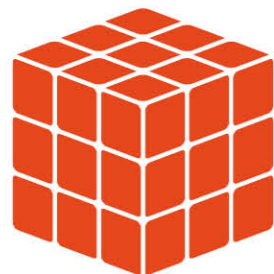
Perhaps the most bizarre aspect of the DVLA keeper database is the lack of any interaction and co-ordination with the driver-licensing database that it is also responsible for. Despite the fact that if the DVLA holds my name and address as being licenced at a particular address and the vehicle keeper database has a vehicle registered in my name at the very same address, if one record changes there is no trigger, flag or interaction from one database to another that prompts some level of intervention as to the change. Surely in such scenarios one follows the other or should certainly take place within a short space of time of the other. Of course, it is quite possible that the registered keeper of a vehicle may have a different name and address to the licenced driver of that vehicle. However, it appears not even the basic of checks are carried out when the two records match and one changes but the other does not.

These issues are not new and, if anything, seem to be getting worse rather than better. It is far too easy for vehicle keepers to “opt out” of the licensing system simply by contacting the DVLA and stating that the person that is on the keeper database no longer resides at an address when, in fact, it is them and they do. It is far too easy for the DVLA to record incorrect keeper information at the point of initial registration and at the point of sale or transfer to a new keeper. It is also far too easy for keepers to erase their details from the database without new and accurate keeper information being updated, leaving a blank return for any valid query and loss of revenue to the taxpayer.

So if the DfT are looking for new ideas and suggestions for future consultations then I would strongly suggest they need look no further than one that proposes relatively simple yet fundamental changes to the vehicle keeper database and how it is managed and maintained. The benefits to authorities, law enforcement and the taxpayer in general would, I am confident, be significant.

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POLITICAL SCRAPS

Susan Elan Jones (Clwyd South, Labour):

To ask the Secretary of State for Justice, whether his department has plans to bring forward legislative proposals to establish an independent body to provide for the regulation of enforcement agents.

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

The government will launch a call for evidence shortly to evaluate the enforcement agent reforms introduced by the Tribunals, Courts and Enforcement Act 2007. Evidence received from the call for evidence will be used to inform our assessment of the current regulation of the industry, and options for further reform.

Chi Onwurah, Shadow Minister Department for Business, Energy and Industrial Strategy (Industrial Strategy):

Does the minister agree with the Taking Control coalition of debt support charities, that independent regulation of the bailiff industry is necessary to protect the public from the unscrupulous practices that have driven some of my constituents to the point of suicide and despair?

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

The hon. Lady is right to highlight that unscrupulous practice by bailiffs is unacceptable. I know that she will be aware that we are looking into the matter, and our call for evidence closes on 17 February, so I encourage anyone who is interested to submit. One of the questions we ask in the consultation is about an independent regulator.

Matthew Offord (Hendon, Conservative):

To ask the Secretary of State for Justice, if he will make it a legal requirement for court-appointed bailiffs to wear a functioning body camera when executing warrants at residential properties.

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

The government does not have any plans to make it a legal requirement for court-appointed enforcement agents to wear a functioning body camera when executing warrants at residential properties.

The government will launch a call for evidence shortly to evaluate the enforcement agent reforms introduced by the Tribunals, Court and Enforcement Act 2007. Evidence received from the call for evidence will be used to inform our assessment of the current regulation of the industry, and options for further reform.

Barry Sheerman (Huddersfield, Labour):

To ask the Secretary of State for Housing, Communities and Local Government, what plans he has to bring England in line with the rest of the UK by ending the use of imprisonment for non-payment of council tax debt.

Rishi Sunak, Parliamentary Under Secretary (Housing, Communities and Local Government):

Imprisonment should only ever be the last resort for non-payment of council tax. Before a magistrates' court commits someone to prison for failure to pay their council tax, it must inquire as to the debtor's means, and satisfy itself that failure to pay is due to "wilful refusal or culpable neglect". This is to prevent persons who are genuinely unable to pay their council tax from being committed to prison. The government does not have any plans to change the current arrangements.

Neil O'Brien (Harborough, Conservative):

To ask the Secretary of State for Justice, what recent estimate he has made of the number of rogue bailiffs.

Rachel Reeves (Leeds West, Labour):

To ask the Secretary of State for Justice, what steps he is taking to tackle rogue bailiffs.

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

We are determined to protect debtors from aggressive behaviour by enforcement agents while balancing that against the need for effective enforcement of debts. We launched a public call for evidence on 25 November to help us to understand the extent of the problem, and it is open until 17 February.

Neil O'Brien (Harborough, Conservative):

A constituent of mine, John Stevens, lost thousands after he was threatened by bailiffs in connection with his son's debt, which arose through no fault of his own. My constituent was never told his rights, and there was no independent regulator to which he could appeal. Given that 40 per cent of people contacted by bailiffs are threatened or intimidated, will the minister take action following the call for evidence to right those wrongs?

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

I am sorry to hear about the experience of my hon. Friend's constituent and I am happy to discuss the matter further with him. The 2014 reforms require bailiffs to send a letter before they visit to set out where a debtor can go for advice, but we want to ensure that that mechanism and others are working. We are asking that question in our consultation, so I encourage his constituent to tell us more about his experience in our call for evidence.

Jim Cunningham (Coventry South, Labour):

To ask the Secretary of State for Justice, what recent assessment he has made of the adequacy of current regulations on the conduct of bailiffs.

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

The Ministry of Justice has indicated that it will not be possible to answer this question within the usual time period. An answer is being prepared and will be provided as soon as it is available.

Rachel Reeves (Leeds West, Labour):

I welcome the government's call for evidence. Since it was launched, the minister has said that a small number of bailiffs are breaking the law. The truth is that a YouGov poll shows that a third of people contacted by bailiffs in the past year have experienced law breaking, so this is much more than a small problem. Will the government therefore change the language and see where the evidence takes them, rather than concluding that a minority of bailiffs are behaving in this way?

Lucy Frazer, Parliamentary Under Secretary of State for Justice:

It is important to gather the evidence, which is what this consultation will do. As the hon. Lady will know, because she asked a question at the previous justice questions when the Citizens Advice report had just come out, we want to examine the evidence fully, and we are asking for evidence not just from individuals, but from the enforcement agencies themselves. My officials have asked Citizens Advice for a meeting to discuss the content of the report, which identifies a large amount of inappropriate behaviour.

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LESS ENFORCEMENT WILL NOT SOLVE HOUSEHOLD DEBT

Russell Hamblin-Boone
CEO
CIVEA



average weekly earnings for employees in Great Britain in real terms increased by 1.0 per cent excluding bonuses, and by 1.1 per cent including bonuses, compared with a year earlier. Due to inflation being higher than pay growth over the last ten years, both regular and total pay remain below the pre-crash peak of February 2008.

Half of all callers to National Debtline are unable to repay debt of £5,000 or less, which is up from just 22 per cent in 2008. The debts themselves are often related to household bills, such as council tax, energy and rent arrears. Three in ten callers to National Debtline now have council tax debt, which is up from 15 per cent in 2008.

It is five years since the Taking Control of Goods Regulations were introduced. This was the first major reform since the Beatson review in 1998. The regulations coincided with other political and economic changes. Austerity measures in response to the credit crunch led to a reduction in benefits and greater need for local councils to maximise revenue. Uncertainty in the political sphere led to policy stagnation and an increase in employed households facing indebtedness and financial management has led to demand for greater forbearance and support for people in debt.

Five years ago, the new regulations came into force improving the efficiency of public debt collection while setting out the detailed procedure for effective enforcement. The regulations provided protection for enforcement agents who could follow instructions that were less ambiguous and more consistent. They also provided protection to debtors who benefited from a more transparent enforcement process.

In addition, every business sector has had to embrace a new level of corporate responsibility, which includes transparency, data protection, public accountability and conduct. Some have moved faster than others. The traditional model of rules-based regulation has been replaced by principles-based regulation. This means that regulators do more than simply ensure companies comply with the rules and regulations - the regulator's role is evolving to oversee the conduct, attitude and behaviour of firms.

The change which has had the greatest impact was the implementation of an early intervention, known as the compliance stage. This gave anyone in debt advanced notice that an enforcement visit was due and provided a final opportunity to engage and make a payment arrangement. Where previously all debts were collected at the door, since 2014 approximately half of all debts are collected without an enforcement visit.

It is no longer enough for firms to demonstrate that they are working to the word of law, now firms must show that they are operating within the spirit of the law.

Enforcement agents are typically employed to collect on the most difficult cases, so these figures are not an indication that public debt collection is less efficient than other debt collection. Local authorities are chasing historic debt and hard to reach debtors, which will have lower success rates.

Enforcement has been drawn into this perfect storm of circumstances. Enforcement agents are the frontline of public debt recovery and, therefore, have become the target of campaign groups.

There are those who are seeking to resolve the problem of increased household debt arising from outstanding council tax payments by reducing the use of enforcement agents. The evidence shows that the regulations are meeting the original objectives:

The enforcement industry is rightly facing greater scrutiny as it carries out its challenging work in difficult circumstances. However, it would be misguided to assume that further regulation of enforcement agents will have any significant impact on the levels of problem debt.

- 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;
- Significant investment in technology is helping to maintain engagement levels and establish professional standards within the enforcement sector.

Local authorities face other cost pressures, such as higher national insurance contributions, the apprenticeship levy and the National Living Wage. As a result of austerity cuts, local authorities have cut access to council tax reduction schemes and more people are now paying some tax who were previously exempt. Consequently, councils are instructing enforcement agents more frequently to collect debt from unpaid bills. This is evidence of more people paying council tax, not evidence that there is a growing problem with enforcement as some commentators claim.

There is no evidence that reducing the use of enforcement agents and allowing more people to avoid paying public debts will reduce household debt in the long-term or improve the local economy.

At the same time the cost of living continues to rise and wages have not kept pace, especially for low income families. Latest estimates show that

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CHANGING PERCEPTIONS

Jonathan Shaw
Creditor Relationship Manager
CAP



I joined Christians Against Poverty (CAP) as a caseworker three years ago. Day to day my job was to create budgets for our clients, helping to determine the most appropriate route out of debt for them. I saw many tough financial circumstances and heard a lot of heartbreaking stories, but what gave me the best picture of someone's situation was visiting them in their home. There is nothing more impactful than meeting them face to face.

I don't know if you've ever stepped into the house of someone in problem debt? Each and every time I do, I am struck by just how desperate a situation can become. Some homes are without working plumbing, others with empty cupboards and furniture that has fallen into disrepair. In our latest client report, Changing perceptions, it was found that one in four (25 per cent) of the people we help could not afford carpets whilst in debt and one in five (19 per cent) could not afford curtains. This is the reality of bare floor poverty – information you cannot glean from sending a letter, nor intelligence you can pick up during a phone call.

“Debt pushes people to a place of defeat, which can lead them to fear opening the post (82 per cent), picking up the phone (76 per cent) or answering the door (63 per cent). This can make it very difficult for creditors to engage with their customers, which means there is little opportunity for help to be offered.”

One year ago, I moved from casework into the external affairs team and became the creditor relationship manager at CAP. My role involves building and managing relationships with the credit and enforcement industries. Both enforcement agents and CAP's debt coaches visit people in their home. Home visits, whether it's attending a home in order to enforce a debt or offer debt help, builds a holistic, first-hand picture of what people in debt are facing. Homes may be void of material possessions, people may be struggling to afford basic essentials, but meeting someone face to face can also highlight the emotional toll they're experiencing.

CAP client Nicky, who is featured in Changing perceptions, explained what her life was like in debt:

‘I could barely put food on the table, I would feed the kids and then just have toast. I tried to hide it by lying and saying I had eaten lunch out with a friend. I couldn't give them the things they wanted.’

‘I couldn't sleep at night, so I would just lie there. The debts were affecting my mental health, I was so depressed and I just couldn't see a way out. No one reached out, I felt so unimportant and worthless. I felt like such a failure to my kids.’

The effects of debt not only impact the debtor, but often close family and friends too. Nicky was not able to give her children nice gifts or take them out for day trips – she could barely put food on the table. Changing perceptions found that four in five (80 per cent) parents felt that debt negatively affected their children and seven in ten (69 per cent) said that debt made them feel like a bad parent. Sadly debt can be an inescapable cycle, as the report also found that 27 per cent of clients had grown up in a household blighted by debt.

Debt pushes people to a place of defeat, which can lead them to fear opening the post (82 per cent), picking up the phone (76 per cent) or answering the door (63 per cent). This can make it very difficult for creditors to engage with their customers, which means there is little opportunity for help to be offered. Furthermore, it is not just that people in debt are disengaged from their creditors, but one of the most shocking findings in the report was the level of isolation found amongst the people we help. Four in five (80 per cent) felt lonely or socially isolated, with one in five (18 per cent) spending Christmas Day alone. As many as 22 per cent of people did not leave their house for a week or more and twice as many (40 per cent) did not see family or friends because of costs.

When collecting a debt, enforcement agents visit people in their homes. They can have face to face conversations and understand the reality of a situation. Some people may not have left home for days or spoken to anyone for weeks, and whilst the very nature of enforcement action may be unpleasant, it can help to identify people who are in desperate need of help and support. Visiting a home also helps agents differentiate between those who will not pay and those who cannot pay, and it is encouraging to hear stories of agents returning cases to creditors after finding homes crippled by debt and poverty.

This is why there is great power in partnership, providing a joined-up approach to enforcement, where agents can identify vulnerability and, instead of enforcing a debt, point the individual towards a way out of their situation. I have heard case studies of enforcement agents signposting people to debt advice, or a debt adviser speaking with an enforcement agency and pausing action until a payment arrangement can be set up. There is no doubt that working together helps to bring about the best and most successful outcomes.

Changing perceptions helps to paint a more accurate picture of what these isolated, disengaged and despairing people are facing. The report explores some of the trends we are seeing, all whilst following the story of Nicky, whose life was turned around with CAP's help.

As Nicky's CAP debt coach commented:

‘Nicky isn't the same Nicky we met on day one. It's so good to see the confidence coming out. She now walks with a positive attitude and her head held high. She's no longer the victim, but she is the victor over her life.’

You can read the full report at capuk.org/clientreport.

ACCESS TO SOCIAL MEDIA PLATFORMS WILL OPEN ANOTHER CHANNEL FOR CUSTOMER ENGAGEMENT

Daniel Pearce
Business Development Director
Telsolutions Ltd



At the end of October 2018, social media platforms such as Facebook, WhatsApp and Viber opened the back door to commercial use of their services for direct messaging to customers. This opens up an exciting new opportunity that will allow all businesses pursuing a debt to contact a customer directly and through a channel that most customers would say that they are now adopting as a primary communications method.

When I presented our Telsolutions module for social media messaging in January to enable our clients to contact customers on WhatsApp and Facebook, I initially faced a hostile reception at a service launch seminar from a small part of the audience. Brexit negotiations appeared to be easier to sell than this concept. However, most of the audience were supportive and became increasingly so when they realised that as these services are provided free to consumers, the customer becomes the product and the provider can enable the right to contact them.

Another point worth noting is that customers' behaviour has changed with the adoption of social media by using this type of service to contact friends and colleagues. This new channel is an excellent method through which to gain a customer's attention. If a customer is ignoring other contact methods, then this is the most direct and personal way to get their attention.

SMS messaging is now over 20 years old and starting to lose its effectiveness as customers move to use services that are more feature rich and interactive. As a business providing these services for that period, we have seen that unless SMS is combined in a strategy with voice and email, then it's quickly ignored and deleted. Basic SMS messaging also suffers from appallingly poor reporting, telling the sender nothing about the customer's reaction. Social media messaging overcomes these deficiencies and gives insight into customers' readership.

Questions I have been asked include, is social media messaging legal? How does this work with GDPR? And does the customer need to opt in?

Regarding whether this is legal and GDPR considerations, then the answer is the same as it is for SMS, email, voice or mail: the channel technology is new, but the application is the same. If there is a legitimate reason to contact the customer, then this is permitted in pursuit of payment. The customer does not need to opt in and cannot opt out as the messaging is informative and not deemed as marketing in content.

Initial results from customers that have adopted this new contact channel early have been very positive, as social media messages tend to have a longer response timescale than SMS messaging. Customers are still responding over seven days compared to three days with basic SMS.

Customer reactions are positive and we believe that the much higher response rates are due, in part, to the message being delivered directly into the customer's personal space for their attention.

Telsolutions are suggesting that using a range of customer contact tools together with social media messaging in a contact strategy will achieve the highest results and we have gathered early data to prove the outcomes and results. All these channels provide customer insight that will help both the customer and business to achieve a better result. Let's face it, if you know the customer has read your message and then taken no action, you can do something about it.

However, before everyone seeks someone in systems IT to ask if they can deliver this, access to social media platforms is tightly controlled and far from easy to achieve. The only current option is to go through a partner company like Telsolutions. There are also some commercial considerations: this is a premium service to access such a focused audience and content must be approved by Facebook and WhatsApp.

Where will all this go?

I recently discussed customer communications with one local authority as it's 2019 and they are only now looking to implement a very basic SMS to reduce postal reminders. Unlike mail, which has not changed since the introduction of the postage stamp on 1 May 1840, technology and services keep evolving. This is the same for customer behaviour. Post is dead for communications and recent price increases will aid its demise. Other industries are rapidly abandoning mail due to customer demand for alternatives, cost and low returns. With this type of new social media messaging it is a quick change, low cost, innovative and ahead of the curve.

Some segments of the general public no longer read mailed letters because they either can't or they are not used to receiving official notifications by post. They have already adopted other methods such as email. What comes through the letterbox is generally perceived as 'all junk mail'. Also, shrinking numbers of customers will have a landline telephone number on which to call them as an alternative. To achieve positive and responsive results engaging customers, the solution has to be a complete online service based around a mobile phone because, frankly, if not, your costs increase over time and the results continue to deteriorate.

With social media you can now get to the heart of the customer, especially using instant messaging (IM). This is a game changer in terms of getting a customer to react to your requests to act. Adding this to other digital communication channels will optimise income rates whilst keeping costs well below those of traditional postage.

Adoption of instant messaging

Example background detail - http://www.birdsbeep.com/blog_detail/516/

In 2014 the number of mobile phone users using social media messaging was 50 per cent. Social media or instant messaging in 2018 had grown to 62.3 per cent. Use is accelerating by three to seven per cent per year, which is down to several simple factors.

Why is this new communication channel important in recovering income and why care? The 62.3 per cent of users are very likely to make up 100 per cent of the public that are in arrears. Growth and adoption of around three to seven per cent per year will influence how customers react to information presented. The adoption of this channel is due to the service being free, secure and simple to use. Users get that immediate feeling of engagement and it is personal, which is important to them.

GOVERNMENT BREATHING SPACE COULD IMPACT ON RECOVERY RATES

Russell Hamblin-Boone
CEO
CIVEA



The government has published its response to the consultation on a breathing space scheme. This is a manifesto commitment from the last election, so it must be implemented.

The breathing space scheme by HM Treasury is a model based on the Scottish Debt Arrangement Scheme, where people in debt entering into repayment plans have a statutory right to have their fees and interest frozen and halt enforcement action from creditors. The scheme provides a six-week breathing space for debtors looking to set up a repayment scheme, followed by a statutory repayment plan. There is currently no equivalent scheme elsewhere in the UK. In England and Wales arrangements to freeze interest and charges, and to suspend debt recovery and enforcement action, are made voluntarily between debtors and their creditors. The new plans will see the introduction of a 60-day breathing space period from 2021 and will cover a wide range of debts, including local and central government debts.

Given that almost half of new StepChange clients so far this year who owe unpaid council tax are in a deficit budget, it would appear to make sense for a breathing space period to apply to public service debt collection. However, civil enforcement agencies that are empowered to recover public debt are not subject to the conditions of the Financial Services and Market Act (FSMA), unlike all the other firms that will be required to provide a breathing space.

There are clear reasons for this: civil enforcement agents are not deposit takers, do not offer credit and do not charge interest on arrears. While the implications of indebtedness are the same as for other creditors, the Taking Control of Goods regulatory framework is very different.

“It is clear to CIVEA and others that the breathing space should be applied by the billing authority (the creditor) before the case reaches the courts.”

The judicial process for enforcing public debt is highly prescriptive and follows a clear timetable. Enforcement agents must operate to strict rules dictated by the courts and local authorities, which are codified in statutory regulations. There are often additional requirements, which are set by service level agreements between local authorities and enforcement agencies. This means that it would be problematic to schedule an additional stage, such as a 60-day breathing space, into the judicial process.

In the case of public debt arrears, the creditor is the local authority. If a breathing space was applied to public debt collection, it would be appropriate for responsibility to rest with these public bodies. There is no standard procedure employed by the 350 local authorities to recover debt. Therefore, the most suitable option is to apply a breathing space at the point that an individual defaults on a payment to the council, before a court order is sought and before enforcement agents are instructed. This would standardise the point at which all

local authorities would trigger a breathing space, while protecting the judicial procedure by which certificated enforcement agents are instructed. It would also allow for a timely intervention before the debtor's problems are exacerbated by recovery fees and the stress of enforcement action.

If the breathing space is applied to local authority debt, there could be an estimated two million parking fines that cannot be enforced in a timely manner.

“If the breathing space is applied to local authority debt, there could be an estimated two million parking fines that cannot be enforced in a timely manner.”

Without a change to the law, this could mean that people who seek a breathing space will find that, on exiting the scheme, their charges escalate in accordance with a statutory timetable. The law states that if you do not pay a Penalty Charge Notice within 28 days, you are issued with a 'charge certificate' and have 14 days to pay the original fine plus a 50 per cent surcharge. Failure to pay within a further 14 days leads to a court order demanding payment. That would be 42 days into the breathing space and, according to the law, enforcement action can begin to recover the debt. Such enforcement action incurs additional fixed fees. By the end of the enforcement period the 60-day breathing space will have expired and the debt will have grown exponentially.

This means that before a warrant can be requested and passed to an enforcement agency, a minimum period of 113 days would have elapsed and the motorist would have received at least three statutory notices (a Notice to Owner, a Charge Certificate and an Order for Recovery). If the motorist had made formal representation about the contravention, the 113-day period would be extended by a further 56 days bringing the total number of days that would have elapsed since the initial contravention to 169 days. Therefore, CIVEA has challenged the need to build in a further 60 days' breathing space as it may be of detriment to a debtor.

Council tax debt recovery is similarly complicated. Theoretically, the minimum time from demand notice to sale of goods is 137 days but in practice can be longer. By the time a council tax debt reaches the enforcement stage, even if a repayment plan is agreed, the debt has become harder to manage than at the time of the original fine. This would defeat the objective of providing a sustainable debt solution.

It is clear to CIVEA and others that the breathing space should be applied by the billing authority (the creditor) before the case reaches the courts. This would mirror the procedure for creditors in financial services and is likely to reduce the number of cases that progress to the enforcement stage. We will continue to make this case to the Treasury.

A further consideration is that, as well as not being able to recover overdue tax, the local authority would be unable to recover the costs incurred by the court fees until after the breathing space has expired. This will have a knock-on delay in revenue collection with implications for budget management for local authorities.

CIVEA has responded to the government's announcement and provided additional input for a regulatory impact assessment. The breathing space regulations will be laid in Parliament at the end of the year and take effect from 2021.



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