

Review of the use of enforcement agents by Nottingham City Council

**Report of Nottingham City Council
Scrutiny Review Panel**

October 2015

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CHAIR'S FOREWORD

On behalf of the Scrutiny Review Panel, I am delighted to introduce this report. I would like to thank all those who participated in the process for their time and effort and ongoing commitment to helping Nottingham continuously improve. I would particularly like to thank our expert contributors, including Advice Nottingham and Nottingham Revenue and Benefits Ltd, for the detailed evidence they gave to the review panel.

Families can fall into debt for a variety of reasons and council tax arrears are one of the fastest growing debt problems over the last four years, second only to payday loans. There is a careful balance to be struck as councils of course, have a duty to reclaim council tax payments and research has demonstrated that following a reduction in government funding, many low-income working age families are paying council tax for the first time. In April 2014, new procedures and a fee scale relating to the enforcement of debts, such as the non-payment of council tax were introduced and supplemented with Ministry of Justice guidance to challenge bad practice and maintain high standards of business ethics and practice. As a local authority, we have an obligation to ensure we act in the best interests of our constituents whilst protecting those most vulnerable to harm and those in need of support.

Conducting this piece of work has been very worthwhile. We have been able to focus on support mechanisms in place to help those in need of debt advice and it has been refreshing to see such a high level of dedication and enthusiasm from everyone involved. If we continue to work together and develop even stronger partnerships, we will continue to ensure those in need of debt advice are supported in Nottingham.

Brian Parbutt

Councillor Brian Parbutt
Chair of Overview and Scrutiny Committee



1. BACKGROUND

- 1.1 Reform and regulation of the bailiff industry and the replacement of common law distress known as removal and sale of goods by a bailiff, with new legislation had been in the pipeline for over 10 years. In April 2014, new procedures and a fee scale relating to the enforcement of debts, such as the non-payment of Council Tax, Business Rates, Child Support awards, Magistrates' Court fines, Road Traffic penalties (PCNs) and commercial rent. Such debts are enforced by enforcement agents, formerly referred to as bailiffs. The Ministry of Justice have also introduced new regulations including a new certification process requiring individual certification, which will be granted to applicants that can demonstrate they have knowledge of the relevant law, documentation, processes and understanding of how to deal with vulnerable people. In addition, bailiffs are now referred to as enforcement agents.
- 1.2 To supplement the new procedures introduced in April 2014, the Ministry of Justice released supporting guidance intended for use by all enforcement agents, public and private, the enforcement agencies that employ them and the major creditors who use their services¹. Private sector enforcement agents who are recovering debt owed to the public sector perform the vast majority of enforcement work and in order to improve the public's perception of the profession, enforcement agents and those who employ them or use their services must maintain high standards of business ethics and practice.
- 1.3 Despite the introduction of this guidance, StepChange Debt Charity found that:
- In 12% of cases bailiffs visited the home outside 'reasonable hours' of 6am – 9pm;
 - In 17% of cases bailiffs continued action despite clients agreeing to a repayment plan;
 - In 3% of cases, bailiffs entered the home when only children were in;
 - In 5% of cases, people said that enforcement agents contacted their friends and family about their debt.²
- 1.4 StepChange have also reported that the fees are considered to be high, with 87% of those who faced bailiff enforcement action said they were charged at £75 for being sent a letter about the bailiff enforcement, 58% said they were charged at least £235 for a visit from the bailiff and 15% said they were charged a further £110 for their goods to be sold, paying £420 in total.³
- 1.5 When such debts are passed by creditors, in the majority of cases by local authorities, an account is set up by the enforcement company tasked with enforcing the debt. A fee of £75 will be added to the account by the enforcement agency. Debtors are then sent a Notice of Enforcement which

¹ Ministry of Justice, 2014, Taking Control of Goods: National Standards

² StepChange Debt Charity client survey, 2015. Sample: 1,087 clients with council tax arrears who came to the charity for advice in 2014. Fieldwork conducted February 2015.

³ StepChange Debt Charity client survey, 2015. Sample: 1,087 clients with council tax arrears who came to the charity for advice in 2014. Fieldwork conducted February 2015.

outlines the details of the outstanding debt; this is referred to as the compliance stage. During this stage, debtors do not get a visit from an enforcement agent and therefore can avoid a visit by arranging a payment schedule and adhering to a payment agreement. If contact is not made with the enforcement agent during the compliance stage, the matter is then moved to the enforcement stage which entails a visit, or a series of visits from an enforcement agent and a further fee of £235. At this stage, debtors risk having their possessions seized by the enforcement agent and subsequently removed and sold, if full payment is not made. If goods are seized and removed there is an additional sale stage fee of £110.

2. COUNCIL TAX DEBTS

- 2.1 The Panel chose to focus on the collection of council tax arrears following reports that council tax arrears are one of the fastest growing debt problems witnessed in the last four years, second only to payday loans.⁴ The debt charity StepChange found that in 2010, just 10% of clients had arrears on their council tax bills. In 2014, this had grown to 28%. On average, the clients of StepChange owe £832 in council tax arrears, up from £675 in 2010.
- 2.2 Figures obtained from StepChange show that people with council tax arrears are more likely to be families with children (53% of StepChange clients with council tax arrears have children at home). People with council tax arrears are also more likely to be women, (64% of StepChange clients are women) and 25% of households with council tax arrears are single parent families.⁵
- 2.3 Research conducted by StepChange found that the approach creditors take has a significant bearing on the mental health, finance and the consequent actions taken by debtors. Where people get help via affordable payment plans, they have a greater chance of getting back onto a steady financial footing:
 - 79% said that their anxiety reduced;
 - 74% are able to sleep more easily;
 - 60% said it stabilised their finances.⁶

3. THE CHILDREN'S SOCIETY

- 3.1 In March 2015, The Children's Society published a report, titled 'the Wolf at the Door', looking at how council tax debt collection is harming children.⁷ Evidence gathered by the Children's Society suggests that the presence of children is overwhelmingly associated with a greater likelihood of financial difficulties,

⁴ Council tax debts, how to deal with the growing arrears crisis tipping families into problem debt, StepChange Debt Charity, 2015

⁵ Council tax debts, how to deal with the growing arrears crisis tipping families into problem debt, StepChange Debt Charity, 2015

⁶ StepChange Debt Charity client survey, 2014. Sample: 923 StepChange Debt Charity clients who came for advice in 2013. Fieldwork conducted June-July 2014.

⁷ The Children's Society, the Wolf at the Door - How council tax debt collection is harming children, The Children's Society, March 2015.

regardless of whether children are being brought up by one or two adults. For many families, council tax arrears are the result of several factors combined, driven principally by demands for full annual payment just seven days after a first reminder following a missed payment, which can be hundreds of pounds.

- 3.2 Councils have a duty to reclaim council tax payments and for many, the localisation of council tax benefit has resulted in residents being asked to pay council tax whilst living on an income below the poverty line. Research from the Institute for Fiscal Studies has shown that following a 10% cut worth £414 million in central government funding, many low-income working age families were paying council tax for the first time.⁸
- 3.3 The Children's Society report found that many local authorities are failing to provide sufficient support and advice to families struggling with council tax debt by using damaging debt practices. This leaves families worrying about potential bailiff visits and court summons, which has a damaging impact on children's and parents' emotional and physical health. The report calls on local authorities to do more to support families struggling with council tax debts and recognise the additional vulnerability that families with children and young people living independently for the first time face if they fall behind with their bills.⁹
- 3.4 The Children's Society made a number of recommendations in their report, which have been outlined below.
- 3.5 The Children's Society headline recommendations for councils

- Councils should not engage bailiffs for collecting council tax debt for families with children. This is particularly important for the most vulnerable families.
- Families with children should be given at least one opportunity to bring their account back up to date and have their monthly instalments reinstated.
- Local authorities should improve the way in which they provide independent advice and support for families with children and vulnerable young people who fall behind on their council tax.
- Councils should always allow families to negotiate repayments even when the debt has been referred to an enforcement agency.
- Councils should put in place a 'breathing space' scheme for families with children under 18 which places accounts on hold while the family receives independent and free debt advice.

⁸ Cuts to council tax support increase numbers seeking debt advice, Institute for Fiscal Studies, <http://www.ifs.org.uk/publications/7058>

⁹ The Children's Society found that 900,000 families who have faced council tax debt, amongst those currently in council tax debt, the average debt is about £420. The Wolf at the Door, The Children's Society, March 2015.

- Care leavers should be eligible for 100% council tax support until the age of 21.
- Court proceedings should not be pursued if a repayment plan for council tax debt has been agreed and is being observed by the family or young person.
- Councils should review their council tax collection policy and include the following groups as being particularly vulnerable:
 - Care leavers;
 - Families with children under 18 in receipt of council tax support or housing benefit;
 - Families with disabled children.

3.6 Children’s Society headline recommendations for enforcement agents

- Enforcement agencies should always give opportunities to access advice and negotiate repayments to families they visit.
- Enforcement agencies should review their policies to ensure their methods of collecting debt are considerate of children being in the home.

3.7 Recommendations for central government

- The National Standards for Bailiffs and Enforcement Agents should be updated to include all families with children under 18 in their recommended list of vulnerable groups.
- Collection reporting to the Department for Communities and Local Government should be updated to include reporting on the number of households, with an attachment from benefits order to prevent councils being encouraged to use debt collection practices that are harmful to children.

3.8 Part of the focus for the review was to consider how practical these recommendations are and to assess the Council’s performance in meeting the recommendations made by the Children’s Society.

4. LOCAL CONTEXT

4.1 Nottingham City Council’s debt collection includes the use of enforcement agents as part of the recovery programme. The strategy, detailed below in paragraph 4.7, is based on best practice and incorporates mandatory legal requirements.

4.2 The Council has contracts with three Enforcement Agent companies and over the last 2 financial years, the following number of liability orders and value of council tax debt has been passed to the Enforcement Agents for recovery:

	No of liability orders	Value of debt (£m)	Recovered (£m)
2013/14	17,881	£10.9m	£2.3m
2014/15	14,046	£9.3m	£2.2m

4.3 It is worth noting that the same three enforcement companies used for council tax collection in Nottingham are also used for business rates. However, there is an additional charge at the enforcement stage of 7.5% for the value of debts above £1500. The Council's Processing and Enforcement Team also use the same three enforcement agency companies as used for council tax recovery, mainly for the recovery of penalty charge notices and bus lane penalty charges. The Council's Processing and Enforcement Team also undertake recovery activity for Leicester City Council bus lane violations.

Other Local authorities

4.4 Virtually all local authorities utilise a form of enforcement agents. Core city local authorities have been approached to share their debt escalation processes and use of enforcement agents. This information is detailed in the table below:

Local Authority	Use external enforcement agents?	Use enforcement agents for council tax reduction cases?	Use EAs for non-council tax reduction cases?	Minimum debt to enforcement agents
Birmingham City	Yes	Yes, but those on passported benefits	Yes	£150
Bristol City	Yes	Yes	Yes	£50
Leeds City	Yes	No	Yes	£50
Liverpool City	Yes	No	Yes	£100
Newcastle City	Yes – to support in house service	Yes, but only up to compliance stage	Yes	£10
Nottingham City	Yes	Yes	Yes	£70

4.5 The table above shows that local authorities currently have different approaches to the treatment of council tax debt where households are in receipt of council tax reductions, there are also recognisable variations in the minimum level of debt that is considered suitable for enforcement agent activity, ranging from £10 to £150 minimum referral level. Significantly, all core cities use enforcement agents as part of their debt recovery toolkits.

- 4.6 The Panel also chose to focus on whether the collection of debt by Nottingham City Council would be improved for both those in debt and enforcement agents if the collection of debt was provided in-house by the Council, either totally or partially. This follows proposals agreed in July 2014 by Newcastle City Council who adopted a hybrid model of enforcement. Newcastle's approach was to implement an internal enforcement service, enabling efficiency in linking and managing multiple debts owed and to minimise fees. This approach is also supported by an external framework and contract with enforcement agencies to recycle difficult cases, out of area cases and also for enforcement of persistent non-payers. It was felt that this offered a more joined up and streamlined approach to debt recovery and, by working closely with the income and recovery team, the enforcement agents should be better able to promote and identify customers' entitlement to discount, exemptions and relief.

Nottingham City Council's Process and applicable charges

- 4.7 The passage below outlines the Council's process and charge stage. The parts in italics below are the additional safety nets introduced by the Council to filter out citizens who may be vulnerable or in of additional support.

- i. Council tax bill issued
- ii. Reminder issued*
- iii. Summons issued. *Letter inserted offering the opportunity to be referred to an advice agency.*
- iv. Liability Order requested at the Magistrate's Court
- v. If the Council have details of benefits or employment, they would seek to reduce/attach to earnings at this stage, rather than escalate to enforcement agents.
- vi. *Enforcement Agencies send a Pre-Compliance Notice. There is no fee at this stage, the new regulations removed this stage but the Council has instructed their agents to carry out this process as a final opportunity to pay without enforcement fees. Many other local authorities do not do this.*

This notice includes a questionnaire and asks citizens if they would like to make an offer of payment and if they need help from an advice agency. If requests for advice are received, a 30 day hold is put onto the account and a referral sent to an advice provider.

Enforcement agencies seek to make payment arrangement within the Council guidelines, for example, if before October, the debt to be paid within the financial year, if after October, and the debt to be cleared within 12 months.

If the citizen cannot afford to do this, a Means Enquiry Form is sent to understand the financial circumstance of the citizen.

- vii. Enforcement Agencies send a Compliance notice. There is a £75 fee at this stage (dictated by regulations).

This notice includes a questionnaire and asks citizens if they would like to make an offer of payment and if they need help from an advice agency. Requests for advice are returned to the Council, a 30 day hold is put on the account and a referral is sent to an advice provider.

The Enforcement Agent seeks to make a payment arrangement within City Council guidelines, for example, if before October, the debt to be paid within the financial year, if after October, and the debt to be cleared within 12 months. If the citizen cannot afford to do this, a Means Enquiry Form is sent to understand the financial circumstance of the citizen.

- viii. Enforcement Agencies visit the citizen. There is a £235 fee at this stage (dictated by regulations). Further fees may be added if there is an 'intention to remove goods' and agents would seek payment in full initially but would accept payment arrangements if the citizen signs a 'taking control of goods' agreement.

If a citizen makes a payment arrangement with the Enforcement Agent, at either the compliance or enforcement stage, but then defaults on it, the Enforcement Agent would make a number of attempts to contact the citizen in order to make a new arrangement. In reality, they would make at least 4 new arrangements.

*if a citizen receives a reminder, brings their account up to date then receives a reminder again for another instalment within the financial year, on the third occasion they would be issued a final reminder. This removes their opportunity to pay by instalments and the Council requests the balance in full – which is a statutory requirement.

5. FINDINGS

- 5.1 In 2015/16, after the award of the Council Tax Support (CTS), the collectable amount of council tax in Nottingham amounts to £112 million, from 134,462 domestic properties. The average liability for a Band A property is £1,139 and the average amount payable by those in receipt of CTS is £228. Nottingham City Council has contracts with 3 separate enforcement agencies, each of which are regularly monitored and held to account.
- 5.2 In 2013/14 there were 17,881 liability orders with a total debt value of £10.9 million (10% of the collectable debt amount) referred to enforcement agents. In 2013/14 £2.3million was recovered by enforcement agents (2.3% of the collectable debt amount). In 2014/15 there were 14,046 liability orders with a total debt value of £9.2 million (8.6% of the collectable debt amount) referred

to enforcement agents. In 2014/15 £2.2 million was recovered by enforcement agents (2.0% of the collectable debt amount). Although only part way through quarter 2 in 2015/16, it is believed the figures will align with previous years. At quarter 2 of 2015/16, there have been 11,079 liability orders with a total debt value of £7.6 million (6.8% of collectable debt) referred to enforcement agents. At quarter 2 of 2015/16, £1 million has been recovered representing 0.9% of the collectable debt amount.

- 5.3 Following the publication of the Children’s Society report in March 2015, Nottingham City Council carried out a self-assessment against the recommendations in the Children’s Society report (‘The Wolf at the Door’). The Council’s performance in relation to the recommendations in the ‘Wolf at the Door’ is outlined below in paragraphs 5.4 to 5.9.
- 5.4 The Children’s Society recommended that councils should not engage bailiffs for collecting council tax debt for families with children. In practice, Nottingham City Council uses all available alternatives prior to the use of bailiffs, such as direct deductions from benefits or earnings. The Council has 7,600 households on direct deductions with a debt value of £1.7 million, with a further 10,228 accounts waiting for a direct deduction with a value of £3.04 million. There is also an opportunity for arrangements to be made to pay at any point during the recovery period prior to bailiff action.
- 5.5 The report also recommended that families with children should be given at least one opportunity to bring their account back up to date and have their monthly instalments reinstated. Unfortunately, by law once a tax payer receives a final notice the right to instalments is lost. The Council will however, refer household that are experiencing financial hardship and struggling to pay to an appropriate support agency. Council statistics show that 66% of referrals have resulted in alternative arrangements to pay being established and bailiff action having been avoided. Advice Nottingham and the Nottingham Law Centre both report positive working relationships with Nottingham City Council.¹⁰
- 5.6 The Children’s Society recommended that local authorities should improve the way in which they provide independent advice and support for families with children and vulnerable people who fall behind with their council tax. In response, it was reported that the Council invests £2 million in advice services across Nottingham and has a direct referral route for tax payers to access. The City Council also ensures that the availability of advice is clearly communicated at key stages of the recovery process.
- 5.7 The Children’s Society recommended that councils should always allow families to negotiate repayments, even when the debt has been referred to an enforcement agency. It was report that Nottingham City Council ensures recovery routes allow citizens to enter into repayment arrangements throughout the process. Strict procedures are already in place with the

¹⁰ Representatives from Advice Nottingham (station at the Citizens’ Advice Bureau in Nottingham, Canal Street) and the Nottingham Law Centre were both present at the Review.

Enforcement Agents to negotiate payment plans without having to visit a property.

- 5.8 The Children's Society recommended that local authorities should put in place a "breathing space" scheme for families with children under 18, which places accounts on hold while families receive independent and free debt advice. Nottingham City Council ensures that recovery action is placed on hold for 30 days when advice is being provided. The Council can then make the referral direct to Advice Nottingham to support the tax payer with access to advice. The Children's Society also suggested that care leavers should be eligible for 100% council tax support until the age of 21. Nottingham City Council's current Council Tax Support scheme provides for up to 80% support for anyone who is eligible. Formal consultation on the scheme was undertaken when introduced in January 2013 and the decision was taken to introduce a scheme where everyone contributes a certain amount.¹¹
- 5.9 The Children's Society recommended that court proceedings should not be pursued if a repayment plan for council tax debt has been agreed and is being observed by the family or young person. In Nottingham, citizens are not subject to court proceedings if they maintain agreed payment plans, prior to a summons being issued. If there is a default, the Council will proceed with court action to protect the recovery position with a liability order.
- 5.10 Finally, the Children's Society recommended that councils review their council tax collection policy and include care leavers, families with children under 18 and families with disabled children as vulnerable. Nottingham City Council has developed routines, training and partnership relationships with advice services to ensure that recovery officers are able to recognise potential vulnerability based upon household composition and finances. The contracts that have been put in place with enforcement agents have clear guidance on the steps to be taken in the event that vulnerability is identified and households with financial vulnerability are provided with the opportunity throughout the recovery process to access support.
- 5.11 Nottingham City Council's recovery process is based on the value of debt and the stage of recovery. Recovery routines are driven by payment against instalments and agreement plans. The minimum level of debt level that is passed to enforcement agents is £70. The minimum level of debt passed to agents varies across other core cities, for example, Newcastle City Council's minimum level of debt referred to an enforcement agent is £10, whereas in Birmingham, the minimum level of debt referred to an agent is £150. Along the route of recovery, debtors are provided with seven separate opportunities to address their debt and make arrangements for payment and enforcement agent costs are incurred at the 5th stage of the process (Compliance Notice).

¹¹ The City Council meeting in January 2013 approved the scheme <http://committee.nottinghamcity.gov.uk/CeListDocuments.aspx?Committeed=155&MeetingId=810&Df=28%2f01%2f2013&Ver=2>.

- 5.12 Throughout the recovery process there is the option for the debtor to indicate that they are having difficulty in meeting the costs. Nottingham City Council has a long standing relationship with debt agencies in the city, such as the Citizens' Advice Bureau which provides for a direct referral into independent advice (together with a 30 day hold on recovery action). This protocol is maintained throughout the enforcement process. Nottingham City Council requires enforcement agents to issue a 14 day notice letter, providing the debtor the option to make an arrangement with them or request an advice referral to a debt agency. This represents an additional step built in by the Council to ensure that the debtor is provided with a further opportunity prior to additional costs being incurred.
- 5.13 Fees are incurred at three points during the recovery process and Nottingham City Council has negotiated a lower court fee in the process of recovering costs. The court fees which are raised at summon stage are currently, £20 for debts less than £250 and £70 for debts greater than £250. The fees charged by enforcement agents are regulated by the Taking Control of Goods Regulations 2014 and have been set by the Ministry of Justice. Currently, a fee of £75 is payable for each outstanding liability order whereas in the past, one fee would cover multiple liability orders. Previously, Nottingham City Council made representations to the Ministry of Justice raising concerns about the impact this regulation. Under the Regulations, the Compliance Notice Fee is set at £75; a visit fee is £235 and the fee for removing and selling belongings is set at £110.

6. CONCLUSION

The Scrutiny Review Panel concluded the following:

- 6.1 There is currently little evidence to suggest that adopting an in-house enforcement service, similar to the scheme agreed by Newcastle City Council in 2014, would reduce the number of cases currently referred to enforcement agents in Nottingham. Newcastle City Council anticipate that its in-house Enforcement Service may meet a surplus and be self-funding, but a true reflection of its benefits would not be apparent until the service is fully embedded. The service was agreed in July 2014 and an assumption was made that in year 2, that the compliance and enforcement charges to customers will reduce by 20% because of the emphasis on reducing enforcement action by early intervention.
- 6.2 If Nottingham City Council were to establish an in-house debt agency, the process and fees would still be governed by strict regulation, in addition to the management of staff. Further evidence is needed to demonstrate the benefits of local authorities having an in-house enforcement service as the scheme adopted by Newcastle City Council is relatively new. The Panel is satisfied that Nottingham City Council's current process already includes a number of referral opportunities to local and independent debt agencies. The fundamental issue of trying to encourage those in debt to engage with the

Council and debt agencies at an earlier point is what needs addressing to ensure that professional advice agencies are in place to support people.

- 6.3 Councillors do not currently receive a high number of complaints regarding the use of enforcement agents in Nottingham. Robust methods of contract management are built into all agreements with enforcement agencies, such as quarterly reviews against the performance of the debt portfolios, conduct and complaints and comparisons across the three agencies. In the last 12 months there have been 14 registered complaints about enforcement agents in Nottingham. The Ministry of Justice have produced guidance intended for use by all enforcement agents, public and private, the enforcement agencies that employ them and the major creditors who use their services¹². Private sector enforcement agents who are recovering debt owed to the public sector perform the vast majority of enforcement work and in order to improve the public's perception of the profession, enforcement agents and those who employ them or use their services must maintain high the standards of business ethics and practice, as outlined in 'Taking Control of Goods: National Standards.'
- 6.4 Nottingham City Council has a very good working relationship with debt support services in Nottingham and specialist support services such as the Citizens' Advice Bureau (CAB), Advice Nottingham and the Nottingham Law Centre have all reported a good working relationship with Nottingham City Council. Where cases have been referred to a debt agency, the case is put on hold for 30 days. When the CAB put forward an alternative payment proposal to the enforcement agent, it is usually accepted by the Council.
- 6.5 Further review work is required to better understand the Council's programme of supporting young people in care and care leavers on debt management issues.
- 6.6 A further review of the wording and format of the letters used in the recovery of council tax up to the bailiff referral stage, including whether the use of an additional letter to signpost those in debt to the support agencies would support earlier engagement.
- 6.7 There is a reluctance of citizens in debt to engage with debt advice agencies and when they do eventually engage with services, it is usually quite late in the debt collection process.

7. RECOMMENDATIONS

- 7.1 **Desired outcome** – increased level of reporting of complaints regarding enforcement agents in Nottingham.

We recommend that Nottingham City Councillors refer complaints regarding enforcement agents to Nottingham Revenue and Benefits Limited and that the

¹² Ministry of Justice, 2014, Taking Control of Goods: National Standards

number of complaints received via the Members' Casework System is periodically reviewed and monitored and reported back to the Chair of the Overview and Scrutiny Committee. In addition, we would also recommend that training required under the contractual arrangements with enforcement agencies is reviewed by Nottingham City Council.

- 7.2 **Desired outcome** – To encourage citizens to engagement earlier with debt support services in Nottingham.

We recommend that members of this Scrutiny Review Panel review the wording and format of the letters used in the recovery of council tax up to bailiff referral stage. We would also encourage Nottingham City Council to consider the use of an additional letter to signpost those in debt to the support agencies at the earliest opportunity, following the issue of the first warning letter.

- 7.3 **Desired outcome** – To better understand Nottingham City Council's programme of supporting young people in care and care leavers on debt management issues.

We recommend a future review on the support mechanisms in place to support young people in care and care leavers on debt management issues. In September 2015, Nottingham City Council established the Children and Young People Scrutiny Committee and it would be appropriate for the item to be referred to its work programme for 2016/17.

- 7.4 **Desired outcome** – A better understanding of an internal enforcement agency.

We would recommend that Overview and Scrutiny review and monitor Newcastle City Council's approach to debt collection and the use of an in-house enforcement service. Based on historic performance data and statistics, it is anticipated that Newcastle City Council's in-house Enforcement Service may meet a surplus and become a self-funding model, but a true reflection of its benefits would not be apparent until the service has become fully embedded. The service was agreed in July 2014 and an assumption was made that in year 2, that the compliance and enforcement charges to customers will have reduced by 20% because of the emphasis on reducing enforcement action by early intervention.

8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 8.1 Ministry of Justice, 2014, Taking Control of Goods: National Standards
- 8.2 Local Government Ombudsman, 2013, Taking Possession: Councils' use of bailiffs for local debt collection.

- 8.3 Department for Communities and Local Government, 17 June 2013. 'Clampdown on councils using heavy-handed bailiffs'.
- 8.4 StepChange Debt Charity, Council tax debts, how to deal with the growing arrears crisis tipping families into problem debt, 2015.
- 8.5 The Children's Society, the Wolf at the Door - How council tax debt collection is harming children, The Children's Society, March 2015.

9. CONTACT DETAILS

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