
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	24th APRIL 2014	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF FINANCE AND CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/revenues and benefits/policies and procedures/changes to debt recovery processes
SUBJECT:	REFORMS TO DEBT RECOVERY PROCESSES	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

1.1 That new rules and regulations governing the action of bailiffs, including the collection of debts, are considered and noted.

2.0 Purpose of Report

2.1 To advise the Committee of the impact of changes to, and new regulations that affect the bailiff industry that came into effect on 6 April 2014; these will impact on some residents within South Derbyshire.

3.0 Detail

3.1 The reforms follow a lengthy period of consultation which had a clear objective of strengthening protection to debtors against rogue bailiffs and the unsound, unsafe or unfair methods that they were allegedly using, while at the same time making sure that debts could still be collected fairly.

3.2 The Council has in place a Service Level Agreement with bailiffs that it currently uses. This sets out a clear code of conduct for both the Company and the individuals employed by each organisation. The framework for setting the overriding standards and protocols for debt enforcement activity is provided by the Council's Corporate Debt Recovery and Management Policy; this has been established for several years.

3.3 To put the matter of bailiff activity into perspective, in the District, the following table summarises the number of Council Tax cases passed over to a collection agency in the past three years where, despite best efforts by officers, the sum due had not been paid.

Year	Value of Debt £	Cases	Amount Collected £	Amount on Arrangement £
2013/14	742,865	1,445	197,326	164,256
2012/13	617,372	1,295	343,011	73,701
2011/12	603,343	1,479	387,404	1,702

3.4 The nature of the bailiff's work inevitably results in concerns being raised by debtors and/or their representative regarding either individual bailiffs and/or the process. However, over the above period no complaint has been found, on closer examination, to be justified although in a handful of cases a change in process has been made subsequently to improve transparency and clarity.

4 **Main Changes**

4.1 The key changes are summarised as below:

- New rules and regulations for all debts (both High Court and non-High Court) surrounding:
 - Exemptions
 - Means and hours of entry
 - Distress (seizing goods for sale) replaced by taking control of goods
 - Bailiff replaced by Enforcement Agent
 - Minimum of 7 day notice prior to enforcement
 - 12 month time limit
- Uniformity of fees for all debts
 - Introduction of new fee structure
 - Annual increase in fees by reference to CPI
- Newly defined training and certification process, including competency and CPD

4.2 The major change in process is around the introduction of a compliance stage with a set fee of £75. This allows non-enforcement activity such as telephone calls, emails, arrangements etc. before visits take place. This interim stage will facilitate the identification of cases that should be returned to the Council for alternative action. A standard fee of £235 will subsequently apply to all visits considered necessary, prior to removal (the latter being very much a last resort).

4.3 It is expected that overall costs of enforcement activity should reduce, as should the number of visits made by agents to enforce payment.

4.4 Transitional arrangements will ensure that debtors are not treated unfairly. They have been advised of the changes and have been given a further opportunity to make an arrangement to clear any outstanding debts before enforcement action under the new rules takes place.

4.5 Consequential changes to the Council's own processes have been completed.

5.0 Community Implications

- 5.1 The specific nature of debt recovery means that Council Officers and Enforcement Agents will continue to be vigilant to identify the vulnerable and maintain liaison with welfare and advice agencies. A presentation by the Council's bailiff will be made to the Committee at the meeting in June.

6.0 Financial Implications

- 6.0 There is no change to existing financial arrangements between the Council and Enforcement Agents acting on its behalf. The Council is responsible for VAT only.

7.0 Background Papers

- 7.1 Bailiff Code of Conduct
- 7.2 Corporate Debt Recovery and Management Policy December 2008
- 7.3 Taking Control of Goods Regulations 2013
- 7.4 Taking Control of Goods Fees Regulations 2013
- 7.5 SI 2014 No 600 Taking Control of Goods (Consequential Transitional and Saving Provision) Order 2014