

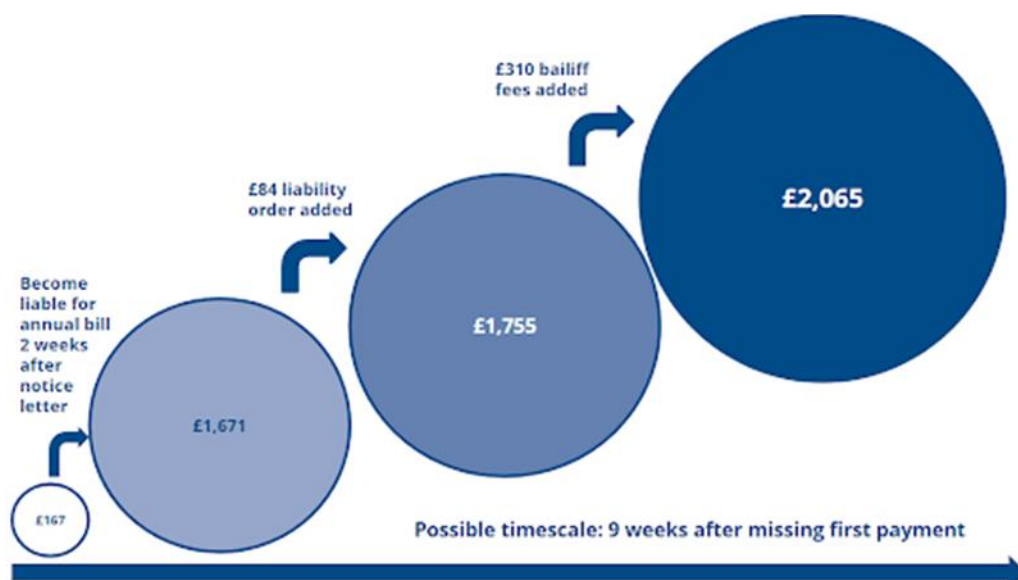
## Haringey Ethical Debt Reduction Policy

As a Council we believe in taxation. We believe in the premise that residents contribute to the infrastructure and services of the borough. Through local taxation we are able to deliver universal services such as libraries, waste collections and parks, we are able to invest in our public realm, maintaining our roads, pavements and public spaces, and we are able to deliver services for people in need like adult social care and child protection.

However, in cases where people are struggling to pay, we believe that our residents want us to adopt an approach to debt recovery which is both empathetic and effective in collecting revenues.

Research by Citizens Advice Bureaux (CAB) demonstrates the possible impact of cumulative debt<sup>1</sup>.

Figure 1: Citizens Advice Bureaux, 2019



We recognise that there is no public benefit in spending public money pursuing residents for payment if these residents have no means to pay or where such a payment would serve to make a resident more vulnerable. Greater vulnerability ultimately leads to greater demand on council services.

We acknowledge our legal duty to collect debt and raise funds for vital public services and recognise our responsibility to help those in need. We understand that times can be tough for some of our residents and believe the ethical position we must take is to help our residents prevent and safely manage debt.

<sup>1</sup>[https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Citizens%20Advice%20FOI%20request%20-%20council%20tax%20arrears%20collection%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Debt%20and%20Money%20Publications/Citizens%20Advice%20FOI%20request%20-%20council%20tax%20arrears%20collection%20(1).pdf)

This policy sets out the principles that will underpin the council's approach to doing this. It should be read in conjunction with our wider Haringey Tackling Debt Strategy, which sets out our proposed system wide approach to reducing debt and promoting financial security in the borough.

We have listened to local and national organisations, we are listening to feedback from our residents and we are learning from cases we are working on. That learning has informed the commitments in this policy, most importantly, we will:

- Review our Discretionary Housing Payments (DHP) delivery. This was called for by the Haringey CAB in their November 2020 report "DHP – Long Term Demand and Accessibility in Haringey";
- Implement a pre-action protocol. This was called for by Step Change, CAB and Money Advice Trust May 2020 briefing "Action needed to prevent a council tax enforcement 'cliff-edge' following Coronavirus".
- Establish a Local Welfare Assistance Scheme and Fund. This was called for by Trust for London in their November 2020 report "Response, Resilience and Recovery" and Children's Society's "Strengthening the Safety Net" campaign.
- Cease the use of bailiffs for Council Tax for people on very low-income, vulnerable, or facing mental health concerns. This was called for by Child Poverty Action Group and Zacchaeus 2000 Trust March 2020 report "Still too poor to pay".

This policy also prepares us for the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020, which we expect to come into force in May 2021. This legislation will allow us to give someone with problematic debt the right to legal protections from creditor action to give them time to find advice and an appropriate debt solution.

A standard breathing space will be available to any client with problem debt. It will give them legal protections from creditor action for up to 60 days. The protections will include pausing most enforcement action and contact from creditors and freezing most interest and charges on their debts.

A mental health crisis breathing space will only be available to a client who is receiving mental health crisis treatment. The mental health crisis breathing space will have some stronger protections than the standard breathing space. It will last as long as the client's mental health crisis treatment, plus 30 days.

Residents can choose to obtain support from other local and national agencies, and we will ensure that residents are aware of support available through our Local Welfare Assistance Scheme. Our aim is: to intervene early and effectively to help to prevent debt arising and devise pathways to help people to avoid getting into debt and quickly to get out of it.

### **The aim of this policy**

Underpinning this policy is the key principle that in order to deliver vital public services, it is critical that the Council collects the money that it is owed. This means ensuring that those who are able to pay, do, and that we have robust collection

methods in place to ensure that monies owed to us by people who can pay are collected effectively, and that we do this in a way that is lawful and is consistent with best ethical practice.

However, we recognise that debt collection can negatively impact our residents' wellbeing, increasing demand for services such as temporary accommodation, social services, and healthcare. This unintended consequence can adversely put further strain on some already limited finances. So our support approach outlined below will be focussed on helping vulnerable people experiencing the debts that recur, have significant consequences and are related to life's essentials: Council Tax, housing rent, benefit overpayments and care overpayments.

## **What we will do**

In line with the 4S approach in the Haringey Tackling Debt Strategy, we will do the following.

### **Support**

**Reform our communications:** Our letters need to encourage residents in need to contact us if they are facing problems.

- We will ensure our letters are supportive in tone to encourage engagement.
- We will make clear the support that people can access.
- They will be appropriate to the circumstances, such as for those newly in debt and those we can see are in regular debt.
- We will ensure that our letters are accessible in several community languages and large print and will offer a translation service for those whose English is a barrier to communication.

**Benefit Maximisation** We must ensure we have firm structures in place when people do contact us for support.

- We will create a new team of benefit advisors initially adding an additional two posts as Benefit Maximisation Officers.
- We will align our Benefits team in Customer Services to enable them to support with tier one advice and guidance and make a clear referral to benefit advisors where additional support is required.
- We will train all of our frontline staff in basic benefits advice so that they can inform residents of what is available.

**Helpline for people who are struggling to pay.** We must make it easy for people who are struggling to pay their debts to engage with us.

- We will ensure residents know how to get hold of us when they recognise a problem with paying and proactively call us.
- A helpline will be a first point of access for residents to get further support if required.

**Local Welfare Assistance Scheme:** We will launch our LWAS – our #Haringey Here To Help campaign - to ensure residents and partners are aware of the support available. We want to give residents the information to get the support needed. This

will work alongside a new Local Welfare Assistance Fund – the Haringey Support Fund.

- We will run an ongoing local and social media campaign to inform residents of the benefits and grants available.
- We will inform residents through all of our channels where they can seek advice if they do not wish to speak to us directly
- We will ensure our partners are consistently informed about benefits, grants and exemptions available to residents in Haringey.

### **Safeguarding**

We will ensure that the way we work recognises the signs of safeguarding through our collection process. This will be our 'pre-action protocol'.

**Triage:** We will implement a triage system that enables us to identify vulnerable people. If vulnerable:

- We will use historical data to establish whether the resident is someone in regular debt to us or newly in debt.
- We will check if they are claiming other benefits and if they are eligible for a council tax reduction or exemption they have not applied for.
- Where we have assessed the person as being unable to pay, we will pause enforcement and decide the best course of action<sup>2</sup>.
- We will attempt to contact residents who have just entered the debt journey to understand if there is an extenuating circumstance that has led to a sudden change them falling into arrears.

**Cease use of bailiffs for Council Tax** where people are on very low incomes, facing mental health challenges or who have other vulnerabilities.

**Joint working:** We recognise that the revenues and collections team can become aware of issues our residents are facing prior to other services.

- We will train our advisors to look for signs of vulnerability during engagement.
- We will ensure residents who are viewed as vulnerable are referred to the right service and tracking is in place to confirm when collection can resume or what agreement for repayment has been agreed.
- Where other services are working with a vulnerable client in debt, we will include those professionals' judgement in decisions about appropriate actions.
- Where we believe we are not the right department to create a viable payment plan – we will work with other professionals to help us design a payment plan that is conducive to a wider plan of support.

**Complex cases:** Where a case is complex, we will liaise with relevant services and support agencies to agree a plan of action. We will monitor and track with the relevant service that a repayment plan is in place and when collection can resume.

### **Systems**

We recognise that we need to review some of our systems to help residents avoid and prevent debt.

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<sup>2</sup> This will be a precursor to enacting the Breathing Space legislation which comes into force in May 2021.

**Use of Data:** We will reform the way we use our data to better shape our services including:

- Cross check if people in receipt of one benefit (e.g. free school meals) are claiming others they are entitled to (e.g. CTRS)
- We will target support to residents at an individual level, estate level, ward level, community level.

**Apply Once:** We will Implement a process so residents can use a single application form to route them to appropriate council-led benefits and support.

**Calculators and Databases:** We understand if residents had the tools, they could be able to help themselves navigate the support available.

- We will ensure all available self-help tools are available for our residents
- We will enable a clear route to a benefits calculator that enables residents to understand their own benefits eligibility.
- We will enable a clear route to budgeting tools
- We will enable a clear route to a grant finder

**Overpayment Prevention Systems:** We acknowledge that those on zero-hour contracts and inconsistent pay arrangements often fall into arrears with us due to overpayment. This is beyond our control to reform, but we know we can help our residents avoid this type of debt:

- We will make it clear to people on these types of benefits how they can avoid overpayment debt.
- We will make sure we regularly communicate how to report change of circumstances.
- We will set up a regular SMS reminder system for those on inconsistent pay arrangements to let us know of change of circumstances.
- We will assess how best to contact all residents who fall into overpayment regularly to understand what is causing the problem and give clear advice on how to avoid this in the future.

**Discretionary Housing Payments:** We understand that this is a key tool of support for people falling into debt. We will conduct a review of how we deliver the DHP including:

- Ensuring all of our services and partners are aware it exists.
- Ensuring residents understand they can apply directly.
- Review the current criteria to ensure it is as effective as needed.
- Implement a forecasting system to ensure spread of DHP throughout the year.

**Council Tax Reductions, discounts and exemptions:** We have already applied 100% discount for the lowest income families with children in the borough and made all our care leavers exempt from paying council tax.

- We will review our CTRS
- We will promote our exemptions and reductions to increase take-up.
- We will ensure through our triaging that eligible residents are claiming relevant discounts and exemptions.

- We will promote awareness of reductions and exemption for Care Leavers, Disability Band and 'Severely Mentally Impaired" (SMI)