

DEBT COLLECTION PRACTICES - POTENTIAL PILOT WITH REACHOUT

Item FRP 24/24 referred from Finance, Regeneration and Property Scrutiny Select Committee of 19 November 2024

Members reviewed and discussed the Borough Council's collection practices for council tax and other debts following the findings of the Money Advice Trust's 'Stop the Knock' research into local authority debt collection. A formal policy covering residents in vulnerable circumstances was included in the Corporate Debt Recovery Policy (attached at Annex 2). It was recommended that this was reviewed to reflect the more challenging financial position of our residents.

Consideration was also given to the proposal to commission a pilot scheme with an organisation called ReachOut to engage with residents struggling with debt and assist them with getting support to improve financial, mental and physical wellbeing. Details of the organisation were set out in Annex 3.

Whilst the Borough Council had a duty to collect public monies it was important to consider the welfare of those in vulnerable circumstances and the recommended pilot with ReachOut provided an opportunity to understand household circumstances and support those in debt. The Committee felt that a sample size of 500 cases for the pilot scheme seemed appropriate as consideration could be given to a further tranche if these was successful.

Members were pleased to note that the Money Advice Trust had found that the Borough Council already took some of its recommended steps in respect of debt collect practices. However, the Committee were asked to consider if other steps could be taken to improve practice including a publicly published commitment to make every possible effort to reduce the use of bailiffs.

Cllr Clokey proposed that the Borough Council should target a reduction in the need to use bailiffs. This was seconded by Cllr Boxall and supported by the majority of the Committee.

***Recommended:** That

- (1) a pilot scheme of up to 500 cases be approved and ReachOut be commissioned to engage with residents struggling with debt, as set out in 7 of the report, and reconnect those residents with the Borough Council's teams in order to resolve their debts;
- (2) a review of the Corporate Debt Recovery Policy be approved to reflect the more challenging financial position of residents; and
- (3) a statement be made highlighting the positive actions being taken by the Borough Council to engage with residents and re-emphasising that referrals to bailiffs were only done as a last resort and that a reduction in the need to use bailiffs would be targeted.

***Recommended to Cabinet**

