

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2367

Title: Debt collection and low-income Londoners – consultancy support

Executive Summary:

This ADD seeks approval to procure a project to develop the Equality and Fairness team's work on financial wellbeing, specifically relating to boroughs' collection of council tax arrears from low-income households.

This project will focus on deepening the GLA's understanding of the business case for collection practices that more effectively support low-income households with a view to informing future engagement with boroughs who collect council tax on the GLA's behalf.

This ADD builds on MD2461 which delegated authority for approving expenditure within the overall spending envelope for the Communities & Social Policy Programme Budget.

Decision:

That the Assistant Director of Communities & Social Policy approves:

Expenditure of up to £20,000 in financial year 2019/20 to procure services to engage with local authority officers and civil society organisations on the GLA's behalf on the basis laid out in the invitation to tender.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Jeanette Bain-Burnette

Position: Assistant Director,
Communities & Social Policy

Signature: J. E. Burnett

Date: 4/11/19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. London's 32 boroughs and the City of London collect council tax from London's residents, including a precept set by the Greater London Authority. In 2019-20, income from the precept will total £960.6m, covering around 8 per cent of the GLA Group's spending plans.
- 1.2. There is growing evidence¹ that the practice of collecting council tax from low-income households can be a cause of extreme poverty or destitution and may increase levels of problem debt.
- 1.3. Whilst there have been a number of attempts² to define a set of criteria on collection practices that councils can adopt – and which the GLA promotes in its responses to boroughs' consultations on changes to local council tax support (LCTS) schemes – even where boroughs have signed up, compliance tends not to be monitored or enforced. Furthermore, there is a lack of evidence of the business case for boroughs to sign up to specific actions.
- 1.4. Organisations including the Joseph Rowntree Foundation, the New Policy Institute and debt advice charity StepChange have met with officers and Assembly Members to request that the Mayor take action on problem debt and poor collection practices. In particular, they have suggested that the GLA could influence public authorities to improve their practices.
- 1.5. The GLA has entered into a number of funding agreements with boroughs to resource collections teams that pursue council tax arrears. These agreements have enabled boroughs to keep collections teams in-house. However the GLA has not so far sought to use these agreements explicitly as a means of influencing collections practices.
- 1.6. As well as its responses to consultations on LCTS schemes, as a precepting authority the GLA could seek further ways to encourage boroughs to sign up to voluntary codes of practice. The GLA could also promote specific measures within these codes, or actions that stretch boroughs to go further. Potential measures could include (but will not necessarily be limited to):
 - not instructing bailiffs to collect arrears from LCTS recipients;
 - not pursuing LCTS recipients for arrears through the courts;
 - not charging LCTS households court costs or bailiff fees;
 - establishing debt advice/support teams;
 - adopting a common definition of disadvantage to overcome the shortcomings of LCTS receipt as a proxy; and
 - better utilising borough datasets to identify households that may not be in receipt of LCTS but may still be vulnerable to falling into poverty/problem debt as a result of collection practices.
- 1.7. Key to engaging with boroughs to influence collection practices will be a deeper understanding of the costs to boroughs (and by extension to the GLA) from resourcing these practices or the foregone income that may result from implementing them.
- 1.8. The funding for this project (up to £20,000) will come from the Communities and Social Policy Programme Budget 2019-20 which was agreed via MD2461. In particular, this will form part of the Equality and Fairness programme focused on poverty, welfare and financial wellbeing, which aims to improve economic fairness by tackling the causes and effects of poverty and supporting low-income Londoners to improve their financial wellbeing.

¹ See https://cpag.org.uk/sites/default/files/StillTooPoor_web_update5Oct16_0.pdf;
<https://www.citizensadvice.org.uk/about-us/how-citizens-advice-works/media/press-releases/harsh-collection-methods-adding-half-a-billion-in-fees-to-peoples-council-tax-debt-citizens-advice-reveals/>

² See <https://www.citizensadvice.org.uk/about-us/our-campaigns/all-our-current-campaigns/council-tax-protocol/>;
<https://www.stoptheknock.org/>

2. Objectives and expected outcomes

- 2.1. The objective of procuring this project is to help clarify the role the GLA can play in influencing borough collection practices to better protect low-income households, by deepening the organisation's understanding of the business case for implementing these practices.
- 2.2. Specific tasks will include engaging with borough collections officers (and others) to quantify the costs associated with implementing such practices.
- 2.3. The results will help inform further actions that the GLA could take or funding agreements it enters into to promote specific collection practices and evaluate the effectiveness of those actions. The project outcome is to reduce poverty experienced by low-income Londoners which is exacerbated by poor debt collection practices.

3. Equality comments

- 3.1. The Mayor's Equality, Diversity and Inclusion (EDI) Strategy³ contains a number of specific objectives which align with particular aspects of the aims of this project:

Objective 13 – Child poverty: “To work with government, boroughs... to help address the root causes of child poverty. These include... the welfare system.”

- This is informed by evidence that some BAME groups, migrants and families with non-working mothers are at greater risk of living in poverty; and that women and children – especially those from BAME groups – and disabled people have lost out from welfare reforms. These groups are likely to be eligible for LCTS schemes and, depending on where they live, at risk from poor collection practices.

Objective 33 – Physical health: “To lead, and help co-ordinate, work to understand and address health inequalities and support at-risk communities to increase their health skills, knowledge and confidence.”

- This is informed by evidence of the link between welfare reforms and issues such as food poverty and debt and mental health issues. These aspects of extreme poverty have been linked to council tax collection practices and will have knock-on effects for physical health.
- 3.2. In addition, the recently published Survey of Londoners point to further evidence of the groups that are most likely to be represented in the group of roughly 500,000 Londoners that have household bills arrears, which include council tax bills. The groups include single parents (22%), Black Londoners (22%) and disabled Londoners (14%).
 - 3.3. These are the groups that would be expected to benefit from any improvement in collection practices designed to prevent households being pushed into problem debt.
 - 3.4. The GLA will ensure that the procurement meets the Public Sector Equality Duty.

4. Other considerations

Links to Other Mayoral Strategies and Priorities

- 4.1. Links to other work on poverty impacting on Disabled Londoners include:
 - The Economic Development Strategy which considers how the high costs of living in London can create barriers and how those on lower incomes often pay more for essential goods and services (a poverty premium) – which again disproportionately affects disabled households.

³ <https://www.london.gov.uk/sites/default/files/mayors-equality-diversity-inclusion-strategy.pdf>

- Fuel Poverty Action Plan –Disabled people are one of the key groups where fuel poverty is a concern.
- A recently established Economic Fairness team at City Hall that deliver a range of pledges through an Economic Fairness work programme. This team also convenes the Economic Fairness Steering Group.
- The Food Strategy⁴ which includes a specific section on reducing food insecurity, considering the role of poverty and inequality in what we eat.
- Health Inequalities Strategy⁵ which considers the wider determinants of health, including wealth and income.

Risk Management

- 4.2 Any practices that had the effect of reducing the amount of council tax arrears that boroughs collect would directly lead to reduced income for the GLA. This has to be balanced against the detriment that collection practices can do to low-income households. This project is designed to help inform the GLA's decisions on how to strike that balance.

Conflicts of interest

- 4.3 There are no conflicts of interest to note for any of those involved in the drafting or clearance of the decision.

5. Financial comments

- 5.1 This project will be put to competitive tender. Bidders will be asked to provide a price for the tender, including a breakdown showing expenses, sub-contracting costs and VAT. Early engagement has identified a number of potential bidders that the tender opportunity will be shared with.
- 5.2 Expenditure of up to £20,000 will be funded from the Communities and Social Policy programme budget 2019-20 agreed via MD 2461. Specifically, it will come from the 'Social Mobility – low-income Londoners' budget code – GG.0280.002.004.002.

6. Planned delivery approach and next steps

Activity	Timeline
Invitation to tender issued	Early November 2019
Deadline	25 November 2019
Interviews or clarification questions (if necessary)	28 or 29 November 2019
Delivery Start Date	6 December 2020
Draft outputs	Late February 2020
Final outputs	Early March 2020

Appendices and supporting papers:

None.

⁴ https://www.london.gov.uk/sites/default/files/final_london_food_strategy.pdf

⁵ https://www.london.gov.uk/sites/default/files/health_strategy_2018_low_res_fa1.pdf

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason:

This report contains information which, if published before the completion of the procurement of services required, would prejudice the GLA's commercial interests in stimulating genuine competition for such services and securing best value which is not in public interest.

Until what date (a date is required if deferring): after contract is awarded or by 31 March 2020.

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Dan Drillsma-Milgrom has drafted this report in accordance with GLA procedures and confirms the following:

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 4 November 2019.

ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature



Date

05.11.19

