

FINANCE AND EFFICIENCY PORTFOLIO

DECISION SCHEDULE



Tuesday, 23 September 2008

at 10.00 am

in Committee Room A,
Civic Centre, Hartlepool

Councillor Payne, Cabinet Member responsible for Finance and Efficiency will consider the following items.

1. **KEY DECISIONS**

No items

2. **OTHER ITEMS REQUIRING DECISION**

- 2.1 Blakelock Road Day Centre: Closure, Demolition And Sale Of Land - *Head of Procurement, Property Services and Public Protection*
- 2.2 Chief Executive's Departmental Plan 2008/09 – 1st Quarter Monitoring Report - *Chief Financial Officer, Chief Solicitor and Director of Neighbourhood Services*
- 2.3 Internal Bailiff Pilot - *Chief Financial Officer*
- 2.4 Incentive scheme to encourage Benefit Customers to open Credit Union bank accounts - *Chief Financial Officer*

3. **ITEMS FOR INFORMATION**

No items

4. **REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

No items

5. **LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006**

EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006

6. **KEY DECISION**

No items

7. OTHER ITEMS REQUIRING DECISION

- 7.1 36 Rydal Street (para 3) - *Head of Procurement, Property and Public Protection*
- 7.2 Briarfields Update (para 3) - *Head of Procurement, Property and Public Protection*

FINANCE AND EFFICIENCY PORTFOLIO
Report to Portfolio Holder
23rd September 2008



Report of: Head of Procurement, Property Services and
Public Protection

Subject: BLAKELOCK ROAD DAY CENTRE:
CLOSURE, DEMOLITION AND SALE OF LAND

SUMMARY

1. PURPOSE OF REPORT

To advise upon the relocation of Services, the redundancy of the building and to seek Portfolio Holder approval to the demolition of the property and the disposal of the land to raise a Capital Receipt.

2. SUMMARY OF CONTENTS

The existing services have relocated to the Hartfields extra care village development at Middle Warren. The property is surplus to Council requirements and the Council has no imminent use identified for the site and no strategic reason to retain it.

3. RELEVANCE TO PORTFOLIO MEMBER

Portfolio Holder has responsibility for the Council's land and property management.

4. TYPE OF DECISION

Non-Key.

5. DECISION MAKING ROUTE

Portfolio Holder only.

6. DECISION(S) REQUIRED

6.1 That Portfolio Holder: -

- Notes the closure of the Blakelock Road Day Centre.

- Approves the demolition of the property to leave a cleared site for redevelopment.
- Approves the disposal of the site on the open market. The subsequent terms of any such disposal be reported to the Portfolio Holder for approval prior to marketing.

Report of: Head of Procurement, Property Services and Public Protection.

Subject: BLAKELOCK ROAD DAY CENTRE:
CLOSURE, DEMOLITION AND SALE OF LAND

1. PURPOSE OF REPORT

- 1.1 To advise upon the relocation of Services, the redundancy of the building and to seek Portfolio Holder approval to the demolition of the property and the disposal of the land to raise a Capital Receipt.

2. BACKGROUND

- 2.1 Following the approval given at your meeting held on the 14th March 2008 for the Council to undertake a lease at part of the Hartfields extra care village development at Middle Warren the Adult and Community Services Department have now relocated the services previously delivered from the Blakelock Road Day Centre to Hartfields.
- 2.2 Adult and Community Services have no further use for the Blakelock Day Centre and its availability to other Departments has been circulated and no service requirement has been identified for the property within the Council.
- 2.3 The property is surplus to Council requirements and there is no strategic reason to retain it or the land upon which it is located.
- 2.4 It is considered that a cleared site would be suitable for redevelopment.

3. PROPOSALS

- 3.1 That the building be demolished to provide a marketable cleared site.
- 3.2 The site be disposed of on the open market. The subsequent terms of any such disposal be reported to the Portfolio Holder for approval.

4. FINANCIAL CONSIDERATIONS

- 4.1 The Financial Implications can be found attached at the **Confidential Appendix 1. This item contains exempt information under schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely, information relating to the financial or business**

affairs of any particular person (including the authority holding that information).

5 ASSET MANAGEMENT CONSIDERATIONS

- 5.1 The Strategic Capital Resource and Asset Programme Team have given consideration to the matter and determined that the proposal facilitates the delivery of the Council's Medium Term Accommodation Strategy and the Business Transformation Programme by optimising the utilisation of assets in terms of service benefits, accessibility and financial return.

6 SECTION 17 AND RISK MANAGEMENT

- 6.1 Acknowledging that a vacant property presents risks and can attract anti-social behaviour resulting in malicious damage, arrangements will be put in place to provide a suitable level of security sufficient to ensure that the Council's Duty of Care and compliance with the requirements of Section 17 of the Crime and Disorder Act are fulfilled.

7. RECOMMENDATIONS

- 7.1 That Portfolio Holder: -
- Notes the closure of the Blakelock Road Day Centre.
 - Approves the demolition of the property to leave a cleared site for redevelopment.
 - Approves the disposal of the site on the open market. The subsequent terms of any such disposal be reported to the Portfolio Holder for approval prior to marketing.

8. REASONS FOR RECOMMENDATIONS

- 8.1 The property is surplus to Council requirements and there is no strategic reason to retain it or the land upon which it is located.
- 8.2 An unoccupied building creates Community Safety issues and is detrimental to the visual amenity of the surrounding area.
- 8.3 A cleared site would be more suitable for marketing for redevelopment.
- 8.4 The cost of demolition can be funded from the Capital Receipt received from the disposal of the cleared land.

- 8.5 The proposal optimises the utilisation of assets in terms of service benefits, accessibility and financial return.

9. CONTACT OFFICER

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FINANCE AND EFFICIENCY PORTFOLIO

Report to Portfolio Holder

23 September 2008



Report of: Chief Financial Officer, Chief Solicitor and
Director of Neighbourhood Services

Subject: CHIEF EXECUTIVE'S DEPARTMENTAL PLAN
2008/09 – 1ST QUARTER MONITORING
REPORT

SUMMARY

1. PURPOSE OF REPORT

To inform the Portfolio Holder of the progress made against the Chief Executive's Departmental Plan 2008/09 in the first quarter of the year.

2. SUMMARY OF CONTENTS

The progress against the actions contained in the Chief Executive's Departmental Plan 2008/09.

3. RELEVANCE TO PORTFOLIO MEMBER

The Portfolio Member has responsibility for performance management issues in relation to finance, legal services and procurement

4. TYPE OF DECISION

Non-key.

5. DECISION MAKING ROUTE

Portfolio Holder meeting 23 September 2008.

6. DECISION REQUIRED

Achievement on actions be noted and new target dates agreed

Report of: Chief Financial Officer, Chief Solicitor and
Director of Neighbourhood Services

Subject: CHIEF EXECUTIVE'S DEPARTMENTAL PLAN
2008/09 – 1ST QUARTER MONITORING
REPORT

PURPOSE OF REPORT

1. To inform the Portfolio Holder of the progress made against the key actions identified in the Chief Executive's Departmental Plan 2008/09 for the period up to 30 June 2008.

BACKGROUND

2. The Finance and Efficiency Portfolio Holder agreed the Chief Executive's Departmental Plan in May 2008.
3. The Chief Executives Department is split into five divisions, with Finance, Legal Services and Procurement Divisions reporting to the Finance and Efficiency Portfolio Holder. Issues relating to Corporate Strategy and Human Resources are reported separately to the Performance Portfolio Holder.
4. The Chief Executive's Departmental Plan 2008/09 sets out the key tasks and issues within an Action Plan to show what is to be achieved by the department in the coming year. The plan also describes how the department contributes to the Organisational Development actions as laid out in the 2008/09 Corporate Plan. It provides a framework for managing the competing priorities, communicating the purpose and challenges facing the department and monitoring progress against overall Council aims.
5. The Council recently procured a new piece of software, called Covalent, which is used to collect and analyse corporate performance. During the year Covalent will be used to collect performance information detailed in the Corporate Plan, the five Departmental Plans as well as Service and Operational Plans. The new system will also be used to monitor Risk Management across the council within the Performance Management Framework.
6. Each Division has also produced a Divisional Service Plan, detailing the key tasks and issues facing each division in the coming year. Each plan contains an action plan, detailing how each individual division

intends to contribute to the Organisational Development actions contained in the Corporate Plan, as well as the key tasks and priorities contained in the Chief Executives Departmental Plan. Divisional Chief Officers will have the lead responsibility for managing performance of issues and tasks identified in their divisional plans. Where appropriate, issues can be escalated for consideration by CEMT.

FIRST QUARTER PERFORMANCE

7. This section looks in detail at how the Finance, Legal and Procurement Divisions have performed in relation to the key actions that were included in the Chief Executives Departmental Plan 2008/09. On a quarterly basis officers from across the department are asked, via Covalent, to provide an update on progress against every action contained in the Departmental Plan and, where appropriate, every Performance Indicator.
8. Officers are asked to provide a short commentary explaining progress made to date, and asked identify the expected outcome of each action set out in the Departmental Plan. The following traffic lights are used within the Covalent system:



Achieved Target



Expected to achieve target



Target not achieved







Not expected to achieve target

OVERVIEW OF PERFORMANCE

9. Within the Finance, Legal and Procurement Divisions there were a total of 69 actions identified in the 2008/09 Departmental Plan. Table 1, below, summarises the progress made, to the 30 June 2008, towards achieving these actions.

Table1 – Finance, Legal and Procurement progress summary

		Finance	Legal	Procurement	Total
	Achieved Target	20	6	0	26
	Expected to achieve target	29	4	4	37
	Target not achieved	6	0	0	6
	Not expected to achieve target	0	0	0	0
	Total	55	10	4	69

10. A total of 26 actions (38%) have been reported as having achieved their targets and a further 37 (54%) have been noted as expected to achieve their target.

11. However, a total of 6 (9%) actions have been highlighted as not achieving their target. More information on these actions can be found in the relevant sections below.

Finance Division

12. The Plan contained 55 actions that were the responsibility of the Finance Division. At the end of the first quarter 20 actions had been completed (36%), and a further 29 (53%) were assessed as being on target to be completed by the target date. However, 6 actions did not achieve their target (11%). Table 2 below details these actions, together with a comment explaining why the deadline has not been met and any appropriate remedial action along with any request by the division to amend the target date.

Table2: Finance Divisions Actions where target was not achieved

Ref	Action	Date to be Completed	Comment
Outcome: Co-ordinate the Tender / Award of the Council's corporate Cash in Transit contract (CSO 20)			
CED A301	Invite expressions of interest and issue tender documents	30/06/2008	All documentation completed and ready to go to advert in 2nd quarter
Outcome: Develop Mobile / Home working (CSO 14)			
CED A271	Develop / adopt Finance Division Homeworking policy framework	31/05/2008	HR currently co-ordinating finalised doc for corporate adoption
Outcome: Develop arrangements for the Centralisation of Financial Administration, Debtors, Payments / Receipts and other Financial Admint (CSO 11)			
CED A255	Quantify numbers of staff /	30/06/2008	Work on this objective has been deferred

	proportion of time, staff input cost associated with core themes		for a number of reasons. Firstly resources were prioritised for completion of the Job Evaluation payment arrangements and the upgrade and introduction of Integra E-Series. Both of these projects are scheduled for completion at the end of September. Secondly the outcomes of the business transformation review were awaited to see what proposals this offered for consolidation of services. It is expect the work to be rescheduled once the proposals from the business transformation review are issued.
Outcome: Maintain Benefits Service CPA Score 2008 and prepare for future inspection regime (CSO 17)			
CED A286	Benchmark Benefits Service against new Audit Commission Inspection KLOE Framework	30/06/2008	initial data gathering is progressing well target date to be reviewed
Outcome: Review of Cashiering Service arrangements (CSO 21)			
CED A306	Costing analysis of service delivery options	30/06/2008	Analysis scheduled to be finalised by end of Q3
CED A307	Evaluation of corporate operational impacts of options	30/06/2008	Informal analysis and discussions completed. Formal review plus report to PH to be completed by end of Q3

13. Within 2008/09 the Finance Division completed a number of actions, including: -

- Homeworking has been promoted and extended with 2 additional members of staff working at home on a part time basis with plans for more staff to work from home over the next few months.
- Direct debit payment arrangements are now setup on Business Improvement District accounts

14. The Finance Division currently monitors 8 Performance Indicators all of which are expected to achieve their target.

Legal Division

15. The Plan contained 10 actions that were the responsibility of the Legal Division. As at 30 June a total of 6 actions (60%) had been completed, and a further 4 (40%) were on target to be completed by the target date stated in the plan. No actions have failed or are expected to fail to meet their target.

16. Within the first quarter of 2008/09 the Legal Division completed a number of actions, including: -

- Letters have been sent to all councillors explaining personal interests and prejudicial interests
- Re-enforcement of whistle blowing policy will be included in future officer training as well as the policy being circulated to officers across the council and the external contractors where applicable.

17. The Legal Division does not currently monitor any performance indicators within the Chief Executive's Departmental Plan.

Procurement Division

18. The Plan contained 4 actions that are the responsibility of this division with all four currently expecting to achieve various targets throughout the coming year.

19. The Procurement Service Division does not currently monitor any performance indicators within the Chief Executive's Departmental Plan

Recommendations

20. It is recommended that achievements of key actions are noted.

FINANCE & EFFICIENCY PORTFOLIO

Report to Portfolio Holder

23 September 2008



Report of: Chief Financial Officer

Subject: INTERNAL BAILIFF PILOT

SUMMARY

1.0 PURPOSE OF REPORT

1.1 This report seeks approval by the Portfolio Holder to the business case for formally incorporating the Pilot Internal Bailiff Team into a permanent function within the Finance Division's Revenues establishment.

2.0 SUMMARY OF CONTENTS

2.1 The report describes how council tax and business rates enforcement has been undertaken in the past, and how the new internal arrangements are both cost effective and responsive to local needs.

2.2 The report goes on to detail proposals for the future and the additional resource required to support these plans.

3.0 RELEVANCE TO PORTFOLIO MEMBER

3.1 The Council's internal bailiff initiative includes measures to minimise hardship and proposals for joint working arrangements with a neighbouring council, which are of relevance to the Finance and Efficiency Portfolio Holder.

4.0 TYPE OF DECISION

4.1 The decision is considered to be a non-key decision.

5.0 DECISION MAKING ROUTE

5.1 The Finance & Efficiency Portfolio Holder only.

6.0 DECISION(S) REQUIRED

- 6.1 That the Portfolio Holder notes the success of the Council's internal bailiff pilot and approves formalising the arrangements into the Revenues establishment.
- 6.2 That the Portfolio Holder endorses the proposed joint working arrangements between Hartlepool and Darlington for the provision of a bailiff service.
- 6.3 That the Portfolio Holder agrees to the appointment of 2 additional posts within the team, a bailiff administration post (band 5) and a further Internal bailiff post (band 9) to support the proposed joint working plans.

Report of: Chief Financial Officer

Subject: INTERNAL BAILIFF PILOT

1. PURPOSE OF REPORT

1.1 This report seeks approval by the Portfolio Holder to the business case for formally incorporating the Pilot Internal Bailiff Team into a permanent function within the Finance Division's Revenues establishment.

2. BACKGROUND

2.1 The Council Tax (Administration & Enforcement) Regulations 1992 include provisions to allow Councils to enforce council tax and business rate debts once a Magistrates' Court liability order has been obtained, by where appropriate levying distress against a debtor i.e. removing goods. At Hartlepool, this function had traditionally been carried out by external private bailiff companies, most recently Equita and Phillips.

2.2 The service was provided to the Council on a nil cost basis in that the external bailiff companies recouped their costs by recovering fees and charges directly from the debtor, under the provisions of Schedule 5 and Schedule 3 of the Council Tax and Non-Domestic Rating Regulations respectively. Hartlepool's local arrangement mirrored the national model.

2.3 The external bailiff companies also provided a warrant of arrest service for cases that had reached a committal stage, when all previous attempts to collect the outstanding debt have failed and the only option remaining to the Council is to request that the Magistrates commit the debtor to prison. Action of this nature is not taken lightly by the Council and in practice, usually results in a suspended prison sentence being granted by the Magistrates on condition that the debtor adheres to a payment arrangement. Inevitably, as debtors fail to attend the hearing or subsequently default on the arrangement, warrants of arrest are issued by the Court and passed to the external bailiff companies to enforce. This service was, and still is provided on a case by case fee basis, which currently stand at between £30 and £85 depending on the nature of the warrant.

2.4 Notwithstanding the Council's arrangements which require the external bailiffs to comply with the Council's Code of Bailiff Conduct, concerns had long been raised by staff and local support groups

about the manner in which external bailiffs approached collecting debts from vulnerable individuals. As profit making organisations, their main priority appeared to be the collection of their enforcement fees and costs, as opposed to whether bailiff action was an appropriate method of collection given the individual circumstances of the debtor.

- 2.5 The Tribunals, Courts and Enforcement Bill promised to address some of the issues associated with bailiff activity more stringent regulation of the enforcement industry. Whilst the Bill received Royal Assent in July 2007, the secondary legislation that is required to enact the proposals has not yet been finalised, largely because of the far reaching consequences to the enforcement industry. These proposals include provisions to introduce an 'up-front' fee payable by bailiff commissioning organisations such as the Council to enforcement agents, rather than the current system whereby fees and costs are payable by the debtor to the enforcement agent. Whilst the Council could subsequently recharge such costs to the debtor, there remains a risk that they would be unpaid. In these circumstances, such costs would fall on the Council and could be as much as £50k per annum.

3. INTERNAL BAILIFF PILOT

- 3.1 Towards the end of 2005, a review of the Council's current methods of enforcement was undertaken. This review coincided with the development of a formal anti-poverty policy, which detailed the Council's debt recovery procedures and also the help available for people experiencing genuine hardship.
- 3.2 Given the uncertain future of the enforcement industry and the Council's commitment to maximising the financial resources of families to improve lifestyle opportunities, a pilot exercise was undertaken to evaluate the benefits of an internal bailiff function, as an alternative to the use of external bailiffs.
- 3.3 An existing Revenues member of staff, was appointed on a temporary basis to the position of internal bailiff in 2006. This appointment complimented the anti-poverty policy in that the internal bailiff would be expected to take a holistic view of the debtor's position, identify hardship cases, provide advice and financial help and refer cases through to the appropriate support channels.
- 3.4 A further advantage of the pilot was that the Schedule 5 and 3 fees and costs, incurred by the debtor as a result of the enforcement action by the internal bailiff, would be treated as Council income and could be used to offset the cost of the initiative.
- 3.5 Before a person can undertake enforcement duties, whether employed by a private firm or local authority, they must prove that they are a 'fit and proper person' and have reached a standard of competence in the enforcement field. This level of professionalism is

tested through the County Court's bailiff certification process. It is a convoluted process that can take up to 3 months. It involves a person providing references and a bond to the Court, and being questioned by a Judge at a formal hearing about their enforcement knowledge and experience, and their character.

- 3.6 Whilst the Council's internal bailiff had previously been employed by a firm of private bailiffs and had therefore benefitted from some commercial experience of the role, management believed that this needed to be supplemented with a Local Authority perspective. He therefore spent time shadowing staff from the internal bailiff team at Sunderland City Council, who had already received national recognition for their work in this area. As a result of this approach, the internal bailiff was successful in gaining certification in November 2006.
- 3.7 The internal bailiff role quickly became an integral part of the recovery process as the team recognised the benefits of this initiative:
- faster turn around of cases;
 - payment arrangements were more realistic and therefore more were adhered to;
 - more efficient and appropriate methods of recovery were identified during the visit such as attachment to earnings / benefit;
 - hardship and other vulnerable cases were identified immediately and referred to the appropriate support network;
 - 'won't pay' cases where goods could not be removed were referred for committal more quickly.
- 3.8 Whilst cases were still being passed to the external bailiffs for action, the internal pilot quickly established itself as the preferred method of bailiff action, being both the more effective and reliable means of enforcement. Within the first full year of operation, the internal bailiff dealt with over 1200 cases and collected in excess of £200k, which compared favourably with the performance of the external bailiff. As envisaged, the actual costs of the Pilot were offset by the costs and fees of £60k, generated during the same period:

Income from costs & fees at 31/10/07	£60,000
Less costs:	
Staffing (1FTE Sc6 + on costs)	£25,700
Less overheads	
Vehicle hire	£2700
Derv	£380
<u>Surplus</u>	<u>£31,220</u>

4. CURRENT POSITION

- 4.1 The internal bailiff team has continued to build on its' initial success and is now responsible for enforcing all of the Council's liability orders

granted by the Court, for non-payment of council tax and business rates, with the exception of out of area cases.

- 4.2 To meet increased demand and ensure adequate capacity and resilience, the in-house pilot has developed with the appointment of a second bailiff (an existing member of staff) in 2007, who became certificated in the December. In addition, the Senior Revenues Officer, responsible for supervising the internal bailiff team, also became certificated in 2007, and now covers periods of holiday leave to ensure the enforcement process at no time losses momentum.
- 4.3 To maximise time out in the community, each bailiff has been equipped with a tablet PC, which allows them to check debtor accounts online during visits and to update the council tax and business rates systems with payment plans and details of the visit.
- 4.4 The Team's expansion has meant that it can now also serve/issue legal notices and documents for other Council departments. Alongside its usual enforcement visits, the Team also operates a service for the sundry debt recovery team, by visiting debtor's homes and brokering arrangements for outstanding sundry debt invoices, in some cases avoiding County Court action. The Team also stepped into the breach when the Council's cash in transit provider was unable to pick up the schools' collections before the end of term, ensuring that the monies were securely collected / banked.
- 4.5 Thus far, the internal bailiffs have successfully avoided the need to remove goods and vehicles, largely by identifying more appropriate methods of enforcement or agreeing suitable repayment plans. However, should the removal of goods be the only remaining enforcement option, the necessary removal, storage and auctioneering arrangements have already been made to ensure that the goods can be removed quickly and efficiently, within the provisions of the regulations.
- 4.6 Inevitably, enforcing all liability orders internally rather than passing them to an external bailiff, has created an additional workload with the team in terms of the administrative support required to support the function. Arrangements for payment, handling responses to enquiries, making bailiff appointments etc, are now all dealt with by the Council.
- 4.7 With the appointment of the second internal bailiff, the team has been successful in collecting in excess of £285k of outstanding council tax and business rates. At the same time, the costs and fees generated by the bailiff action have continued to support the team's expansion:

Income from costs & fees – 1/11/07 to 31/08/08	£74,000
Less costs:	
Staffing (2FTE Sc6 + on costs)	£41,700
Less overheads	
Vehicle hire	£6,960
Derv	£650
<u>Surplus</u>	<u>£24,690</u>

5. FUTURE PLANS

- 5.1 In light of the expected changes to the enforcement industry and the introduction of ‘up-front’ fees, Hartlepool’s internal bailiff arrangements have received interest from a number of neighbouring councils. Whilst councils have been willing to tolerate the weaknesses of an external bailiff service because of the nil cost arrangement, the introduction of a fee combined with pressure from central government to respond to hardship cases, makes the Hartlepool arrangement an attractive option.
- 5.2 Officers are in the process of finalising an agreement with Darlington Borough Council whereby Hartlepool Borough Council will provide a bailiff service for the enforcement of council tax and business rate liability orders.
- 5.3 In the short term, this service would be provided one day each week over a period of 3 months, for an agreed daily fee. Should the arrangement be both workable and beneficial to both Councils, more formal longer term joint working models will be developed, whereby the fixed costs of the service would be shared by both Councils.
- 5.4 The potential also exists in the future for a joint Hartlepool / Darlington Bailiff Service to be offered to other Councils on a chargeable basis, but with the assurance that local anti-poverty policies will determine how each case is enforced.
- 5.5 However, to facilitate the joint working project with Darlington, and place the shared Hartlepool / Darlington bailiff service in a position to pick up work from other councils, an appointment of a further internal bailiff is necessary.
- 5.6 With the additional staff capacity, the Council would also be able to bring the service of warrants of arrest in-house, a service that the Council currently pays an external bailiff in the region of £15k each year to perform.

6. CONCLUSIONS

- 6.1 From the start of the Pilot, the Internal bailiff function has proved to be a valuable resource, on a divisional level for local taxation purposes and also on a corporate level by providing services to other departments. The Pilot has tangibly demonstrated that an internal function can meet central government and local objectives by providing a cost effective, efficient service that is sensitive and responsive to local needs.
- 6.2 The Pilot has also achieved intangible efficiencies that are less easily evidenced. Undertaking a detailed review of debtors' circumstances at the latter stages of recovery, who may previously have opted to 'bury their head in the sands', not only identifies hardship cases but the most appropriate methods of collection.
- 6.3 The resource already invested in this Pilot in terms of training, the certification process and the effective, and efficient administration procedures, places Hartlepool in an excellent position to extend this service to other neighbouring councils, who are increasingly recognising the advantages of moving to an internal function.

7. RECOMMENDATIONS

- 7.1 That the Portfolio Holder notes the success of the Council's internal bailiff pilot, both in terms of efficiency and meeting the Council's objective of responding to individual needs and "increasing financial resources within family environments to provide improved life style opportunities" (Corporate Plan 2008/09).
- 7.2 That the Portfolio Holder agrees to the internal bailiff team being incorporated into the Finance Division's Revenues establishment as a permanent function.
- 7.3 That the Portfolio endorses the proposed joint working arrangements between Hartlepool and Darlington for the provision of a bailiff service.
- 7.4 That the Portfolio Holder agrees to the appointment of 2 additional posts within the team, a bailiff administration post (band 5) and a further internal bailiff post (band 9) to support the future development of the service.

FINANCE and EFFICIENCY PORTFOLIO

Report to Portfolio Holder

23rd September 2008



Report of: Chief Financial Officer

Subject: Incentive scheme to encourage Benefit Customers to open Credit Union bank accounts

SUMMARY

1.0 PURPOSE OF REPORT

The report seeks approval to introduce an incentive payment to each housing benefit customer who opens a Credit Union bank account during a three month period following the introduction of the new bank account facility and agrees to have their Local Housing Allowance paid into that account.

2.0 SUMMARY OF CONTENTS

The report provides details of Local Housing Allowance and the reasons for the proposed incentive scheme.

3.0 RELEVANCE TO PORTFOLIO MEMBER

This matter can be dealt with by the relevant cabinet member.

4.0 TYPE OF DECISION

Non-key decision.

5.0 DECISION MAKING ROUTE

To portfolio holder.

6.0 DECISION(S) REQUIRED

Approval of an incentive scheme to be introduced for a three month period following the introduction of the Credit Union bank accounts.

Report of: Chief Financial Officer

Subject: Financial Incentive for Housing Benefit customers opening a Credit Union bank account

1. PURPOSE OF REPORT

The report seeks approval to introduce a financial incentive to housing benefit customers who open a credit union bank account and agree to have their housing benefit paid into that account.

2. BACKGROUND

- 2.1. Over-indebtedness has a significant impact on individuals, their families and the wider community. Furthermore, those that are disadvantaged often struggle to access affordable lines of credit that are available to more affluent individuals, which compounds their problems of managing on limited resources. In practice this can often result in the disadvantaged taking credit through expensive routes e.g. high cost retail providers, doorstep lenders and illegal loan sharks. The high rates of interest typically attached to such credit adds to the financial challenges faced by the disadvantaged. Unfortunately, these loans are often taken out to pay for the most basic necessities such as school uniforms, furniture and white goods.
- 2.2. Those that are financially disadvantaged often face problems in establishing bank accounts and in avoiding incurring banking charges. This is significant as the operation of a bank account from which direct debit payments can be made can mean that the individual can then usually access discounts on the cost of a range of important services including electricity, gas, water, phones etc. Also without direct debit, it is harder to manage your finances and easier to fall into arrears. Furthermore, the lack of a bank account can impact on the ability to find work as most employers pay wages directly into an account.

3. LOCAL HOUSING ALLOWANCE

- 3.1. In April 2008, the Council implemented local housing allowance for housing benefit, covering tenants in the private rented sector. One of the elements of local housing allowance is that payment of benefit will normally be to the claimant and not the landlord. This change is in line with the government desire to extend the principle of tenant

responsibility. This initiative also requires the benefit recipient to have access to a bank account into which housing benefit can be paid. Unfortunately, it can be difficult for the disadvantaged to establish bank accounts and one option available is for the Council to pay local housing allowance to the Credit Union who will then establish secure accounts for the benefit claimant and from which bills including housing rent can be paid.

- 3.2** Hartlepool Credit Union with funding from the DWP and other stakeholders including Hartlepool Borough Council are shortly to introduce the Credit Union Current Account which will give the account holder a debit card linked to their account that can be used in shops and to withdraw money from cash machines. Additionally, account holders will be able to set up standing orders and direct debits.

This initiative will promote financial inclusion for those that are most disadvantaged when allied to the provision of financial advice and support and contribute to the achievement of a key corporate objective.

- 3.3** From the Councils perspective, payment of Housing Benefit by electronic bank transfer is both very secure and the most efficient and cost effective method of making payment. A Local Housing Allowance Benefit claimant could receive 26 cheque payments per year. The administrative cost of producing / issuing these payments could be about £62 per year. However the cost of making these payments electronically into a bank account would be a fraction of this. Furthermore the making of electronic payments is consistent with the Council's Business Transformation Agenda.

- 3.4** Currently as a significant number of benefit claimants receiving benefit payments do not have access to a bank account they are having to visit the Civic Centre to have their benefit cheques encashed. This impacts on waiting times and customer service at the Civic Centre cashiering facility. If the new bank accounts are embraced by the benefit claimants there will be a reduction in the need for benefit claimants to visit the Civic Centre as they will be able to access their monies using an ATM card.

4. RECOMMENDATION

- a)** Approval of the introduction of an appropriate financial incentive payment in the form of a monetary credit to a credit union bank account for benefit customers who open a new account with the credit union within 3 months of the accounts being introduced.