

Agenda Item 5 – Chief Executive’s Report, May 2023

Introduction

1. The consultation on our business plan has now concluded and we received nine responses. There is a separate item on the agenda to discuss the ECB’s response and final business plan and levy. For future CEO’s reports, as we get going on the specific workstreams in our business plan, I will structure my reports around these priorities.
2. The Board is also discussing a draft operational plan and I propose to publish a version of this in the coming weeks, to provide some of the operational detail and milestones that were not included in the draft business plan.
3. In addition to finalising our business plan, the focus of the last month has been engagement and knowledge building, alongside significant work on building the organisation and recruitment.

Current cash position

4. The cash position at the end of April will be **£317,708**, against a forecast of £313,590 in our budget for the end of April. This includes the £176,000 loan from CIVEA, which is due to repaid by March 2024.
5. Last time the Board met there were six small firms that had yet to pay their levy for the establishment of the ECB. We have followed up with each of these, with help from CIVEA. As a result, we have since received payment from four and the remaining two have committed to pay imminently. I hope that we will have received 100% payment soon.
6. Forecast expenditure for May is £59,470.

Recruitment

7. We have recently contracted with a freelance communications and engagement specialist, for two days a week. This is initially on a four month contract, to help us develop a stakeholder engagement plan, develop proposals for our longer-term approach to resourcing communications and engagement and provide general support and advice. It is exciting to have her on board, as she brings a wealth of relevant experience.
8. We are currently undertaking recruitment, using agents, for two roles:
 - Policy Manager

- Director of Policy and Oversight

9. Initial signs are positive in terms of the response to these opportunities from the market.

10. I have also brought in some freelance administrative support, which will be very welcome.

11. Finally, we are getting closer to agreeing terms with the Ministry of Justice for a secondment of policy resource. I am hopeful that this will materialise by early summer.

12. Bringing in these additional colleagues is an important and exciting milestone as we look to start meaningful delivery against the activities in our business plan.

Communications and engagement

13. Since the last Board meeting, we have now published two additional blogs, which can be found on our website. The latest one included my reflections on a morning I spent with an Enforcement Agent in Stoke.

14. I will be writing an article for the Summer edition of Enforcement News and one for the Summer edition of Quarterly Account (from the Institute of Money Advisors).

15. I have a number of speaking engagements coming up, including:

- The CIVEA AGM
- The IRRV Summer Conference
- HCEOAGM

16. I have benefitted from a wide range of opportunities to extend my knowledge and understanding of the sector, including the following:

- Meeting with the Money and Pensions Service
- Attending a meeting of the Taking Control Coalition
- Trips to Rundles and Bristow and Sutor (with the Chair)
- Meetings with CDER, Arum, Just and Andrew James
- Meetings with CIVEA's CARE panel, to better understand how they currently assess complaints
- Attending a Board meeting of the High Court Enforcement Officers Association

17. In terms of government engagement, I met with the Minister for Social Justice in Wales, who is extremely supportive of the ECB. I have also established regular catch ups with colleagues at the Ministry of Justice. We have sent our response to

Clive Betts MP (Chair, Levelling Up, Housing and Communities Committee), following his request for an update on the ECB's progress. This is included at Annex A.

Scope and coverage

18. I am pleased to report that Dŵr Cymru (Welsh Water) has now made a public commitment to only work with enforcement firms who are accredited by the ECB (once accreditation is launched in the summer). We have had productive initial discussions with WaterUK about making similar commitments.

19. We have also had traction in relation to energy companies. In particular, I was very pleased to see recognition of the role of the ECB in Ofgem's recently updated [code of practice](#), that it produced in response to revelations about forced installations of pre-payment meters. It has set an expectation that energy suppliers should only be using enforcement firms that are accredited by the ECB, for any debt enforcement work that they do. We will be following up on this with the energy companies off the back of this, as we prepare to launch our accreditation scheme in the summer.

20. I have had positive engagements with the IRRV, LACEF, the Welsh Local Government Association and some local authorities. I have also scheduled time to meet with the Local Government Association. I have established regular meetings with the IRRV, recognising the important role of creditors in this space. And I have spoken with HMRC about their enforcement work and plan to spend further time with relevant officials there, to better understand how they approach enforcement work.

21. Last month, I reported to the Board on an issue that had arisen in relation to a recent tender by a Local Authority for enforcement services. I have been able to have constructive discussions with the consultants who are running the tender, as well as the CEO of the Local Authority. I believe that this risk has now been appropriately mitigated.

Upcoming engagement

22. Over the coming weeks, I have the following engagements planned:

- Crown Commercial Services
- Enforcement Law Review Group
- British Gas (with the Chair)
- Visiting Stepchange in Leeds
- Further meetings with CIVEA's CARE Panel
- Visiting CDER in Darlington
- A day with a CDER Enforcement Agent
- Visiting National Debtline in Birmingham

- Visiting Capita in Northampton

VAT status

23. I have sought legal advice on the ECB's VAT status, to supplement the initial verbal advice received prior to our initial levy. It is possible that we will need to become VAT registered, and charge VAT on at least part of the levy, once our accreditation scheme is operational. I hope to be able to circulate the final legal advice on this issue in advance of the Board meeting, so that we can make a decision on how to proceed.

24. It is understood that most enforcement firms are VAT registered and therefore it is hoped that if we did need to charge VAT, this would be recoverable for the vast majority of firms.

Annex A



Clive Betts MP
Chair, Levelling Up, Housing and Communities Committee
House of Commons
London SW1A 0AA

5 April 2023

Dear Clive,

Re. Progress of the Enforcement Conduct Board

Thank you for your letter dated 15 March 2023. I am pleased to provide an update on the progress the Enforcement Conduct Board has made since I wrote to you last October.

In addition to the formal launch of the Enforcement Conduct Board in November 2022, the ECB's priority over recent months has been the development of our [draft Business Plan for 2023/24](#). This includes our priorities for this and next year, as follows:

- Designing and starting to gather an evidence base to support the development of a proportionate oversight framework
- Continuing work commenced last year to ensure full coverage by the ECB, including establishing an accreditation scheme, which we expect to launch this summer
- Carrying out a review of current complaints procedures, with a view to taking on responsibility for second tier complaints handling about enforcement action from next year
- Developing, in consultation with stakeholders, new Standards and a new Code of Practice for enforcement activity, which we plan to be in force in 2024
- Continuing to develop the ECB into a cost-effective, impactful, collaborative and credible oversight body

A three-week consultation on the draft Business Plan was launched on 22 March, and we intend to publish our final Business Plan later this spring.

Our first Chief Executive (and first full-time, permanent member of staff), Chris Nichols, started his role in early March. One of his early priorities is building a team to ensure that the ECB has the capacity required to successfully deliver our work programme. Accordingly, we hope to announce further staff hires over the coming months.

Turning to funding, as you know the intention underpinning the establishment of the ECB was that it would be funded by the enforcement industry on a pro-rata basis.¹

As outlined in the draft Business Plan, in September 2022 the ECB wrote to 31 of CIVEA's corporate members to ask each one to contribute a share of the initial costs of setting up the ECB for the 18-month period ending 31 March 2023, which amounted to £626,000. This represented 0.34% of companies' enforcement related turnover for the previous year. The largest companies made their payments in the autumn of 2022 and the smaller ones were asked to make their contribution early in calendar year 2023, which the large majority of them did.

We are now moving into a new business year and one in which we will be building our operational capacity. We are therefore consulting on the next annual levy, which we have determined will need to be 0.4% of relevant turnover. As noted in our draft Business Plan, we recognise that the enforcement industry is a small one and in line with the principle of proportionality we have set this level with a view to minimising the costs of oversight in so far as that is compatible with achieving our critical mission and objectives.

We intend to collect the next levy from the larger businesses who are critical to our financial viability in June. We hope that the industry will accept these costs and agree to pay the levy in the timeframes that we have proposed, to allow us to deliver what we have set out in our draft Business Plan.

We are aware of some statements made by the industry regarding the difficulty in agreeing to the quantum of a levy whilst the Ministry of Justice's fee review has not yet concluded. We will be watching this closely, and will keep the Committee informed of our progress, particularly if we encounter difficulties in collecting the funds that we need to deliver oversight effectively.

I would welcome the opportunity to meet with you again in early summer to provide you with an update on the status of the ECB's funding and the delivery of the work outlined in our Business Plan. I would also be pleased to introduce you to Chris at this meeting.

In the meantime, should you have any further questions at this stage then please let me know.

Yours sincerely,



Catherine Brown
Chair, Enforcement Conduct Board

¹ ['Taking Control for Good'](#), Centre for Social Justice, July 2021