

## Chief Executive's Report, July 2023

### Introduction

1. This month I have really felt the benefits of having our new team in place. There has been a real shift in gears on what we have been able to achieve, not least in pulling together Board papers for this meeting, which cover a number of substantive areas across our workplan. It has also been great to have colleagues to share and test ideas with, as we start to grapple with some of the important and knotty issues ahead of us.

### Current cash position

2. The cash position at the end of June was approximately £219k, against a forecast of £185k in our budget. This includes the £176,000 loan from CIVEA, which is due to repaid by March 2024.
3. The first quarterly finance report is an agenda item for this meeting.

### Levy for 2023/24

4. Since the last time the Board met, it considered a paper on the VAT position of the levy. The Board agreed that, based on the specialist tax advice received, we should not charge VAT on the levy. It also agreed that we *should* charge VAT on a licensing fee for use of the "ECB accredited" logo, which would likely attract a fee of around £500 on average per firm.
5. This decision meant that we were able to proceed to issue a request for payment of the levy, from the eight largest enforcement firms. This was on the terms set out in our business plan. We issued the request one month later than planned due to the need to resolve the question on VAT prior to doing so.
6. The levy request letters explained our understanding of the VAT position. It also noted that if HMRC were to investigate in the future and take a different view, we may need to start charging VAT on the levy (and may even need to seek VAT for previous years).
7. We set a deadline for payment of 4 August. I will provide an update on funds received to date at the Board meeting.

### Recruitment

8. We have now completed recruitment of our team for this year. The following people are in post:
  - David Parkin – Director of Creditors and Government (on secondment from MoJ)
  - Alice Kelly (Policy Manager)

- Jen Prior (Head of Governance and Operations)
9. We have also appointed Hannah Semple as our new Director of Policy and Oversight. Hannah is currently Head of Help to Buy at the Department for Levelling Up, Housing and Communities. She will start at the ECB on 2 October. We are thrilled to have appointed Hannah after an extremely competitive recruitment campaign, with a large number of high-quality applicants.

### **Communications and engagement**

10. Since the last time the Board met in June, we have published another CEO blog. This one reflected on our preparations for launching accreditation as well as emerging themes from our extensive outreach and engagement. This can be found on our website: <https://enforcementconductboard.org/gearing-up-for-accreditation>.
11. With the advent of new team members and a greater focus on social media activity, June 2023 was the best month for activity on our Twitter account since the organisation launched with the highest rate of new followers, engagement and profile visits.
12. I have spoken at the following events:
- The Enforcement Law Review Group (Westminster)
  - LACEF Annual conference (Birmingham)
13. At both of these events, I was struck by the quality of discussion that followed my presentations. People raised thoughtful questions and discussion points that suggest strong engagement with our work and mission.
14. In terms of industry engagement, I had a productive meeting with Marston Holdings and David Parkin spent a day shadowing an enforcement agent.
15. We also held our second stakeholder engagement forum, which was attended by representatives from CDER, Christians Against Poverty, the High Court Enforcement Agents Association, Marston Holdings and Stepchange. We discussed the ECB's plans for research into doorstep practices and the forthcoming launch of our accreditation scheme (both of which are on the agenda for this board meeting). It was extremely valuable to get participants input into these important areas, which we have been able to reflect upon in the final papers. Our next engagement forum meeting will be at the end of September.

### **Levelling Up, Housing and Communities Committee**

16. Board members will recall that the Chair gave evidence to this committee in June 2022 and that we have had correspondence with the Chair of the Committee, Clive Betts MP, since then.

17. We did not initially provide a written response to the Committee's inquiry into Council Tax Collection but the Committee agreed to accept a written submission after the deadline. We have included our submission at Annex A.

18. Our submission makes two key asks of the committee:

- (a) to support the ECB accreditation scheme for Council Tax debt enforcement and endorse the call that all enforcement action, where necessary, should be by accredited agents, whether in-house or externally contracted
- (b) to make clear recommendations to DLUHC that it should seek to reflect the advent of the ECB – and how councils might best work with us – in its guidance to local authorities on council tax collection.

19. The Chair will be meeting with Clive Betts MP in September, to discuss our submission and our wider progress in the intervening period.

### **Creditor engagement**

20. We have stepped up our activity in relation to securing creditor engagement and support since David Parkin started, as he has been able to follow up on my initial round of discussions. We have had positive discussions with a large national energy provider about making a commitment to only working with ECB accredited firms, as well as some large local authorities. We are hoping to convert these into public commitments of support when we have launched accreditation.

21. We have also had particularly good traction with water companies, with the assistance of WaterUK. We will provide an update at the Board but we are confident that we will soon see other water companies follow Welsh Water's lead in committing to only working with accredited providers.

### **Upcoming engagement**

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

- Meeting the team at Christians Against Poverty
- Meeting the Money and Pensions Service
- Meeting the Chair and Board members of the High Court Enforcement Officers Association
- Meeting with the Vulnerability Registration Service
- Visiting two providers of enforcement work, including a High Court firm

23. Alice and David are also going to spend some time with debt advisers from Debt Free London and we are all going to receive "Introduction to Council Tax" training, from a member of the IRRV.

### **Ministry of Justice fee review**

24. On Monday 17 July the Ministry of Justice published its response to its recent fees review. The headline commitments are:

- Uplifting the fixed fees that enforcement agents and High Court Enforcement Officers can recover by 5%.
- Uplifting by 24% the thresholds above which enforcement agents and High Court Enforcement Officers can recover a percentage fee
- To consult on a package of measures aimed at incentivising earlier and cheaper settlement of debt. Proposals include extending the minimum period of notice that must be given before making an enforcement visit from 7 to 28 days; defining in Regulations the tasks that are to be undertaken before a visit is made; and amending the statutory Notice of Enforcement to signpost debtors to advice and encourage early engagement with enforcement agents.
- Consulting on proposals to amend the National Standards to prohibit creditors from seeking to recover a percentage of the enforcement agent or High Court Enforcement Officer fees when tendering for enforcement contracts.

25. The MoJ noted the importance of these measures complementing the ECB's work. We will seek to work with officials as these policy proposals are developed, to ensure consistency with our work.

## Annex A – Submission to Council Tax Collection Inquiry



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

14 July 2023

Dear Mr Betts,

### **Council Tax Collection – update from the Enforcement Conduct Board**

Following my appearance before the Levelling Up, Housing and Communities Committee on 6 June 2022, I am grateful to you for agreeing to consider a written update from me for the Committee on the formation and work of the Enforcement Conduct Board (ECB) since that time.

It was then only the very early days for our organisation. Much has happened with the ECB since which I believe will be significant for the future enforcement of Council Tax debt. As Chair I would like to update you on this work and set out the early priorities for the ECB in more detail, which I hope will be useful to the Committee in the preparation of its final inquiry report.

In June 2022 we were, as I noted, very much starting an organisation from scratch. Since then, we have appointed an independent Board of directors to oversee the ECB and have started to recruit staff under our Chief Executive Chris Nichols. They include David Parkin, our new Director of Creditors and Government, whose arrival on secondment from the Ministry of Justice reflects welcome support from MoJ for the ECB.

As the ECB was created as a result of a partnership between the enforcement industry and the advice sector, their continuing support is also crucial. I am pleased to report that the industry has responded positively to our proposal, set out in our public consultation, to set a levy of 0.4% of relevant turnover for the 2023-24 financial year. We have therefore agreed to set the levy at this level and are now beginning to request payment of the levy from the larger firms. We welcome this response by the industry, as this level of income should provide a firm basis for the ECB's operations and the delivery of effective oversight in the year ahead.

This ECB programme for the year is now published after consultation in our 2023-24 Business Plan. <https://enforcementconductboard.org/wp-content/uploads/2023/05/ECB-final-business-plan-2023-24.pdf> In addition to the ECB's successful establishment, the Business Plan sets out **4 early priorities:**

- 1. Establish the widest possible coverage so that no enforcement agency, whether privately owned or in-house, can avoid the rules. This will require local**

**authorities, Government departments and other responsible creditors to commit to only working with enforcement agents who are accredited by the ECB.**

As part of this we intend that local authority council tax enforcement, whether contracted out or 'in-house', should fall within the robust independent oversight of the ECB. We propose to do this through the launch in September of our new accreditation scheme, through which local authorities would agree to have their in-house enforcement teams accredited by the ECB or, where this function is external, to require all enforcement agencies working on their behalf to be accredited.

Accreditation is a key step in ensuring high standards right across the enforcement industry, because as a condition of accreditation, enforcement firms/operations (and enforcement agents working in their name) will be required to: treat the 2014 MoJ National Standards as binding; accept ECB rulings on complaints; accept audit and provide transparent disclosure of data to the ECB; and pay the ECB levy in timely fashion.

Accreditation is voluntary but we believe that a combination of recognition of best practice, concern for their customers, especially the vulnerable, and market pressure will ensure that we get widespread acceptance of accreditation and of compliance with the ECB's oversight. The response to our consultation and early conversations on accreditation have been encouraging, with several councils already signalling that they would wish to embrace accreditation (on the utilities side, Welsh Water has already publicly committed to work only with accredited agents). I would ask the Committee explicitly to support the ECB accreditation scheme for Council Tax debt enforcement by endorsing our call that all enforcement action, where necessary, should be delivered by ECB-accredited firms, whether in-house or externally contracted.

**2. Design and start to gather an evidence base to support the development of a proportionate oversight framework**

As I mentioned when I spoke to the Committee, I am placing a lot of emphasis on getting a transparent evidence base to understand the reality of the enforcement situation on the ground and to establish a basis for independent oversight and action. We will be establishing in 2023-24 a system of regular systematic quarterly data returns from enforcement firms to help inform our oversight. We also intend to commission some research using the extensive bank of body worn camera footage held by the enforcement industry to sample random video evidence of doorstep interaction between enforcement agents and customers to understand what is happening on the ground. We are currently working through a process for this work and its implications for GDPR, but we hope to launch it in the Autumn.

**3. Review the current enforcement complaints procedures, give guidance for companies on how a robust, fair, and accessible complaints system ought to operate, and produce a plan to take over responsibility for the independent stage of non-ombudsman complaints.**

Taking responsibility for the independent resolution stage for complaints will ensure that everyone making a complaint has access to a fully independent final stage if they remain unhappy with the handling of their complaint by the enforcement business and/or creditor.

As we start to consider this priority we are already in touch with the Local Government and Social Care Ombudsman to agree how best we might take this forward to supplement and strengthen, rather than duplicate, the existing complaints system over local authority enforcement of council tax debt and parking fines.

**4. Consult widely on the review of national standards and develop a new robust code of practice including rules on how to identify and deal with vulnerability and affordability**

In 2023-24 we plan to do the majority of the work to review the national standards for enforcement, which have not developed since their introduction by the Ministry of Justice in 2014, and to develop a new clear code of practice for roll-out in 2024-25, which will have a specific focus on issues such as affordability and vulnerability. In both of these we will collaborate with the enforcement industry, creditors, the advice sector and will of course draw on the conclusions and recommendations of your Inquiry report where, for example, they deal with the treatment of affordability and vulnerability in council tax enforcement.

This is a flavour of the work of the ECB, which I believe will help to improve the fair enforcement of council tax where other methods of the debt management and recovery of arrears have not been effective.

Unfortunately, owing to our recent establishment, neither DLUHC's 2013 Guidance to local councils on council tax collection nor its 2021 Best Practice Guidance make any reference to the ECB. We have been in touch with officials at DLUHC and it would help the ECB enormously if the Committee were to make a clear recommendation to DLUHC that the department should update its guidance or use another suitable vehicle – such as a Council Tax Information Letter - to publicise the ECB to all billing authorities and suggest how councils might best work with us. We would be very happy to cooperate with DLUHC on this. The guidance or letter might also cover the specific reference to using accredited enforcement agents covered in priority 1 above.

I would welcome an opportunity to provide you with a more detailed update on the work plans of the ECB and therefore I am pleased to see that your office has recently been in touch with staff at the ECB to discuss arranging a meeting in September.

Yours sincerely,



**Catherine Brown**  
**Chair, Enforcement Conduct Board**

cc. Chris Nichols, Chief Executive, Enforcement Conduct Board