

# CASE STUDY: Implementing a new approach to debt recovery



West Lothian  
Council



West Lothian Council had agreed a corporate debt policy, however the systems and procedures were not in place to allow the policy to be implemented in practice. More recently, as the full extent of welfare changes became known, it was recognised that many people would face challenges in managing their finances.

In 2014, the council agreed to review the policy to identify what needed to be done to put it into practice. It was also an opportunity to consider whether the recovery processes in place were efficient, effective and designed around customers. Donald Forrest, Head of Finance and Property Services, explains below.



(Video opens in browser window)

## The Challenge

A three-day workshop to review processes and agree recommendations for implementing a new approach to corporate debt recovery took place. The workshop involved staff from legal, housing, corporate debt team, customer information service, call centre, revenues and the advice team.

It found that these services were often dealing with the same customers but most concentrated on their service-specific debts and did not co-ordinate efforts for those customers with multiple debts. This meant that customers with debts to more than one service were being pursued by each department separately, rather than the departments working together to recover the sums due to the council.

## Intended Outcomes

The proposals for the redesign of corporate debt recovery was based on three principles:

- a joined-up approach
- early intervention/prevention/sustainability
- best use of resources

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The proposed approach was aimed at:

- building a system that would bring together council debts to allow a corporate approach
- building on current good practice to develop cross-service operational practices
- reviewing the roles and responsibilities of all the key services
- developing a full cross-service governance structure and reporting mechanism.

By applying an early intervention approach, the aim is to avoid additional recovery charges for people who are already indebted and struggling to pay what they owe.

Claire Frame, Corporate Debt Team Leader says, “This is an approach to support customers with the customer being at the centre of the processes. [It is] an attempt to deal with their whole indebtedness and build a sustainable, long-term solution – integrating income maximisation, welfare and money advice, and an affordability assessment into the approach.”

When customers have council debts, they’re likely to also have other debts so helping with the whole situation makes sense in terms of a sustained solution to their council debt. The new approach emphasises customer engagement and the overall aim is to reduce debt and increase revenue; resulting in added benefits for the customer and for the council.



Listen to Scott Reid, Revenues Manager talk about the benefits to customer and council.

Front line services have a key role in implementing the new policy by intervening early to help customers avoid accumulating debt. Specialist money and welfare advisors are integral within the approach. In the video below, Ged Mulvey talks about the role of the money advisor.

### **Action Taken**

A full governance structure was created to oversee the implementation, monitoring and review of the corporate debt recovery plans

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**Claire Frame,**  
**Corporate Debt Team**  
**Leader,**  
**West Lothian Council**

### Project Board

- Head of Finance and Property Services (Chair)
- Head of Housing, Customer and Building Services
- Customer Service Development Manager
- Chief Solicitor
- Revenues Manager
- Customer Service Manager (Housing)
- Performance and Change Manager (Housing)

The project board has overseen and directed the project, ensuring the various committees and approvals have been gained at the appropriate stage as the project progresses. This has included the revised Corporate Approach to Debt Policy.

- [Download the project board report to the Council Executive and a copy of the revised policy](#)

### Project Team

This is made up of managers from revenues (Chair), housing, customer information service, customer service centre and advice service. The project team worked through the new cross-service design for recovery, setting out the changes to roles and procedures.

Listen to what Kate Ward, Housing Manager, has to say about the project team below.



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### Corporate Debt Working Group

This includes the Corporate Debt Team Leader (Chair) and front line workers who feed back on operational activity during the rollout stage. It meets every three weeks.

Staff are asked what works well and not so well so that any issues can be addressed and best practice determined before the approach is rolled out to other service areas.

The board decided that a proof of concept was required so a pilot ran for 11 months. During this, 277 customers cases were handled using the new approach. The pilot was felt to be a success, with positive outcomes including sustained arrangements, working with customers for additional benefits, discounts being applied and money advice work with customers.

Data collected during this time proved that different departments were dealing with the same customers. All of the pilot group had rent arrears but the council found that 97% also had other debts. This indicated the extent of the issues for customers in debt and highlighted that services could inadvertently be working against each other.

Throughout the pilot the debt split was more or less consistent for this group:

- 30% rent debt
- 60% council tax debt
- 10% other council debts e.g. service accounts and housing benefit overpayments

### Obstacles and Issues

Substantial development and testing of the IT system was needed to bring all the debt owed to the council from core systems into one place. This has proved a significant technical challenge, but the council is continuing to develop a system for managing debt recovery. This now enables a holistic approach to customers who owe multiple debts to the council and a strategic approach based on the management information that can now be extracted from the system.

The complex and differing nature of legislation around recovery of different debts has had to be considered at all stages, from the initial recovery design, to the systems development and the staff roles.

As the project aim was to deliver a joined-up approach for customers building on strengths within each service, some changes were required to staff job descriptions. Consultation took place with staff and trade unions to support and help implement the changes smoothly.

Some Data Protection issues cropped up around the legislation and legal advice was given. A risk assessment was carried out early on and steps were agreed to mitigate any risks.

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Debtor behaviour change is important as many fall into a cycle of habitual arrears, for example getting summary warrants each year for council tax and tenants repeatedly being referred for court action. By bringing together information, council officers have a better insight into a customer's full situation and are better placed to offer help and assistance, engaging them to make affordable arrangements based on their individual circumstances. This will in turn avoid costly recovery actions for both the customer and council and help to break this cycle.

The new approach also challenges council staff to change the way they look at and deal with debt. This change of culture requires training and time to embed their knowledge of other debts, to use different systems and to apply a broader approach to working with customers on their full indebtedness.

### Results

Housing officers in the roll-out areas now spend more time preparing for engagement with tenants and take into account the corporate debt approach and not just housing debt. They aim for a more sustainable payment plan to deal with all the debt and/or recommend a meeting with money advice to implement this approach. The Corporate Debt Team provides a supporting role and the relationship between the corporate debt and housing teams has strengthened. Elaine Nisbet, Anti-Poverty and Welfare Advice Manager, talks about this approach in the video below.



Welfare and money advisors are getting increased referrals from housing services at an earlier stage.

The Advice Shop says the IT system allows them to see all debts for money advice and other clients.

The new approach allows customers to see solutions which allow them to have a plan in place to deal with debt which can then enable them to try to break the cycle of debt by getting to the root of the problem.

It has been found that people will engage better with someone who is trying to offer a sustainable solution rather than a debt collection



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approach.

It contributes to a key priority in the council's Corporate Plan to minimise poverty and supports the Anti-Poverty Strategy. It is also aligned to the Customer Service Strategy and provides benefits to the customer and the council.

Listen to what Kate Ward and Deirdre Docherty, Corporate Debt Officer, have to say below.



Kate Ward  
Housing Manager, West Lothian Council



Deirdre Docherty  
Corporate Debt Officer, West Lothian Council

### Lessons Learned

- The pilot helped to build confidence and a proof of concept.
- Although fundamentally there can be little opposition to the idea and principles of the corporate debt approach, this does not mean that the changes are without difficulty and challenges.
- A cultural shift is necessary. Staff involved in the pilot now automatically look to see if the customer has other debts. This now needs to be embedded for all staff involved.
- Not everything goes to plan. Referrals from the front line have been slower than expected and this has been highlighted through the working group. IT issues and interdependencies can cause substantial delays in development planning.

### Next Steps

This is still very much a work in progress; full roll out of the new approach

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across West Lothian is planned in 2017.

So far, around 11,000 corporate accounts have been created, bringing together two or more debts, including former debts, into one customer record. This compares with around 13,500 current council tenants and 78,000 council tax properties. Data is exported from the core systems to the corporate debt system (currently council tax, rent and service accounts update overnight).

Future systems developments will allow the council to automate some of the processes and debtor profiling.

The council is also looking to develop other appropriate areas, e.g. housing allocations.

Robust measuring and analysis will continue to be developed to track the progress and success of the corporate debt recovery policy as the approach is rolled out further.

Donald Forrest gives others looking to implement a corporate debt policy some advice.



### More information

The Customer Relationship Management (CRM) is used for referring customers who have corporate debts and it also tracks data around whether a customer engages or not.

A further system is being used to track the referrals for money and welfare advice (and this has shown a substantial increase for the roll-out areas). The [Common Financial Tool](#) is used for the current affordability assessment.

Bespoke reporting is being built using the councils recognised reporting tools.

Visiting and welfare and money advice staff have all been trained in dealing with customer vulnerability (e.g.; mental health, suicide). The council continues to keep abreast of welfare changes, including the roll out of Universal Credit and water direct.