

Rural and Communities Overview and Scrutiny Committee Agenda supplement



SOUTH
KESTEVEN
DISTRICT
COUNCIL



Thursday, 1 July 2021 at 2.00 pm
Council Chamber - South Kesteven House,
St. Peter's Hill, Grantham. NG31 6PZ

Committee Members: Councillor Ray Wootten (Chairman)
Councillor Sarah Trotter (Vice-Chairman)

Councillor Michael Exton, Councillor Mrs Rosemary Kaberry-Brown, Councillor Philip Knowles, Councillor Hilary Westropp and Councillor Amanda Wheeler

Agenda

10. Breathing Space - Update

(Pages 3 - 6)

To provide an update regarding the Debt Respite Regulations and the introduction of the Breathing Space Policy.

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Rural and Communities Overview and Scrutiny Committee

1 July 2021

Report of: Councillor Adam Stokes

Cabinet Member for Finance and
Resources



Breathing Space - Update

To provide an update regarding the Debt Respite Regulations and the introduction of the Breathing Space Policy.

Report Author

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Corporate Priority:	Decision type:	Wards:
Health and Strong Communities	Administrative	All Wards

Reviewed by:	Alison Hall-Wright, Head of Finance and ICT	22 June 2021
Approved by:	Richard Wyles, Interim Director of Finance	22 June 2021
Signed off by:	Councillor Adam Stokes, Cabinet Member for Finance and Resources	22 June 2021

Recommendation (s) to the decision maker (s)

- 1. Rural and Communities Overview and Scrutiny Committee is asked to note the introduction of the Debt Respite Scheme and the arrangements that have been put in place to enable the Council to respond to the legislative requirements.**

1 The Background to the Report

- 1.1 The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Moratorium) (England and Wales) Regulations 2020 - SI 2020 No 1311 were made on 17 November 2020 and came into force on 4 May 2021.
- 1.2 The regulations give people legal protection from most creditor action while they receive advice and enter an appropriate debt solution. This will include residents who are debtors of South Kesteven District Council, for example, Council Tax, Debtors invoices, Housing Benefit Overpayment, Rent etc
- 1.3 On 4 May 2021, South Kesteven District Council, as a creditor, were required to introduce the Debt Respite Scheme, Breathing Space. There are two types of Breathing Space – Standard and Mental Health crisis
 - 1) Standard Breathing Space is available to any resident and gives them legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from any department within the Council (which hold a debt). A resident can only access Breathing Space once in a 12-month period
 - 2) Mental Health Crisis is only available to a resident who is receiving mental health crisis treatment. There are some stronger protections, and it lasts as long as the residents mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts). There is no limit on how many times a resident who is receiving mental health crisis treatment can access Breathing Space.
- 1.4 All sections within South Kesteven DC have been prepared for Breathing Space and the actions required to be taken. The work is centrally managed by the Revenues and Benefits Team as a result of the formation of the Breathing Space Project Team. The actions taken are: -
 - 1) Project team to receive and manage notifications from the Insolvency Service and issue a notification email to all sections with debtor information so checks can be undertaken
 - 2) All sections to undertake checks and complete a spreadsheet to verify this action record whether there is a debt or not. If there is a debt, the value is recorded.
 - 3) All sections to hold any contact with the debtor for 60 days. All contact must be through the nominated debt advisor
 - 4) Debt advisor is contacted by the project team if the debt type or value is different to that notified
 - 5) Project team to continue to review processes, ensuring all guidance is followed. The team will amend and adapt guidance as required, ensuring all sections are updated with new the new process.
- 1.5 Since the regulations came in to force, South Kesteven DC have received 23 Breathing Space notifications. Of those 13 have a Council debt, totalling £33,587.22. The level of individual debt ranges from £335.74 to £7,761.59.
- 1.6 During the 60 day Breathing Space period, South Kesteven DC is unable to contact the debtors, and as a result any bills / invoices / letters created during this time will be issued to the debt advisor.

- 1.7 The first 60-day period ends on 5 July 2021. It will only be known at this point what debt solution to debtor has entered in to. The recovery position of the debt prior to Breathing Space, may not be retained after this 60-day period.

2 Consultation and Feedback Received, Including Overview and Scrutiny

- 2.1 Members were presented with this scheme via a briefing report emailed to them on 29 March 2021. The Corporate Management and Senior Management Team have been made aware of the regulations, with detailed process and guidance notes being issued to those sections identified where they are likely to hold a debt.

3 Available Options Considered

- 3.1 There are no other options – the adherence to the actions as set out in this report and laid out in the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Moratorium) (England and Wales) Regulations 2020

4 Preferred Option

- 4.1 The preferred option is to continue, but amending and adapting processes as required (in line with legislation)

5 Reasons for the Recommendation (s)

- 5.1 These are set out in the report.

6 Next Steps – Communication and Implementation of the Decision

- 6.1 To continue to action and respond to Breathing Space notifications in accordance with legislation and guidance.

7 Financial Implications

- 7.1 There could be financial implications associated with this legislation specifically collection rates and levels of debt write off. However the impact will not be known for some time – as detailed in paragraph 1.7

Financial Implications reviewed by: Richard Wyles, Interim Director of Finance

8 Legal and Governance Implications

- 8.1 The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Moratorium) (England and Wales) Regulations 2020 set out the regulations that are to be followed by all sections where a debt is held.

Legal Implications reviewed by: Shahin Ismail, Monitoring Officer

9 Equality and Safeguarding Implications

- 9.1 Legislation is being followed and there is no deviation from this

10 Risk and Mitigation

- 10.1 The Council (along with the other preceptors for Council Tax and Business Rates), bears the risk of the cost of reduced or non-collection of any debt.
- 10.2 Any changes to internal procedure and guidance will be undertaken in line with the regulations and communication of the changes will be efficient and effective.

11 Community Safety Implications

11.1 None

12 How will the recommendations support South Kesteven District Council's declaration of a climate emergency?

12.1 None

13 Other Implications (where significant)

13.1 None

14 Background Papers

14.1 None

15 Appendices

15.1 None

Report Timeline:	Date of Publication on Forward Plan (if required)	N/a
	Previously Considered by:	N/a
	Final Decision date	1 July 2021