



WalkerLove

Sheriff Officers · Collections · Investigations

**KEEPING
YOU INFORMED**

WWW.WALKERLOVE.COM

AUTUMN '19 LOCAL AUTHORITY FORUM

IN THIS ISSUE:

P2	WELCOME FROM DAVID WALKER
P4	AIB UPDATE ON LEGISLATIVE CONSULTATION
P6	FIFE COUNCIL'S GDPR JOURNEY
P9	IN MEMORIAM – CRAIG JOHNSTONE
P12	DEBT RECOVERY STRATEGIES
P16	INFORMATION SHARING
P18	WORKSHOP – DRIVING VALUE OUT OF DATA

A WARM WELCOME



David Walker
Managing Partner

david.walker@walkerlove.com

Airth Castle Hotel was the venue for Walker Love's Autumn Local Authority Forum and I was delighted to welcome over 30 delegates to discuss a programme that focused on data, diligence and evolving legislation.

We have been working very hard to improve our own operations and to make sure we keep on top of changing regulations and stay at the forefront of best practice. The brass tacks statistics show we are on the right track and in the year to date we have delivered a 4% growth in council tax collections.

I am convinced that sharing data effectively is at the heart of future success. Collaboration is something that we prioritise at Walker Love and it will be a focus at our forthcoming partners' annual strategy conference where we appraise our strategic goals and re-evaluate them for the year ahead.

We will then take our updated vision out on the road and share it with employees in all our different offices to make sure everybody knows what we are working towards.

One of our ongoing targets is to develop our relationships with existing clients and so it is very pleasing to announce that we recently retained East Renfrewshire and North

Lanarkshire local authorities following recent tender processes.

We have also completed a Scotland Excel tender and we are waiting to hear the outcome. Hopefully, there will be news of new clients to announce at the Spring 2020 Local Authority Forum.

We are well-placed to take on new work and our expanded unit in Paisley gives us the flexibility we need to grow. We have also been recruiting into our second contact centre to make sure we have the capacity required to meet developing business demands.

We need excellent people to deliver an effective and successful sheriff officer collection service and that is why Investors in People has been such a major focus for us over the last decade. We are already accredited to the Gold standard and are working towards achieving Platinum status.

We have also invested in a new HR management system and it is already delivering significant benefits. The new technology allows staff to book holidays online and has apps for both Android and Apple.

The amount of administration it has removed from the holiday management process alone is incredible and we are

now looking to implement other features to record staff absence and improve our company-wide communications.

It is another great example of how digitisation can deliver some very quick and positive results for businesses so long as they are prepared to embrace change.

Our aim in hosting our Local Authority Forums is to discuss how we can make these types of changes in a way that works for all our partners and to create a platform that allows us to learn from each other and develop our professional relationships.

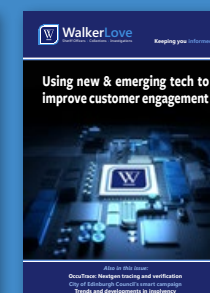
So please enjoy what we have to share in this edition, and I look forward to developing our corporate partnerships further in the months ahead.

ABOUT US

Walker Love is a firm of Messengers-at-Arms & Sheriff Officers. We have 34 Sheriff Officers and field force staff working across Scotland with a high degree of local knowledge of consumer and commercial debtors within each area.

www.walkerlove.com

L.A.FORUM NEWSLETTER



Download all previous editions at walkerlove.com

AiB TO RECOMMEND ENACTING DISCLOSURE OF INFORMATION

Carol Kirk

Policy Review Team Leader,
Accountant in Bankruptcy

Accountant in Bankruptcy (AiB) is finalising its review into the Bankruptcy and Diligence etc. (Scotland) Act 2007 and expects to make its recommendations to the government early next year.

These recommendations will include the enactment of Disclosure of Information, which is contained in the existing legislation, but has never been put into force.

REVIEWING THE LEGISLATION

The review process began in 2016 and AiB has already completed market-wide consultations and responses.

AiB established a Working Group to consider its recommendations, which included representatives from the:

- Institute of Chartered Accountants of Scotland
- Society of Messengers at Arms & Sheriff Officers
- Scottish Courts
- Creditor community
- Legal sector
- Advice sector
- Banks

A lot of the Working Group's time was spent exploring how Disclosure of Information could work in practice if enacted, a move supported by the majority of responses made to the 2016 consultation.

DISCLOSURE OF INFORMATION IN PRACTICE

Following its investigations, the Working Group will recommend that to seek Disclosure of Information:

- A creditor must be in possession of a decree or document of debt
- A debtor must have been served a charge for payment, which must have expired, and received a Debt Advice and Information Pack
- Creditors seek advice from a professional – sheriff officer, solicitor or accountant – to establish if Disclosure of Information is needed

The recommended minimum level of information that creditors will need to ask for a Disclosure of Information order is the debtor's name and address. If more information is available, it can be given. Creditors will then need to be specific about what information they are seeking and from whom.

The next step will be for a professional to make the application to the court on behalf of the creditor and for the court to check that due process has been followed correctly. Debtors will not be notified of the application at this stage to prevent them from hiding assets.

If approved the creditor will be notified and is then free to instruct a sheriff officer to action the Information Disclosure Order. The sheriff officer will have three months to request the information from the third party.

We don't have anyone from a local authority on the Working Group. That's not because we didn't try but because we didn't get any responses. If there is anyone who knows of anyone from a local authority who would like to be more involved in what we do and provide representation for the sector, then please let us know.

”

At that stage the third party will have 21 days to provide the information and they can refuse if they are not satisfied of the person's identity. So long as they are satisfied, they will send the requested data to the sheriff officer who is then responsible for keeping it secure.

The sheriff officer will liaise with the creditor to determine the next steps and the creditor will only see the information after diligence has been executed.

RECOMMENDATIONS STILL NEED GOVERNMENT BACKING

At this stage, these are only the outline recommendations as considered by the Diligence Working Group.

It is hoped members will be able to sign off these recommendations at the next meeting in December and then present them to the government in early 2020.

It is then up to the government to decide if they will be enacted and if so whether the recommendations will be supported in full.

In the meantime, the market will watch progress very closely and any news will be reported at Walker Love's Spring 2020 Local Authority Forum .

—

DISCLOSURE OF INFORMATION UNDER DISCUSSION



TAKEAWAYS:

- Enacting Disclosure of Information has wide support in the debt recovery sector
- The Diligence Working Group will make recommendations to enact Disclosure of Information in the New Year
- The recommendations still require government support

GDPR COMPLIANCE IS A JOURNEY NOT A DESTINATION

Fiona Stuart
Data Protection Officer,
Fife Council

The General Data Protection Regulations (GDPR) came into force on 25 May 2018 together with the Data Protection Act 2018, but in many ways this was just the start of the journey.

One of the big changes brought about by the new legislation was the stipulation, known as the Accountability Principle, that meant organisations had to be able to demonstrate compliance.

A second stipulation known as Data Minimisation, demanded that organisations used the minimum amount of personal data possible to carry out their work and deliver their services.

As a result, organisations must continually monitor how they do things and question whether there are ways to reduce the amount of personal data they use and to improve how they demonstrate compliance with the regulations.

In the run up to GDPR there was a lot of chat about becoming compliant, but it became clear that GDPR compliance is not something that happens on a certain date. It is something that keeps changing and that we have to continually work towards.

”

A third stipulation referred to as Privacy by Design means that data protection has to be a central consideration when organisations are thinking of developing new services or making changes to existing operations.

The legislation puts data and personal privacy at the centre of organisational thinking. Failure to comply also carries much stiffer penalties than before and can now lead to fines running to millions of pounds.

GETTING READY FOR GDPR

Fife Council established a working group in 2017 to get ready for the new legislation that came into force the following year. The Working Group was responsible for developing the necessary:

- Action Plan
- Communications Plan
- Reporting Function to Governance Groups

In addition, the Working Group established a:

- Technology Sub-Group
- Contracts Sub-Group

The technology sub-group had to identify all the key council IT systems, assess their compliance with the new legislation and establish what would be needed when implementing new systems in the future.

The reality is that many of the legacy systems in place do not comply with all aspects of the legislation, but it is not possible simply to stop using them. This is a particular issue around record retention, for example. Although the legislation states some data must be deleted after set periods of time, some legacy systems do not have the functionality required to remove data as required.

To overcome these hurdles, local authorities must identify where the issues exist and ensure that future migration projects to new IT systems are compliant with the legislation.

The number of third parties that host and process data for Fife Council also created issues with which many other local authorities have had to wrestle. All the contracts governing these relationships require specific wording under the new regulations about how data is handled.

In practice Fife Council had to engage with all its key suppliers and negotiate a format for the required wording that worked for both parties. It was not possible to update every contract relating to every supplier at the same time and so there is an ongoing project to ensure contracts are re-evaluated and made compliant as they are renewed.

The Working Group also had to engage with each individual service department within the council and identify:

- What personal data it held
- Why it had the data
- How the data was used/processed
- Who had access to the data
- Where the data was stored

Completing this information audit was a massive task, but it has given Fife Council a much better understanding of its systems and the data they hold. In turn, this creates the potential to re-think existing data handling processes and create service improvements and organisational efficiencies for the future.

LIVING IN A MORE PRIVACY SENSITIVE ENVIRONMENT

Unsurprisingly, the increased awareness around data privacy has created a spike in the number of reported data breaches.

In the year before the legislation came into force Fife Council experienced 45 data breaches. In the 12 months after its introduction that number jumped to 240. This increase was reflected across the local authority sector and indeed the private sector.

It seems unlikely that data breaches have suddenly become more common since the new rules came into force. Rather, they are now being recognised and reported. On a positive note, this enables local authorities to fix the issue and make their systems and processes more secure for the future.

In many instances, the issues are around human error, and in particular emails getting sent to the wrong people. Fife Council's email system has an auto-populate feature and while it saves time, it often leads to emails being sent to the wrong recipients.

INCREASING GDPR SCRUTINY

TAKEAWAYS:

- Compliance with GDPR and the Data Protection Act 2018 is an evolving process that local authorities need to work at continually
- Local authorities need to demonstrate they are compliant and to show they have assessed they are using the minimum amount of personal data possible to deliver their services
- Completing Subject Access Reports is labour intensive and can impact heavily on resources

LOOKING AHEAD

The Information Commissioner's Office (ICO) has confirmed that cyber security breaches and large-scale data breaches involving financial and sensitive information are its priority areas for 2019.

It has issued a notice of intent to issue a monetary penalty of £99.2m to Marriott and £183m to British Airways. Potential local authority fines may be capped at £17m but the penalties handed out to these private sector companies underscore just how serious the ICO is about enforcing the new legislation.

It is exceptionally challenging to attain and then maintain continual compliance with the legislation as local authorities deal with legacy systems, develop new services and experience human error.

But if local authorities can demonstrate they are working to monitor issues and have put data and privacy concerns at the core of their operational thinking, they will drastically improve their chances of avoiding sanction.

—

IN MEMORIAM: CRAIG JOHNSTONE

At the start of the morning, Dorothy Lowe, partner at Walker Love, took a moment to express her sadness at the death of Craig Johnstone, an arrears manager at Midlothian Council, in July.

He was well-known in our community and a regular attendee at Walker Love Local Authority Forums over the years.

Dorothy remembered Craig as a much-loved and well-respected figure who had been a friend and professional colleague of Walker Love for more than two decades. She invited attendees to take a moment and reflect on their own memories of Craig.

EVENT VENUE: AIRTH CASTLE, STIRLINGSHIRE



Airth Castle Hotel is a venue that Walker Love has used over the years and played host to this year's Local Authority Forum. The castle, pictured, dates back to the 14th century and was once owned by the family of Robert the Bruce.

Walker Love is a firm of Messengers-at-Arms & Sheriff Officers. We have Sheriff Officer and field force staff working across Scotland with a high degree of local knowledge of consumer and commercial debtors within each area.

We have 34 Sheriff Officers and Messengers-at-Arms and we are commissioned to operate within all 6 Sheriffdoms within Scotland. We also provide international citation, enforcement and debt recovery services.

Serving individuals and clients across a range of sectors, including:

- Local and national government
- Professional services firms
- Financial services organisations
- Utility companies
- Social, affordable and private housing factors and landlords

We have always fully supported the Society of Messengers-at-Arms and Sheriff Officers. Three of our Partners are past Presidents of the Society and all our commissioned Sheriff Officers hold individual membership.

Walker Love is a third-generation family business and began trading in 1946. Today the firm is a nationwide market leader with eight local offices throughout Scotland.

In addition to our traditional citation and diligence services, the firm provides advice and services in relation to: revenue collections and enforcement, debt recovery and professional investigations.

DEBT RECOVERY STRATEGIES FOR RESIDENTIAL AND COMMERCIAL CLIENTS

Chris Bell
Partner, Walker Love

EFFECTIVE DEBT RECOVERY RELIES ON EMPLOYING THE MOST APPROPRIATE STRATEGY ALIGNED TO THE PROFILE OF EACH ACCOUNT.

Using the example of a Council Tax account, Chris Bell, partner at Walker Love talked through the different stages and accompanying strategies that sheriff officers most commonly use.

EARLY STAGE PROFILING

To start, debt files are received from the Local Authority and loaded on to Walker Love's System Platform. There is a certain amount of data cleansing undertaken at this initial stage. In addition, many of the cases will relate to multiple years, so data from previous years needs to be appended to the most recent debt records.

Walker Love undertakes profiling using third-party agencies to complete tele-appends and source additional credit information. Cross referencing data sets such as the electoral roll help to verify occupancy and the benefit flags provided by Local Authorities are also overlaid against individual files.

Universal Credit has created opportunities to be more innovative about how some of these flags are used and this is an area being explored further.

COLLECTION CYCLE

Once the debt load and profiling activities are complete, the front-end collection cycle begins. This includes lettering, SMS, email and dialler campaigns.

Many customers will not engage at this front-end, but Walker Love does not automatically instruct the service of a charge for payment. It operates using a specialist team to examine the information that has been appended to records from multiple sources in order to assess the best course of action to be taken in each case.

It is all about cost and efficiency and that means having the right tools and information available at the right time and working with excellent case managers who can make the right decisions based on the circumstances of each case.

”



RECOVERY STRATEGIES MATCHED TO INDIVIDUAL ACCOUNTS

These decisions have a significant impact on recovery rates and the overall cost of carrying out the work.

When the charge for payment is served, this acts as a vital piece in the jigsaw and enables sheriff officers to interact with the customer and establish their current circumstances. It is an opportunity to identify vulnerability and signpost customers who may require assistance.

Although there are challenges with gaining access to shared buildings in cities and speaking to the correct individual, serving charge for payments in the field is highly effective.

UNDERTAKING DILIGENCE

On the back of the charge for payment visits, the next common stages are executing diligence such as Earnings and Bank Arrestments.

Earnings Arrestments are particularly effective but rely on employment information being known. Bank Arrestments are fairly prospective and success depends on having the information to ensure they are used at the right time and in the right circumstances.

Where necessary, intervention is escalated to more intensive action, including bankruptcy and inhibition proceedings.

To counter the lack of front-end customer engagement, employment tracing strategies have become more prevalent in recent years.

It is often possible to ascertain that a customer is in employment as a result of effective profiling. Access to HMRC records – at the right time – would make a significant difference to overall returns.

Each step in the recovery journey needs reliable data and anything that makes the information more timely and more accurate improves outcomes. Exploring how and where data can be better shared also drives efficiencies within the process and improves results.

FOCUS ON RECOVERING NON-DOMESTIC RATES DEBTS FOR LOCAL AUTHORITIES

James Walker
Partner, Walker Love

Non-domestic rates segmentation was first developed by Glasgow City Council, Non-Domestic Rates Department, and it creates six different debt streams with varying debt recovery strategies used in each.

By and large, November is when sheriff officers will receive their principal warrant for non-domestic rates debts. This is later than for Council Tax debt which comes through earlier in the summer.

On average, large city councils will pass between 1,400 and 1,800 individual debt items at a time that could have a combined value of between £10m and £15m.

To handle this effectively, six debt streams were devised to ensure the various debts could be recovered in appropriate and effective ways. These debt streams are detailed below.

Debt Stream 1 – Rateable value greater than £100,000

These debts are tackled very quickly and will receive a phone call within 24 hours from an agent, even before a letter has had time to arrive. It is all about trying to get the money in as quickly as possible. Failing which, these cases go straight to enforcement with the immediate service of a charge for payment.

Debt Stream 2 – Small Business Bonus Scheme cases or those with a rateable value of less than £18,000

A lot of businesses are not great with their administration. Debts in this stream get three weeks before going into the enforcement cycle. That allows letters to be sent and companies to apply to the council for possible Small Business Bonus Scheme (SBBS) relief and to get a proper balance on their account. This reduces sheriff officer involvement and ensures unnecessary fees are not added to the accounts.

Debt Stream 3 – Limited Companies

A lot of these companies only have a short shelf life and once they are dissolved or go into administration the options for debt recovery reduce dramatically. A search is also undertaken with the register at Companies House to ensure that the company is not dissolved, liquidated or in administration. Collection action will start within 14 days, but directors cannot be pursued as individuals for the debt belonging to the company and so recovery is difficult.

Debt Stream 4 – Licensed Trade

This is also a difficult area to collect from. As the warrants are passed around the festive period, there are some good opportunities as many firms will have cash on the premises due to the nature of their business. These accounts are pursued relatively quickly and from the date of sending the first letter, sheriff officers would be serving charges for payment within 10 days of receipt of the warrant.

Debt Stream 5 – Trace

These debts relate specifically to accounts that have a rates 'end liability' date and have therefore removed from the 'subject' property address. Some of these cases have a forwarding address to follow up on, and for the ones that do not, these go down the standard tracing recovery procedure, with a view to locating a new trading address.

Debt Stream 6 – Other

This is a 'catch-all' for cases that do not fall into any of the previous five streams to ensure no account goes astray. The benefit of using these six debt streams is that it creates a structured approach for a large case load. It also makes it possible to generate management information and assess how each stream is performing. These results can then be compared with previous years to identify developing trends.

DIGITISATION DRIVES DATA SHARING OPPORTUNITIES

INFORMATION SHARING AND JOINT WORKING

Chris Bell
Partner, Walker Love

Secure file transfer interfaces are at the heart of how Walker Love works with its Local Authority partners. But what information is being shared, and are there opportunities to rethink and improve current processes?

Local Authorities typically pass the following information to Walker Love:

- Balance changes – payments, reductions, increases
- Status changes – suspensions, withdrawals and address updates
- Telephone and email address updates
- Employment and bank information
- Tenure types and benefit flags
- End liability dates

Walker Love typically passes the following information to local authorities:

- Payments
- Change of addresses and occupiers
- Unoccupied properties
- Benefit flags
- Irrecoverable classification flags

There is scope for further integration to engage with Local Authorities and provide more real time information which could improve the customer journey. For example, has a sheriff officer visited a customer? What information was gathered?

It may be possible to improve data sharing with sheriff officers from within a Local

Authority's own systems, but this has GDPR implications that need to be considered.

Additionally, it would be worth exploring the secure file transfer mechanisms that are in place and working with IT suppliers to examine the outputs, review the field definitions and look at the exchange frequencies.

There would be costs involved in changing the interfaces, but there could also be significant benefits by improving the level, accuracy and speed of information sharing.

DRIVING VALUE OUT OF DATA

THE LOCAL AUTHORITY FORUM IS ALL ABOUT COLLABORATION AND DISCUSSION. THE WORKSHOP SESSION PROVIDES A VALUABLE CHANCE FOR DELEGATES TO DISCUSS HOT TOPICS AT THEIR TABLES AND THEN FEEDBACK THEIR FINDINGS TO THE WIDER AUDIENCE.

Under discussion were the two following questions:

- What data is available within core systems not currently shared/utilised within the joint strategies employed by sheriff officers and local authorities?
- What improvements could be implemented around interfaces/ information sharing?

Suggestions and comments were plentiful and are summarised here:

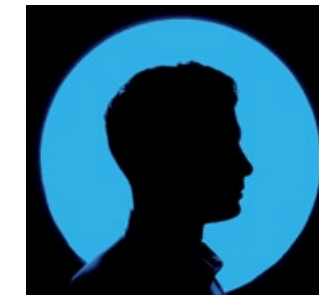
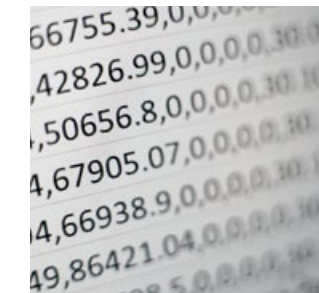
→ At the moment there is a primary, static interface to pass debt details between local authorities and sheriff officers. Could there be a secondary interface to exchange information on a more regular basis covering things like end liability dates, flags relating to benefits, Universal Credit, and council tax reduction? This more detailed level of information would enhance debt profiling and allow efforts to be focused on cases where recovery is most likely.

→ More details on adjustments would be helpful for sheriff officers. Why have items been adjusted and is there a change in liabilities? Again, this information helps in profiling and prioritising next steps.



→ Could the 'last paid' date be noted on any new warrant files passed? This would let sheriff officers know if they had already paid in the past and better understand their instalment profile.

→ There is already some integration with existing document management systems, but could this be expanded? Such work would need to be carefully assessed in regard to upfront cost and potential benefits.



→ Additional information on property occupants would be helpful for rent arrears cases.

→ Sharing details of property tenure could be improved and there are no GDPR restrictions on this data. The cost of adding tenure details to council tax systems would repay itself by improving debt recovery.

→ Date of birth details would resolve confusion between family members, especially fathers and sons, who often live at the same address and share the same name. Mistaken identity hinders debt recovery and can lead to the incorrect bank account being frozen. This error inconveniences the individual concerned, often leads to formal complaints and creates additional work for the council to put things right.

→ Feedback on payments made by clients directly to a local authority following intervention by a sheriff officer will keep sheriff officers in the loop and prevent them taking unnecessary additional actions.

WALKER LOVE PARTNERS ATTENDING THE LA FORUM



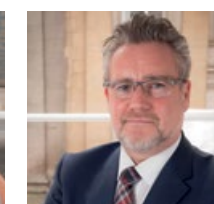
David Walker



James Walker



Dorothy Lowe



Chris Bell

