

Report of	Meeting	Date
Director of Customer & Digital (Introduced by the Executive Member ((Customer, Advice & Streetscene)	Executive Member Decision	June 2021

## Debt Respite Scheme (Breathing Space)

### Purpose of report

- To gain approval to amend the Debt Management Policy to include a new section on the Debt Respite Scheme (Breathing Space).

### Recommendation(s)

- To approve the inclusion of the Debt Respite Scheme (Breathing Space) in the Debt Management Policy.

### Executive summary of report

- The Debt Respite Scheme (Breathing Space) comes into force in May 2021.
- The aim of the scheme is to encourage people to access professional independent debt advice and gives them time and space to find a sustainable debt solution.
- The Council's Debt Management Policy should be updated to include this initiative even though it is a statutory scheme.
- The Debt Management Policy delegates authority to the Executive Member (Resources) to approve any cost neutral changes to the policy.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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<b>Key Decision?</b> Please bold as appropriate	Yes	<b>No</b>
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### Reasons for recommendation(s)

#### (If the recommendations are accepted)

- The proposed changes to the policy are necessary to inform residents of their right to access the Debt Respite Scheme (Breathing Space).

### Alternative options considered and rejected

- None.

### Corporate priorities

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
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Clean, safe and healthy homes and communities		An ambitious council that does more to meet the needs of residents and the local area	x
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## Background

10. The aim of the Debt Respite Scheme (Breathing Space) is to encourage people to access professional independent debt advice and give them time and space to find a sustainable debt solution.
11. A Breathing Space can only be started by:
  - a. A (Financial Conduct Authority) FCA approved debt advice provider
  - b. A local authority (where they provide debt advice to residents)
12. There are 2 types of Breathing Space:
  - a. Standard Breathing Space
  - b. Mental Health Crisis Breathing Space
13. Standard Breathing Space is available to anyone with problem debt – it gives the debtor legal protection from creditors for up to 60 days.
14. To be eligible for standard Breathing Space, the debtor must:
  - a. be an individual
  - b. owe a qualifying debt to a creditor
  - c. live or usually reside in England or Wales
  - d. not have a debt relief order (DRO), an individual voluntary arrangement (IVA), interim order, or be an undischarged bankrupt at the time they apply.
15. Mental Health Crisis Breathing Space is only available to someone who is receiving mental health treatment. This protection last for as long as the treatment +30 days.
16. There is no time limit on how long a mental health crisis can last or how many times an individual receiving mental health treatment can claim Breathing Space.
17. To be eligible for mental health breathing space, the debtor must:
  - a. Meet the same criteria and conditions for a standard breathing space
  - b. be receiving mental health crisis treatment at the time that an application is made.
  - c. a debtor who has had a standard or mental health crisis breathing space in the last 12months may be eligible for a mental health crisis breathing space
  - d. there is no limit to how many times a debtor can enter a mental health crisis breathing space.
18. For both types of Breathing Space, the debt advisor must be satisfied that the debtor cannot, or is unlikely to be able to, repay all or some of their debt and that breathing space is appropriate.
19. The Insolvency Service will maintain the electronic service that debt advisers use to start the Breathing Space process and will send notifications to creditors when a debtor enters Breathing Space. When a notification is received by the Council our records will be updated to suspend recovery action for the duration of the Breathing Space.
20. The Council's Debt Management Policy should be updated to include this statutory initiative to inform residents of their right to access Breathing Space. The proposed changes to the policy are shown in Appendix 1.
21. The Council's Debt Management Policy delegates authority to the Executive Member (Resources) to approve any cost neutral changes to the policy.

## Implications of report

22. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
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Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area	✓	Policy and Communications	

**Comments of the Statutory Finance Officer**

23. As outlined in the report the Breathing Space Scheme is a statutory scheme that the council must adhere to. The council reviews its bad debt provision throughout the year and any implications from this legislation will be recognised in this calculation.

**Comments of the Monitoring Officer**

24. It is mandatory to update the policy to incorporate the statutory Breathing Space Scheme.

Asim Khan  
Director (Customer & Digital)

Report Author	Ext	Date
Alison Wilding	***	May 2021
Background Papers		
Document	Date	File
<a href="https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance">https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance</a>	***	***

Following careful consideration and assessment of the contents of this report, I approve the recommendation(s) contained in Paragraph 2 of the report in accordance with my delegated power to make executive decisions.



\_\_\_\_\_ Dated 03.08.21\_\_\_\_\_

**Councillor Peter Wilson**  
**Executive Member (Resources)**