

To: Cabinet

Date: 25 January 2023

Report/Comments of: Scrutiny Committee

Title: Scrutiny Feedback to Cabinet – Debt Management Update

SUMMARY OF REPORT CONSIDERED

Report Title:	Debt Management Update
Purpose/Description of Report:	The purpose of the report is to update Members on the progress of managing debt owed to the Council.
Key Decision:	No
Scrutiny Lead Member:	Cllr R Child, Scrutiny Committee Chairman
Relevant Portfolio Holder:	Cllr R de Burle, Portfolio Holder for Corporate Governance, Finance and Resources

1. Introduction and Overview

The Scrutiny Committee met on 11 January 2023 to consider a report on the management of debt owed to the Council.

The report covered the following:

- A performance update for each area of debt being council tax, business rates, housing rents, garage rents, former tenant arrears and sundry debts.
- Confirmation of the approach to recovery including the use of Charging Orders, Winding Up Orders and Bankruptcy Orders for Council Tax/Business Rate arrears in line with the Corporate Debt Policy.
- An Action Plan in respect of Sundry Debt collection; and
- Information on the amount of debt written off for the last three years.

2. Summary of Feedback/Recommendations for Cabinet Consideration

- The Committee requested details of how many tenants are currently in rent arrears. At the meeting, the Tenancy Services Manager confirmed 800 tenants are showing as being in rent arrears over £622k. However,

it was explained that this includes those accounts paid monthly, including tenants who pay their rent through housing benefit which pays four weeks in arrears and that will account for a significant amount of the numbers.

- Members welcomed the approach of engaging tenants at an early stage of rent arrears and the recognition that external factors have affected tenants' ability to pay.
- The comment was made that the letters to inform tenants of rent arrears were previously overly threatening and that a better worded letter may lead to more engagement and willingness to resolve ongoing arrears. Members welcomed the response that Officers were reviewing the letters, as well as using other methods of communication with a view to creating greater engagement with tenants.
- Concern was raised with the amount of legal work that could be required to process the number of cases, however assurance was given that most cases are handled within the team and legal only get involved if the case is complex for which few are.
- The Committee asked that where garage rents were not being paid was it possible to enforce via seizing assets from the garages. Officers undertook to look into this.
- The Committee were pleased with the more proactive work being carried out in this area and requested an update report on rent and garage debts in April.
- Members commented that the historic sundry debt needs resolving and removing from the balance sheet. In response, it was confirmed that Officers have to follow a process before debt can be written off. In addition, with some debts it could be the case that the debtors, once reminded, could be able to pay the debt that they owe.
- Concern was raised regarding, what appeared, to be debt attributed to an individual staff member, however it was noted that the debt was allocated to the incorrect cost codes and needs to be reclassified (this action would be undertaken).
- Members agreed with the approach that Officers require more delegation and can therefore adopt a flexible approach when deciding whether to write off debt. This would be coming forward to a future Council meeting for approval.
- The Committee considered the Council Tax and Business Rates arrears, however Members weren't too concerned considering the Council's collection rate in comparison to neighbouring authorities is favourable.

Written by: Scrutiny Committee Chairman in consultation with Members of the Scrutiny Committee