



Audit & Standards Committee

Date 30 July 2019

Report of: Deputy Chief Executive

DEBT MANAGEMENT REVIEW– UPDATE ON PROGRESS

1.0 Summary:

- 1.1 The Debt Management Consultancy Review, completed by Internal Audit and submitted on 8 November 2018, set out a number of recommendations regarding the ongoing management and recovery of debt. Specific focus was given to the recovery of sundry debt, and the adoption of a corporate policy setting out a framework for future recovery. This report updates members of progress against the recommendations. A full response to all recommendations can be seen in Appendix 2.

2.0 Recommendations

- 2.1 **That the Audit and Standards Committee note the progress made with regard to the recommendations made in the internal audit review of debt management undertaken in 2018/19**

3.0 Report Detail

- 3.1 Key recommendations outlined in the Debt Recovery audit report focused primarily on the adoption of an overarching policy governing debt collection, across Council Tax, NNDR (Business rates), Rent and Sundry Debt. Collection rates of both Council Tax and Business rates are currently high, with 98.2% of Council Tax and 98.6% of business rates collected in 2018/19. Sundry debt collection rates are currently at 86.5%, however the council is experiencing high levels of historic sundry debt, thus the additional focus on sundry debt collection.
- 3.2 A draft Corporate Debt and Income Maximisation Policy (appendix 1) was assessed by Cabinet on 9 July 2019, and approval was given to begin a period of consultation on the policy, which will begin in late July 2019. The adoption of the policy will assist officers to support the Council's aims to:
- Ensure collection rates of Council Tax, Business Rates and Sundry Debt are maximised
 - Ensure any collection enforcement is carried out in an appropriate and sustainable way
 - Become more commercially aware, with opportunities to maximise income identified and enacted upon

- 3.3 Additionally, Cabinet approved the continuation of the sundry debt officer post until March 2020, with specific consideration to be given to a permanent resource during the budget setting period for 2020/21. This post will facilitate a greater focus upon sundry debt collection, alongside the formulation of a draft Sundry Debtor Plan which will set out a robust collection framework for these debts
- 3.4 The collection of Sundry debt is a Council wide endeavour, starting with robust policies to underpin action, then with each service area taking responsibility for invoices raised for services, followed by the Sundry Debt post working alongside service areas to determine the most effective recovery action. The ability to alter services to ensure payment is provided in advance of the service being delivered is paramount within the Corporate Debt and Income Maximisation Policy, alongside the ability of services to withdraw services in cases of non payment.
- 3.5 Specific training has been delivered to key service areas outlining the service's responsibilities in ensuring debt is minimised, with key service areas, such as Melton Lifeline, having adopted more effective practises in the last 6 months to ensure sundry debt levels do not rise.
- 3.6 Training within the Revenues team has included the requirement to ensure all recovery action is fully recorded on the Northgate Revenues system, and this has been adopted by the service area.
- 3.7 Bed debt provision has been reviewed and updated, particularly regarding sundry debt and rent arrears, where audit recommendations focused. The service has moved away from basing the provision upon the age of the debt, to a staged provision based upon the recovery actions associated with each debt. This has been approved by Senior Management and has been submitted to auditors as required.

4.0 Consultation and Feedback

- 4.1 Consultation on the Corporate Debt and Income Maximisation Policy will commence in July 2019, with feedback sought from key stakeholders such as CAL, MADMAC, Storehouse and other organisations dealing with debt.

5.0 Next Steps

- 5.1 The Corporate Debt and Income Maximisation policy will, if necessary, be reviewed against consultation feedback, and will be submitted for approval at full Council when appropriate.
- 5.2 Efforts to improve collection rates across all debts will continue over the coming months in line with audit recommendations.

6.0 Financial Implications

- 6.1 The extension of the sundry debtors post for 2019/20 has been met from savings elsewhere. The additional cost that will need to be identified to cover this post from 2020/21 is £30k per year.

7.0 Legal and Governance Implications:

8.0 Equality and Safeguarding Implications:
8.1 A full Equalities Impact Assessment of the Corporate Debt and Income Maximisation Policy will be undertaken before the consultation period ends, and will be included before approval of the Policy

9.0 Community Safety Implications:
9.1 None anticipated

10.0 Other Implications

11.0 Risk & Mitigation:

11.1 Identify what the risk is and how you will mitigate this risk.

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A	Very High				
B	High				
C	Significant				
D	Low			1, 2	
E	Very Low				
F	Almost Impossible				
		Negligible 1	Marginal 2	Critical 3	Catastrophic 4

IMPACT

Risk No	Risk Description
1	Sundry Debt Officer post not continued after 31 March 2020
2	That the recommendations are not implemented or do not lead to an increase in recovery
3	

Background Papers:
Need to list any background papers that have informed the report

Appendices
1 – Draft Corporate Debt and Income Maximisation Policy
2 – Audit responses

Report Timeline:

Equalities Check & Challenge	N/A
SLT Sign off	N/A
Previously Considered by Cabinet	Policy considered by Cabinet
Director Approval	22 July 2019
Chief Finance Officer Sign Off	22 July 19
Monitoring Officer Sign Off	22 July 2019

Report Author & Job Title

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