



Cabinet

18 March 2020

Report of: Councillor Ronnie de Burle -
Portfolio Holder for Corporate
Finance and Resources

Corporate Debt Policy

Corporate Priority:	Service excellence in all we do Ensuring the right conditions to support delivery
Relevant Ward Member(s):	
Date of consultation with Ward Member(s):	Choose date
Exempt Information:	No
Key Decision:	Yes Decision likely to affect two or more wards.
Subject to call-in:	No

1 Summary

- 1.1 The purpose of the report is to seek approval for the implementation of the Corporate Debt Policy as detailed in Appendix A.
- 1.2 The report and policy outlines ways in which the Council can seek to maximise collection rates whilst also ensuring residents' vulnerabilities and ability to pay are accounted for in any action taken.

2 Recommendation(s)

- 2.1 That Cabinet approves the implementation of the Corporate Debt Policy as detailed in Appendix A

3 Reason for Recommendations

- 3.1 The Policy will assist officers in ensuring collection rates are maximised and that residents and businesses are sufficiently safeguarded with regard to collection action.
- 3.2 It is timely to review our approach to debt collection and adopt a new policy at this time.

4 Options Considered

- 4.1 To continue to operate Income Recovery without an overarching policy. This may lead to lower collection rates and inconsistent application of procedures. It would also not be in line with Internal Audit recommendations.

5 Background

- 5.1 The Council collects income from a wide variety of sources such as Council Tax, Business Rates, overpaid housing benefit, commercial rent, sundry debts and Penalty Charge Notices for parking contraventions. Every effort is made to collect monies due to us in the most appropriate and effective way
- 5.2 The Council has a good track record of collecting debt, but in some cases recovery action has to be taken to enforce payment. The enforcement action we can take is different for each type of debt and this is addressed in separate sections of the policy.
- 5.3 Over the past few years there have been a number of changes which have significantly changed the way that Councils have not only collected debts but also what debts are most likely to accrue. An example of this is that Local Council Tax Support replaced Council Tax Benefit from April 2013 which resulted in many working age claimants having to pay Council Tax for the first time. Welfare reform will continue to have an impact on debts being owed to the Council.
- 5.4 In addition, we have had to change working practices (such as how we calculate and charge debts) as a result of challenges being made to the approach Councils have previously taken when recovering debts.
- 5.5 There have also been significant changes in the way civil enforcement agents (formally known as bailiffs) operate and the fees they can charge following the introduction of the Taking Control of Goods Regulations 2013.
- 5.6 The Council has reviewed its objectives of the policy to make sure that its approach to debt collection is robust and fair and in line with current best practice and legislative requirements.

6 Main Considerations

- 6.1 The adoption of a Corporate Debt Policy will assist officers to support the Council's aims to:
- a) Ensure collection rates are maximised across all streams of debt.
 - b) Ensure any collection enforcement is carried out in an appropriate and sustainable way
- 6.2 It is recognised that without a coherent Debt Policy, collection across the streams of debt and the way officers manage individuals on a day to day basis can fluctuate, resulting in an inconsistent approach to debt management and enforcement.
- 6.3 The Policy provides a framework for a customer focussed approach, where prevention of debt is always the first priority. The Council will seek to do this through timely invoicing, paying up front where possible and providing guidance and support to customers. The

Council has recently invested in a new digital system which will allow services to provide a better payment service to its customers which will help to achieve this approach.

- 6.4 The Council recognises however those customers may not always make payments when they are due. Where this is the case, the Policy promotes an individual approach to dealing with debts and a differentiation between those customers that cannot pay and those that are deliberate non payers.
- 6.5 Where debts have accrued, the Policy provides guidelines for how payment arrangements will operate when agreed as an alternative to enforcement action. It also provides clear guidance about the enforcement action available to the Council to recover debt and this provides customers with clarity on the consequences of not paying their debts and the action the Council may take.

7 Consultation

- 7.1 Consultation with key stakeholders including Scrutiny Committee was carried out on an earlier version of the policy. The comments received from this consultation have been fed into the final version of the policy.

8 Next Steps – Implementation and Communication

- 8.1 Implementation of the Corporate Debt Policy with immediate effect.

9 Financial Implications

- 9.1 There are no direct financial implication but failing to collect income can reduce resources available to meet spending plans

Financial Implications reviewed by: Director for Corporate Services

10 Legal and Governance Implications

- 10.1 The Council is required to comply with relevant legislation where pursuing debts.
- 10.2 Regard will also be had to the Council's duties under Section 149 Equality Act 2010.

Legal Implications reviewed by: Director for Governance & Regulatory Services

11 Equality and Safeguarding Implications

- 11.1 An Equality Impact Assessment has been completed and we are awaiting feedback from the Check and Challenge Group.

12 Community Safety Implications

- 12.1 There are no Community Safety Implications arising from this report.

13 Environmental and Climate Change Implications

13.1 There are no Environmental and Climate Change Implication arising from this report.

14 Other Implications (where significant)

14.1 There are no other implications arising from this report.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	The Council collects debt that is not due	Low	Marginal	Low Risk
2	Individuals with multiple debts are chased separately for each debt	Low	Marginal	Low Risk
3	Individuals vulnerabilities are not taken into account when chasing debt	Low	Marginal	Low Risk
4	Increases in mental health issues as a result of increasing debt within Melton communities	Significant	Marginal	Medium Risk
5	The withdrawal of services, e.g. Melton Lifeline, from vulnerable people	Significant	Marginal	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant		4,5		
	3 Low		1,2,3		
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	The policy sets out factors to be taken into account when assessing an individual's debt. This includes an appraisal of all related debt and an assessment of whether it is financially prudent for the Council to collect the debt.
2	Each debtor will be appraised regarding additional debts before chasing action is initiated. Multiple debts will then be prioritised. Throughout the collection process, officers will adhere to industry best practice.
3	The policy recognises the need to assess the individual's wider circumstance before enforcement action is initiated. This included engaging relevant services and support, and the potential to cease any action should vulnerabilities necessitate this.
4	Officers will ensure any vulnerable residents are safeguarded through referral to the relevant agencies and support before any collection action is undertaken, including health services.
5	Services will only be withdrawn where the necessary safeguarding actions and referrals have been actioned. Withdrawal of sensitive or high risk services, such as Melton Lifeline, will be assessed on a case by case basis.

16 Background Papers

16.1 No Background Papers are included with this report.

17 Appendices

17.1 Appendix A – Corporate Debt Policy

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