

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 13
DATE OF MEETING:	4 December 2008	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	PAM CARROLL (EXT 5784) RAY KEECH (5990)	DOC:
SUBJECT:	CORPORATE DEBT MANAGEMENT POLICY	REF:
WARD(S) AFFECTED:	ALL	TERMS OF FM14 REFERENCE:

1.0 Recommendations

1.1 To adopt the Corporate Debt Management Policy with immediate effect.

2.0 Purpose of Report

2.1 To consider the introduction and application of a Corporate Debt Management Policy, to the collection and enforcement of Council Tax and Business Rates, Benefit Overpayments and Sundry Debtors. (Appendix A)

3.0 Detail

3.1 Following the creation, at 1 April 2008, of a specialist team of recovery and money advisors to co-ordinate the collection, recovery and management of debt in respect of all monies, except Housing Rents, due to the Council it is now considered necessary to underpin the work of the team with formal policy guidelines that provide a framework for service delivery. Additionally the introduction and subsequent publication of clear guidelines on bills, reminder notices and on the web will provide transparency to debtors as to expectations of what will happen if they won't pay and the advice available to them if they can't pay.

3.2 It should, however, be noted that whilst the Policy will direct the general scope of activity and responsibility, the very nature of debt recovery and management activity is heavily reliant on knowledge of the individual circumstances of each case such as the attitude and willingness to resolve the issue and family and financial circumstances. It is therefore essential to understand that the Policy will be used in a flexible rather than prescriptive manner.

3.3 The proposed policy incorporates the principle tenets of the Enforcement Concordat published by the Government in 1998 which, it is considered, are still appropriate today and draws on best practice from a number of sources including the Audit Commission.

- 3.4 It is generally accepted that the faster a debt is collected the cheaper it is to collect. Inefficient collection can mean many debts having to be pursued using a variety of more expensive methods including for example, enforcement and tracing agencies and solicitors
- 3.5 There is clear evidence, supplied by the Audit Commission, and noted by this Council in relation to Council Tax collection in 2007/8, that chasing debts as soon as they are overdue produces better outcomes than leaving debts for longer periods, particularly when further debts are accruing on a periodic basis. This in turn means that the incidence of write-off is reduced and overall the financial position of the Council is improved through improvement to collection levels and cash flow.
- 3.6 In the current economic climate the need for a policy of the nature proposed by this Report is perhaps more relevant than ever.
- 3.7 The proposed Policy will sit alongside existing operational policies, such as the Sundry Debtor Credit Control Policy, that set out the processes to be followed prior to enforcement and welfare advice intervention.

4.0 Financial Implications

- 4.1 Existing levels of collection and resources are embedded within current budgets.
- 4.2 Continued and sustainable improvements to collection levels may require additional resources. These would be self-financing.

5.0 Corporate Implications

- 5.1 The CPA assessment of Financial Standing under the "Use of Resources" key lines of enquiry (KLOE).at level 3 requires Councils to fully understand the effectiveness of their income collection operations, including the cost of non-recovery. At the highest level (4), Councils must set challenging targets for income collection. The Council is currently at level 3 and it is considered that the introduction of this Policy will cement that rating and move it closer to level 4.
- 5.2 Local Performance Indicators currently measure performance on Council Tax, Business Rate and Housing Benefit Overpayment recovery.
- 5.3 Traditionally the Council has enjoyed Upper Quartile performance in the collection of Council Tax and Business Rates under the BVPI regime, although in 2007/8 this fell owing to the diversion of resources to the Academy Software implementation. Resolution of this position is well underway.

6.0 Community Implications

- 6.1 The introduction of a transparent and publically accessible Corporate Debt Recovery and Management Policy will reassure the general community, and send out a strong message, that the Council is committed to tackling debt whilst at the same time showing that it also recognises the needs and circumstances of individuals who may require assistance from it or partner organisations.

7.0 Background Papers

- 7.1 The Enforcement Concordat (DTI)
- 7.2 Income Collection Toolkit (Audit Commission)