

Corporate Debt Recovery Policy

Report to: **Executive**

Date: **10th March 2016**

Title: **Corporate Debt Recovery Policy**

Portfolio Area: **Customer First**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview & Scrutiny**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken:
(e.g. referral on of recommendation or implementation of substantive decision)

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Recommendations:

1. That Members recommend to Full Council the adoption of the Joint Corporate Debt Recovery Policy.

1. Executive summary

1) This draft policy (Appendix 1) sets out the approach that South Hams & West Devon Councils will take to recover monies owed to them by both residents and businesses.

Corporate Debt Recovery Policy

- 2) This policy document brings together all former departmental debt recovery action and sets out the Council's debt recovery practices in one generic document. Underneath this will be individual service specific operational guidelines, however it is intended by having one published policy that both residents and customers will have clear expectations of how their case will be treated. It will also ensure that staff follow one policy and in the interests of equality and accountability the Councils following due process.

2. Background

- 1) South Hams & West Devon are required to collect monies from both businesses and residents for a variety of reasons. Monies we collect enables us to deliver our core services and in the current climate it is more important than ever that every effort is made to collect all debts owed to us. It is also a fair and reasonable approach to the majority of people who do pay their debts to us on time.
- 2) It is important that the Council has a clear and robust policy, with operational guidelines underpinning it so that any effort to take recovery action is done so in a fair and proportionate way and following a clear policy guideline.
- 3) Whilst maximising debt recovery is important, it is equally important to promote financial inclusion and to safeguard people wherever possible from excessive debt. It is for this reason we have built in signposting to debt advice and support agencies and will give staff the tools to do this in a meaningful way.
- 4) If this policy is adopted it is intended to publish on our website, setting out to all our businesses and residents the Council's approach to debt recovery.

3. Outcomes/outputs

- 1) The timing of this new policy coincides with the beginning of a new financial year and all action we take going forward (and in retrospect looking at outstanding debt) will be in accordance with this policy.
- 2) This policy is part of the ongoing project to look at outstanding corporate debt and to recover where possible any monies owed.
- 3) It is anticipated that adoption of this corporate policy will eventually reduce the number of large outstanding debts, by taking early and robust action.

4. Options available and consideration of risk

- 1) A corporate debt recovery policy is essential for the Council and will ensure transparency, equality and consistency in the way we recover debt.
- 2) It is possible that the Council could continue as is, with each service area taking varying recovery action to recover debt associated with their own service. This clearly is inconsistent, is confusing for both staff, residents and businesses and is open to challenge.
- 3) Each Community of Practice has been involved with the preparation of the debt recovery policy, and feedback has been positive. A corporate

Corporate Debt Recovery Policy

wide approach is welcomed, with the understanding that there will be some operational differences depending on the nature of the debt.

5. Proposed Way Forward

- 1) It is recommended that Executive recommends to Council the adoption of the Corporate Debt Recovery Policy.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Council has various powers under which it can recover monies due to it, which are considered in relation to the recovery of specific debt.</p> <p>This is a new policy which requires consideration and formal approval by Members.</p>
Financial		<p>The largest income stream that the council collects is that of council tax and business rates. The Council's collection rates are above the national average as detailed below.</p> <p>In 2014/15 the Council collected 98.3% of council tax, the national average was 97.0%. For business rates 98.6% was collected, the national average was 98.1%</p> <p>Regular quarterly reports are presented to the executive on write offs of debt. In addition to council tax and business rates, the council also collects Housing Benefit debt, sundry debts and housing rent debt.</p>
Risk		<p>If the Council continues as is, with old departmental variation on the collection of debt there is an increased exposure to risk of challenge which will have both a financial and reputational risk to the Council.</p> <p>Without a corporate debt recovery policy the Council may miss opportunities to act early and in accordance with a published procedure which may impact on the success in recovering debts owed.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		This policy has a positive or neutral impact on all protected characteristics and.

Corporate Debt Recovery Policy

Safeguarding		There are no safeguarding implications directly related to this policy, however having inbuilt financial inclusion criteria will to the Council's best ability actively support people struggling with debt.
Community Safety, Crime and Disorder		<ul style="list-style-type: none"> Some of our debt recovery action can ultimately result in a custodial sentence. This is only when all other action has been exhausted and is ultimately sanctioned by the courts. The approach this policy outlines and the action taken prior to this should minimise instances of this.
Health, Safety and Wellbeing		The inbuilt financial inclusion criteria promotes Health, Safety & Wellbeing.
Other implications		

Supporting Information

Appendices:

Appendix 1 – Draft Debt Recovery Policy.

Background Papers:

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	Yes