

Slough Borough Council

Report to:	Cabinet
Date:	17 October 2022
Subject:	Corporate Debt Management Policy
Lead Member	Cllr Anderson. Lead Member for Financial Oversight and Council Assets
Chief Officer:	Steven Mair, Executive Director Finance and Commercial (Section 151 Officer)
Wards (s):	All
Key Decision:	No
Exempt:	No
Decision Subject To Call In	No
Appendices:	A – Corporate Debt Management Policy

1 Summary and Recommendations

- 1.1 The Council does not have a published debt management policy and needs to have one to ensure all Directorates have consistent debt management processes and fully understand their role and responsibilities in the process.
- 1.2 This also ensures that the Council is meeting its fiduciary duties in terms of protecting the public purse. It will also provide individual and businesses who deal with the Council a clear understanding of how the Council's policies could impact on them.
- 1.3 The Policy has now been produced to ensure that it fits in with best practice and is attached at Appendix 1.
- 1.4 The approach outlined will benefit the authority by:
 - Achieving the best possible cash flow for the Council whilst ensuring that the liability to pay is calculated correctly
 - Providing good financial management and control across the Council
 - Enforcement action is reasonable, and;
 - Those who are vulnerable are assisted in meeting their financial obligations to the Council
- 1.5 This Policy is an overarching framework which sets out the principles the Council's debt management activities will be managed. More detailed procedures and processes are in place or are in the process of being produced for specific types of debt such as those for Adult Care debt, Parking enforcement and commercial leases. This Policy does not override or replace these procedures and processes or legal provisions.

Recommendations:

1.6 Cabinet is recommended to:

- i) Approve the Corporate Debt Recovery Policy set out in appendix A
- ii) Delegate authority to the Executive Director Finance and Commercial (Section 151 Officer) to make minor amendments in consultation with the Lead Member, to allow for the Policy to be updated and to take account of any future service improvements or legislative changes.

Reason

- 1.7 The Council needs an effective debt management policy to support the maximisation of debt collection in an efficient and effective manner. Debt is a topical and high-profile area in the current economic climate and the policy needs to ensure the Council takes account of the circumstances of the debtor as well as its own fiduciary duty in terms of management public funds.
- 1.8 Its implementation aims to deliver measurable service improvement and adherence to recognised good practice.

Commissioner review

- 1.9 *“The paper proposes an overarching policy on Debt Management which will be supported by a range of procedures and processes relating to specific types of debts – the Commissioners support this approach.*
- 1.10 *It is important that the Council balances its fiduciary duty to protect the public purse, and thereby protect public services through efficient and effective debt management, with the need to support individual residents and businesses who may at times experience difficulty in paying for their services. It is also important that the appropriate procedures and processes for specific types of debt are published in an open and transparent way to assist residents and businesses in managing their debts with the Council.”*

2 Report

- 2.1 Slough Borough Council believes its collection and debt management policy should be fair to everyone, especially those on low incomes. It is recognised that people and businesses do not pay their debts for a variety of reasons. Some people may deliberately set out to delay or not make payments and all methods of enforcement will be used to secure payment in these cases. Some people, because of living in or on the margins of poverty, may have difficulty in paying. The Council will use its best endeavours to help such people and to minimise the impact of debt on them whilst recognising that unpaid debt has a wider implication on the authority's ability to deliver services to the most vulnerable people in its communities.
- 2.2 Some people may be able to pay but do not pay because of an oversight or personal difficulties and not because of a deliberate decision to avoid or delay payment. The Council will seek to help such people develop a culture of payment

by encouraging them to get in contact and discuss any difficulties. The need to get in touch is central to the policy.

- 2.3 Where a person or company makes contact their circumstances will be considered with a view to agreeing a reasonable payment arrangement, minimising recovery action and helping to alleviate hardship.
- 2.4 Where people fail to make contact or maintain arrangements, recovery action will continue.
- 2.5 There are already sound debt recovery procedures in place within Revenues and Benefits, Housing, Parking and Financial Services. This Policy provides an overarching framework and covers the collection of Rents, Council Tax, Business Rates, Business Improvement Districts, Housing Benefit Overpayments, Sundry Debts and Parking.
- 2.6 The key aims of the Policy are as follows:
 - 2.6.1 To maximise the collection of income due by:
 - implementing a transparent charging policy
 - accurate, clear and timely billing and;
 - deploying effective, appropriate and timely support and recovery processes
 - 2.6.2 To deploy recovery methods appropriate to debt type and debtor's ability to pay. Debtors identified as unable to pay will receive appropriate debt management and benefit advice, be helped to make and adhere to payment arrangements and understand options to minimise costs in the future.
 - 2.6.3 To facilitate a coordinated approach to managing multiple debts owed to the Council.
 - 2.6.4 To ensure that debts are managed in accordance with legislative provisions and best practice.
 - 2.6.5 To foster good financial management and control across the Council
 - 2.6.6 To ensure income relating to all types of debt is managed in accordance with the Council's Constitution, the Financial Rules and this Policy.
 - 2.6.7 To ensure performance in relation to debt recovery is regularly reported through the relevant management structures of the Council.
 - 2.6.8 The Council is committed to continuous improvement and it is critical that new approaches and ways of working will be introduced. The Policy will be reviewed biennially as a minimum to allow it to be updated and to take any service improvements or changes into account.
- 2.7 The Council will follow the principles outlined below in all its recovery action.
 - Our action will be proportionate
 - Our approach will be consistent

- Our actions will be transparent

- 2.8 Additionally, our intention will be to be firm, fair and effective whilst adhering to our customer service standards.
- 2.9 Early intervention to support people struggling with payments helps prevent further charges and reduces both collection costs and demand on local public services.
- 2.10 Proportionality – Proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of collection.
- 2.11 Consistency – Consistency means taking a similar approach in similar circumstances regardless of debt and debtor to ensure equity for all. The Council aims to achieve consistency in:
- The advice it provides,
 - The use of its powers, and
 - The recovery procedures used.
- 2.12 However, the Council recognises that consistency may not mean uniformity and variables including the following will be taken into account:
- The social/personal circumstances of the debtor
 - The debtor's payment history
 - The debtor's ability to pay
- 2.13 Transparency – Transparency is important in maintaining public confidence and enabling people to understand what is expected of them and what they should expect from the Council. It includes explaining clearly the reasons for taking recovery action and the associated timescales.
- 2.14 A distinction must be made between advice and legal requirement.
- 2.15 Communications should be in Plain English, and large print with Braille or translated versions will be made available to customers upon request or where identified that this is required.
- 2.16 With the exception of Council Tax and NNDR and any charge that is made by way of a "fine" for non-compliance with the law, an opportunity will be provided for the debtor to discuss what is required to comply with the law before formal recovery action is taken. In the case of Council Tax, NNDR, and other statutory charges where the customer seeks clarification of their legal obligations, the Council will provide this. A written explanation will be provided of any rights of appeal against formal recovery action either before, or at the time the action is taken.
- 2.17 Where written procedures are not in place in departments these will be produced before the end of the current financial year and where appropriate published on the Council website.

3 Options Considered

- 3.1 Not have a published overarching corporate debt policy and let Directorates pursue debt using their interpretation of best practice.
- 3.2 Produce and approve a corporate debt management policy that ensures all Directorates have consistent debt recovery processes and fully understand their role and responsibilities in the process – **recommended**.

4 Background

- 4.1 There is currently no over-arching corporate debt policy in Slough Borough Council which leads to a risk of staff working on recovering debt not fully considering statutory requirements on debt recovery and the other debts being collected by the council and the impact of this on the individual debtor.
- 4.2 An internal audit report in February 2022 recommended that a debt management policy be produced.
- 4.3 The majority of debt collected by the Council is the responsibility of the Executive Director Finance and Commercial (Section 151 Officer), including Council Tax, Business Rates, Housing Rents, Housing Benefits Overpayments, Adult Care Debt and Sundry Debt. The Accounts payable team work with directorates in collecting sundry debt, such as commercial properties and Adult Care debt.
- 4.4 Adult Social Care Debt that may have accrued as a result of the Council meeting a person's eligible care and support needs is subject to a separate policy, approved by Cabinet in July 2022. However, it still fits within the overarching principles set out in the Corporate Debt Policy.
- 4.5 Parking debt is collected by the Executive Director of Place and is subject to statutory collection processes but does fall within the overarching principles set out in the Corporate Debt Policy.
- 4.6 The approval of a Corporate Debt Policy enables consistency and clarity to the Council's procedures for debt collection.
- 4.7 There will be a formal review of the effectiveness policy every two years which will be reported to Members.

5 Implications of the Recommendations

5.1 Financial implications

- 5.1.1 The failure to adopt an effective approach to debt recovery could result in an inability to plan finances effectively in a difficult economic climate over the period covered by the Medium Term Financial Plan.
- 5.1.2 The failure to adopt an effective approach could also impact on the authority's financial position; namely the bad debt provision of the authority and the level of income generated from fees and charges.

5.1.3 The adoption of the Policy, does not in itself have any resource implications, but aids transparency and understanding about the procedures and processes relating to debt recovery and write off protocols within the Council. This is because, as part of the Council's budget process the bad debt provision is reviewed for all its aged debt and the provision is adjusted as necessary. Provisions are also reviewed during the production of its statutory final accounts, to consider the debts written off during the year and whether the bad debts provisions remain sufficient or not.

5.2 **Legal implications**

5.2.1 The Policy will promote good practice and a consistent approach in the recovery of debt and, where service areas consider it is appropriate to recommend the write off any debts that are irrecoverable, after ensuring any necessary consultation with Legal Services. Having such a policy should also assist the council with its fiduciary responsibilities.

5.3 **Risk management implications**

5.3.1 There a risk that directorates and staff do not adhere to the corporate debt policy. This will be mitigated by regular staff training, collaborative work between the accounts payable team and directorate staff raising debtors invoices and the production and review of procedure manuals for each area that comply with the corporate debt policy.

5.4 **Environmental implications**

5.4.1 None

5.5 **Equality implications**

5.5.1 There are no identified equality implications from this report although the policy itself recognises that there may be Equality Act considerations to be taken into account.

5.6 **Background Papers**

[Adult Social Care Debt Recovery Policy Cover Report](#) approved by Cabinet 18th July 2022

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