

READING BOROUGH COUNCIL

REPORT OF EXECUTIVE DIRECTOR OF RESOURCES

TO:	POLICY COMMITTEE		
DATE:	14 DECEMBER 2020		
TITLE:	CORPORATE DEBT RECOVERY POLICY		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CUSTOMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	SAMANTHA WILLS	TEL:	0118 937 2711
JOB TITLE:	REVENUES & BENEFITS MANAGER	E-MAIL:	Samantha.wills@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The Council's Corporate Debt Recovery Policy was submitted and approved by Policy Committee on 3 November 2014.
- 1.2 The introduction of the Policy enabled all Directorates to have consistent debt recovery processes and fully understand their role and responsibilities in the process.
- 1.3 The Policy has now been reviewed to ensure it fits in with best practice. The updated Policy is attached at Appendix 1.
- 1.4 The Corporate Debt Recovery Policy and its Appendices is a compilation of recovery policies relating to outstanding debts raised by various departments across the Council.
- 1.5 The Policy has been written in conjunction with all departments to ensure its accuracy and viability.
- 1.6 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 obligation to the Council

2. RECOMMENDED ACTION

- 2.1 That the Committee approve the Policy as set out at Appendix 1;
- 2.2 That delegated authority be given to the Chief Finance Officer for minor amendments in consultation with the relevant Lead Councillor, to allow for the Policy to be updated and to take any service improvements or changes into account in the future.

3. POLICY CONTEXT

- 3.1 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.
- 3.2 Its implementation aims to deliver measurable service improvement and adherence to recognised good practice.
- 3.3 Reading Borough Council believes its collection and debt recovery policy should be fair to everyone, especially those on low incomes. It is recognised that people 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.
- 3.4 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.
- 3.5 Where a person makes contact their circumstances will be considered with a view to agreeing a reasonable payment arrangement, minimising recovery action and helping to alleviate hardship.
- 3.6 Where people fail to make contact or maintain arrangements, recovery action will continue.
- 3.7 There are already sound debt recovery procedures in place within Revenues & 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.

4. POLICY AIMS

- 4.1 The key aims of the Policy are as follows:
 - To maximise the collection of income due by;
 - implementation of a transparent charging policy
 - accurate, clear and timely billing and;
 - deploying effective, appropriate and timely recovery processes
 - 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.
 - To facilitate a coordinated approach to managing multiple debts owed to the Council.
 - To ensure that debts are managed in accordance with legislative provisions and best practice.

- To foster good financial management and control across the Council
 - To ensure income relating to all types of debt is managed in accordance with the Council's Constitution, the Financial Rules and this Policy.
 - To ensure performance in relation to debt recovery is regularly reported through the relevant management structures of the Council.
- 4.2 Following adoption of the Policy, services and key staff will be trained in the policies aims, and specific procedures. Standard operating practices to shares intelligence about our customers debt will be established so the principals of the debt policy are delivered upon. Regular refresher training would be provided and annual reporting of position.
- 4.3 Corporate debt working group workshops will be held at a minimum every 3 months to discuss performance, training needs and relevant topics. In addition, the group will be working towards creating an automated view of the customer overall debt provision in line with our 'golden record' of the customer and data insight strategy as outlined in the Customer Experience Strategy.
- 4.4 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.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The Policy supports 2 keys areas in our Corporate Plan priorities:
- Securing the Economic Success of Reading
 - Protecting & enhancing the lives of vulnerable Adults & Children
- 5.2 It ensures a fair and consistent approach to debt recovery whilst supporting the most vulnerable and protecting the financial stability of the Council.

6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Consultation has been carried out with a number of internal departments to update the existing Corporate Debt Recovery Policy. These included the following services: Finance, Revenues and Benefits, Housing, Parking, Customer Services, Accounts Receivable, Adult Social Care and Legal.
- 6.2 The draft policy has been shared with the voluntary sector.
- 6.3 The Corporate Debt Policy provides residents with the assurance that the Council recognises that some individuals and commercial organisations can have problems paying and that the Council aims to provide assistance to help them meet their obligations.
- 6.4 This Policy in no way promotes a two-tier system, as there will always be customers who pay their bills on time and those who don't. The policy was established to support individuals and commercial organisations to deal with their debts, as they would still be expected to pay what is due.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 The Corporate Debt Recovery Policy applies equally to all residents; therefore, no equalities issues arise.

8. LEGAL IMPLICATIONS

- 8.1 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.

9. FINANCIAL IMPLICATIONS

- 9.1 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.

- 9.2 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.

- 9.3 The Council's charged income for the financial year 2019-20 was £358.9m broken down as follows:

- £142m Business Rates
- £107m Council Tax
- £59m Sundry Debtors
- £44m Housing (inc. Housing Revenue Account, Community Care Properties, Garages, Bed and Breakfast & Temporary Accommodation & Guaranteed Rent Scheme)
- £2.3m Housing Benefit Overpayments
- £4.6m Penalty Charge Notices for Parking and Bus Lane contraventions

The Council wrote off debts of £410k in the financial year 2019-20 (Business Rates £198k, Council Tax £43k, Housing Benefit Overpayments £13k + Housing Former Tenant Arrears £46k, Sundry Debt £110k)

As at 31 March 2020 the Council had £51.6m of outstanding debt, broken down as follows:

- £7.5m Business Rates including costs (1st April 1995 - 31st March 2020)
- £16.1m Council Tax including costs (1st April 1993 - 31st March 2020)
- £15m Sundry Debtors (1st April 1997 - 31st March 2020)
- £1.7m Housing Current arrears (1st April 2019 - 31st March 2020, inc. Housing Revenue Account, Community Care Properties, Garages, Bed and Breakfast & Temporary Accommodation & Guaranteed Rent Scheme)
- £1.6m Housing Former arrears (1st April 1990 - 31st March 2020, inc. Housing Revenue Account, Community Care Properties, Garages, Bed and Breakfast & Temporary Accommodation & Guaranteed Rent Scheme),
- £7m Housing Benefit Overpayments (1st April 2004 - 31st March 2020)
- £2.7m Penalty Charge Notices for Parking and Bus Lane contraventions (1st April 2016 - 31st March 2020)

- 9.4 The adoption of the amended 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.

- 9.5 Performance monitoring will form part of the corporate debt working group, targets will be set within this group. Where performance is not being achieved, steps will be taken to understand why, best practice will be shared and processes introduced where applicable to improve, with an aim to achieve top quartile performance (in comparison to similar councils)

10. ENVIRONMENTAL IMPLICATIONS

- 10.1 None arising.

11. BACKGROUND PAPERS

- 11.1 There are none.