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| Subject: | Corporate Debt Policy | | |
| Date of Meeting: | 24 January 2019 | | |
| Report of: | Executive Director Finance & Resources | | |
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| Ward(s) affected: | (All Wards) | | |

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report seeks the approval of a revised and updated Corporate Debt Policy to replace the current policy written in 2013.
- 1.2 The new policy reflects the progression made in ensuring debt collection balances the dual responsibility of collecting income and debt to pay for essential services, and doing so in a manner responsive to the specific circumstances of individual households/businesses which may impact upon their capacity to pay what is due within required timeframes.

2. RECOMMENDATIONS

That the Policy, Resources & Growth Committee:

- 2.1 Notes the key changes in practice and approach from the existing policy.
- 2.2 Approves the new policy for adoption with immediate effect.
- 2.3 Notes that under Standard Financial Procedures implementation and agreement of arrangements for the management and recovery of debts are delegated to the Executive Director Finance & Resources.
- 2.4 Recommends that the Constitution Working Group considers the inclusion of a specific reference to the Corporate Debt Policy within the delegations to the Executive Director Finance & Resources.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council is collecting approximately £445m in 2018/19 for fees, charges, rents (including the Housing Revenue Account), council tax and business rates of which £363m is to support council services and the remaining £82m is collected on behalf of the government, police and fire authorities.
- 3.2 The policy details how the council structures its income and debt collection activities within services to ensure collection is efficient and practices are

consistent, while also carefully assessing vulnerability and taking action to recover debt without placing families in hardship. The council is always focused on best practice and does not want to cause undue alarm to residents, particularly the vulnerable.

- 3.3 The policy states the legal basis for collection activities which vary considerably, particularly in terms of recovery action.
- 3.4 Under Financial Regulations, the Executive Director Finance & Resources is required, “to agree arrangements and promote best practice for the collection of all income due to the council.” The policy describes how this responsibility is supported by an officer Corporate Debt Board, which provides an oversight role in driving best practice across income and debt collection services. The Corporate Debt Board comprises representatives from all of the council’s collection teams, namely Council Tax, Business Rates, Housing Benefits Overpayments, Parking, Corporate Collection Team, Housing Temporary Accommodation and Housing Income Management.
- 3.5 The policy identifies the best practices that the council already incorporates or intends to adopt to ensure collection is efficient and individual household circumstances are appropriately considered. It also states the training requirements to ensure staff have the skills to deliver the best practice.
- 3.6 The policy states the council’s approach to fraud, evasion, complaints and disputes in relation to debt collection.
- 3.7 While not specifically mentioned in the policy because it is still in development, the intention is to introduce digital technology to enable customers to have better access to service and debt information, so they can manage their own affairs and repayment levels. The same data will also provide officers with the intelligence to respond to debt situations in a holistic manner. The Corporate Debt Board will ensure the policy continues to align with these developments.
- 3.8 The policy was developed through the Corporate Debt Board taking into account representation from all of the council’s income and debt collection services, and government and voluntary sector best practice.
- 3.9 Overall, the policy is a comprehensive update of the current version produced in 2013. Specifically, it introduces for the first time:
 - an overarching structure to ensure consistent best practice across all of the council’s debt collection activities;
 - commitment to ensuring welfare considerations are uppermost in debt collection practice;
 - a commitment to train officers so they can apply and maintain best practice; and
 - implications arising from an Equalities Impact Assessment.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The policy was developed taking into account best practice. This includes the initiatives being taken by other councils that likewise endorse the ethical

principles of early intervention in cases of hardship and the drive to reduce the number of enforcement actions ultimately taken. All aspects of the policy were fully considered by the Corporate Debt Board with appropriate financial, legal and equality advice.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 In developing the policy, no direct community engagement or consultation was carried out.
- 5.2 The integration of best practice from the voluntary sector, the council's ongoing work with, eg. the Citizens' Advice Bureau and Money Advice, and reference to the findings of the Fairness Commission, all of which were built upon direct customer experience, were considered as an appropriate, informed response to the requirements of citizens and local business. A range of data and learning from the council's Welfare Reform programme and the rollout of Universal Credit, best practice from other local authorities and developments nationally, eg. with the Cabinet Office, have also informed the policy.
- 5.3 In practice, income maximisation, budgeting advice, holistic solutions and identification of vulnerability are already embedded in many existing processes, particularly in accessing housing, benefit administration and Welfare Reform support. Within the Welfare Reform support, the Welfare Rights Team provides expertise in benefits maximisation and appeals, while the Local Social Fund Team mitigates emergency situations. However, the policy formalises the council's commitment to provide this support and ensure it is available and effective across all income and debt collecting services.

6. CONCLUSION

- 6.1 The policy has been written on the basis of introducing current best practice into the council's strategy and processes.

7. FINANCIAL & OTHER IMPLICATIONS

7.1 Financial Implications:

There are no direct financial implications from the approval of the Corporate Debt Policy. However, the use of a consistent and proactive debt management policy is expected to support improvements in the level of debt collected and reduce the incidence of arrears, thereby reducing bad debt provisions and debt write off. Any improved income collection will be reflected through Targeted Budget Management (TBM) reports to this committee, as well as future years' budget setting.

Finance Officer Consulted: James Hengeveld

Date: 06/12/18

7.2 Legal Implications:

- 7.2.1 Councils are required to comply with "proper practices" and to make suitable arrangements for the proper administration of their financial affairs. Taking

enforcement action, where necessary and appropriate in order to recover the council's debts, falls within these arrangements.

- 7.2.2 The council has delegated to the Executive Director Finance & Resources the power to take such steps as are necessary for the proper administration of the financial affairs of the council, including such steps as are necessary to ensure budgetary control. Responsibility for the implementation and oversight of this policy will sit with the Executive Director Finance & Resources, who will ensure that overall control is exercised by the Corporate Debt Board as part of his financial management responsibilities.
- 7.2.3 The processes to be followed by the council when collecting debts incurred under different statutory provisions vary. For example, Council Tax arrears have a specified statutory process which is not the same as enforcement of other civil debts, such as non-payment of fees or fines. The council's legal team will continue to help the Board develop specific processes for different workstreams. Those processes will need to ensure that wherever court proceedings are issued, or officers attend court to represent the council, those officers are formally authorised by the Executive Lead Officer for Strategy, Governance & Law, in accordance with the Scheme of Officer Delegations set out in the council's constitution. Similar safeguards will be required where additional steps need to be taken before enforcement proceedings may be commenced. This will be built into the processes which sit under the policy, so as to ensure that the council's approach is compliant.

Lawyer Consulted:

Simon Court

Date: 06/12/18

8. EQUALITIES IMPLICATIONS

- 8.1 The Equality Impact Assessment (EIA) attached as Appendix 2 identifies potentially disproportionate impacts upon people sharing protected characteristics and a number of specific actions to mitigate these. The approach of the Corporate Debt Policy and the authority's strategic response to Welfare Reform is to consider vulnerability, risk factors and barriers for individuals and households, to work to prevent debt and/or stop it escalating where possible, to signpost to and offer support, and to have a consistent and fair approach to debt collection.
- 8.2 There is increasing consistency between services (in, for example, training, responsiveness to specific circumstances and prioritisation of multiple debt) and (where permitted) sharing of data between services to identify vulnerability. There are also strengthening links with the voluntary and community sector, and increasing use of their experience, skills, reach and best practice to inform and complement the council's approach. In addition, the recommendations of the Fairness Commission in relation to corporate debt approaches have all been implemented or are being implemented.

9. SUSTAINABILITY IMPLICATIONS

- 9.1 There are no environmental sustainability issues raised by this report. The issues of sustainable and affordable repayment of debt are addressed in the policy.

SUPPORTING DOCUMENTATION

Appendices

1. Corporate Debt Policy
2. Corporate Debt Policy EIA

Documents in Members' Rooms

Not applicable.

Background Documents

Not applicable.

