

Report To: Cabinet

Date of Meeting: 13th January 2015

Lead Member / Officer: Julian Thompson-Hill / Paul McGrady

Report Author: Rod Urquhart

Title: Corporate Debt Policy

1. What is the report about?

To seek approval for the new Corporate Debt Policy, the policy provides a holistic approach in dealing with customers who owe multiple debt types to Denbighshire County Council

2. What is the reason for making this report?

To adopt a new policy, treating customers holistically where the customer owes multiple debts, rather than individual services pursuing the debt separately.

3. What are the Recommendations?

Members approve the 'Corporate Debt Policy' as shown in Appendix A to this report.

4. Report details.

Background

Denbighshire County Council raises and collects debt in the following areas:

- Business Rates
- Council Tax
- Housing Benefits Overpayments
- Housing Rents
- Sundry Debts (Social Services, Leisure etc)

All the debts are collected by the Revenues Services Team with the exception of Housing Rents, which is dealt with by the Housing Service. This has led to both services dealing with the same customer for two or more types of debts. This has obvious implications for the customer and the approach should be more joined up.

The majority of customers pay their debts in line with their payment schedules, with high volumes of transactions being processed by Direct Debit. For these customers the new policy would not be relevant to their circumstances.

However when a customer fails to pay in line with their agreed schedule then recovery action from the appropriate legislative frameworks commences. Again in most cases the debt is resolved easily and whilst the ethos of the new policy is used there is not the need for the actions contained within the policy to be invoked.

The final two categories of customer with debts are the 'won't pay' or 'can't pay' taxpayers. Again individual services have processes and procedures for dealing with both classes but this is done within that service, rather than joining up and finding a common solution for the customer.

4.1 Issues for consideration

The new policy addresses both categories in a fair, dignified and customer friendly manner. The key issue is dealing with multiple debts early so that the Council has the best chance of recouping its debts, and to do this in a joined up and consistent approach.

As stated earlier most debts are processed by the Revenues Services team, however Housing Rents are dealt with by Housing. Most Housing debts are paid promptly but problems arise when the case goes beyond an acceptable level of arrears, which triggers the start of an eviction process. This is costly, time consuming and damaging to the customer.

The policy uses some innovation whereby in multiple debt scenarios we will engage with the third sector earlier in the debt cycle to see whether the customer may be entitled to any welfare benefits, which could reduce the level of indebtedness, easing the amounts to be repaid. Alternatively if the customer has large debts outstanding (not necessarily Council debts) then the third sector will be able to review the customer's circumstances and suggest a remedial course of action. This may be a payment schedule that will be equitable to all parties, a debt relief order or even insolvency.

4.2 Operational use

It is anticipated that if the policy is approved the Housing Rents team will work closely with Revenues Services, highlighting potential cases and working together to treat the customer in a single view of debt. It is suggested that this is run as a pilot to gauge the impact both in terms of customer service and debt recovery. It will also enable us to strengthen our links with the third sector and ensure robust processes are in place prior to a full rollout.

A review period will be put in place three months after the pilot has started, to see the benefits it has given to all parties and also to refine any processes or procedures.

5. How does the decision contribute to the Corporate Priorities?

By bringing together the different debts we will have a single view of debt, as such we can help vulnerable people more promptly, ensuring they live as independently as possible.

6. What will it cost and how will it affect other services?

Initially whilst in the pilot stages there will be no cost, however if this initiative is really successful then a dedicated resource may need to be employed. However the full cost of this would be more than offset by the additional income generated. There would also be an increase in efficiency as debt collection would be dealt with by a single team.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

Not applicable as the policy will have a positive impact on all customers.

8. What consultations have been carried out with Scrutiny and others?

The policy has been considered and supported by internal departments, Registered Social Landlords and the Third Sector

9. Chief Finance Officer Statement

There are no financial implications directly related to this report, however, this new approach to debt recovery will treat the customer as a single entity and will resolve debt issues sooner than at present.

10. What risks are there and is there anything we can do to reduce them?

The current risk is that customers are dealing with individual departments for different debts and will have difficulty in prioritising them. By adopting this policy all debts can be brought together and a payment plan put into place, which will protect the income streams to Denbighshire County Council

11. Power to make the Decision

Local Government Finance Act 1988
Council Tax and Enforcement Regulations 1992
Housing Act 1988, 1996 & 2002