

Executive

17 November 2009

Report of the Assistant Director of Resources (Customer Service & Governance)

Corporate Debt Policy

Summary

- 1 The purpose of this paper is to present to Executive for discussion and onward approval to full Council the draft Corporate Debt Policy. The policy (Annex A) sets out the council's framework for providing a consistent 'fair but firm' approach to collecting debt ensuring that the council continues to maximise collection performance in line with its Income Policy. The council at present has a record of collecting 99% of all Sundry Income and 97% of Council Tax in year.

Background

- 2 The council does not currently have a Corporate Debt Policy to provide the guiding principles required to be embedded across the organisation in its approach to debt collection. The policy is needed to develop an effective policy framework for income recovery in conjunction with the Income Policy approved by the Executive in September 2008. The Income Policy key objectives are to:
 - a) ensure that charges reflect council and service objectives and priorities, the community strategy and local area agreement;
 - b) maximise income for the council;
 - c) offer choice and minimise exclusion;
 - d) protect tax payers interests by minimising debt and late payment;
 - e) ensure equality and consistency when dealing with customers;
 - f) ensure compliance with legal and statutory requirements;
 - g) implement appropriate recovery action.

Corporate Debt Policy

- 3 The policy sets out the principles of recovering debt in the context of York and will support officers and Members in understanding the purpose and role of debt collection. The council is required to collect income from private individuals and business for a variety of reasons some statutory while others may be discretionary or essential for well being. In undertaking this process it is inevitable that the council will be required to pursue the recovery of arrears from individuals or businesses that may experience difficulty in paying such accounts. An agreed policy of how the council manages and collects debts is key in ensuring consistency and best practice.
- 4 The policy will apply to all council departments and will not prejudice any legal action the council may wish to take in recovery of the debt. It seeks to be 'fair but firm' and the full range of collection and recovery methods will be exercised if debts are not paid. The policy objectives are to:
 - a) maximise income to the council;
 - b) be fair but firm;
 - c) promote the Income Policy encouraging prepayment where appropriate to prevent debt;
 - d) promote the use of support and advice agencies, and work in partnership with those agencies;
 - e) encourage self help;
 - f) ensure consistency for customers in support of the Customer Strategy;
 - g) apply best practice in relation to debt collection;
 - h) achieve efficiency savings by identifying solutions for customers on debt issues at the first point of contact;
 - i) define priority debts;
 - j) develop a single customer debt profile of all council debt within the Data Protection Act rules.
- 5 The detailed strategy required to deliver and embed the policy into the council is provided through the detailed Income blueprint and supporting project plans that form part of the 'MoreforYork' efficiency programme.
- 6 The policy has had an Equalities Impact Assessment (EIA) undertaken to ensure it complies with equality issues and supports the council's corporate strategy with regard to 'fairness and inclusion'.

Consultation

- 7 The policy has been circulated to key officers involved in debt collection activity across the council, Audit and Governance Committee (A&G) for member consultation, the council's efficiency partners and finance managers in all directorates. The Social Inclusion Working Group (SIWG) was consulted at their meeting on 12 October 2009 and changes made to the policy in response. The policy has been sent to the Citizens Advice Bureau and Christians Against Poverty for comment but to date no response has been received.
- 8 Subsequent amendments including those recommended by A&G on 4 November 2009 are highlighted within the policy in italics. At A&G's request the policy will also be issued to York Credit Union for consultation purposes.

Options

- 9 No further options are provided in this report.

Analysis

- 10 Not applicable.

Corporate Priorities

- 11 The Corporate Debt Policy directly supports the corporate strategy objective of delivering an Effective Organisation. It also supports the strategy objective of being an Inclusive City. The maximisation of income also helps to underpin the financial support needed to deliver all the objectives of the corporate strategy.

Implications

- (a) **Financial** - There are no implications additional to those highlighted in the MoreforYork income blueprint.
- (b) **Human Resources (HR)** - There are no implications
- (c) **Equalities** - There are no implications
- (d) **Legal** - There are no implications
- (e) **Crime and Disorder** - There are no implications
- (f) **Information Technology (IT)** - There are no implications
- (g) **Property** - There are no implications.

Risk Management

- 12 This report has been produced in compliance with the council's Risk Management strategy. There are no risks directly associated with this report as it is for consultation only at this point. The risks to the council of not implementing a consistent approach to managing debt and maximising income are high. The current economic conditions and council savings targets cannot be addressed unless an efficient and effective approach to income collection and recovery is embedded across the organisation. Failure to meet these targets may result in the loss of services, and an increased and unsustainable debt position for some customers.

Recommendations

- 13 Executive members are asked to:
- a) review and comment on the content and format of the Corporate Debt Policy (Annex A) to inform its onward progress to Full Council for approval.

Reason

To seek the Executive Members' views as to whether the policy meets their expectations in order to progress to full Council.

Contact Details

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Report Approved

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Specialist Implications Officer(s) Not applicable

Wards Affected Not applicable

All

For further information please contact the author of the report

Background Papers

Income Policy 4

Annexes

Annex A Corporate Debt Policy