

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 18 January 2022

TITLE	Corporate Debt Management Policy	
Ward(s)	All	
Author: Kevin Smith	Job title: Operations Manager, Revenues	
Cabinet lead: Cllr Craig Cheney (Deputy Mayor and Cabinet member for Finance, Governance, Property and Culture)	Executive Director lead: Mike Jackson, Executive Director (Resources) and Head of Paid Service	
Proposal origin: BCC Staff		
Decision maker: Mayor Decision forum: Cabinet		
Purpose of Report: 1.1 To seek approval for the implementation of a corporate debt management policy, for the efficient and effective collection of all monies owed to the Council.		
Evidence Base: 2.1 The Council is required to pursue recovery from individuals and commercial organisations owing money to the Council but who have not met their payment obligations. An agreed, clear and transparent policy of how the Council manages and collects debts is considered a key element in ensuring consistency, sensitivity and best practice. Although working procedures are well established in most areas, the Council does not currently have a formal policy in place that details the approach to raising of debt, the collection procedures carried out and the action taken to recover unpaid debts. 2.2 The Corporate Debt Management Policy, as set out in Appendix A provides a framework for all types of debt owed to the Council. It has primarily been developed to adopt best practice, ensuring that all monies due to the Council are collected in an appropriate manner, using an ethical approach. At the same time, it also provides an opportunity to formalise, into a single policy, other well-established procedures and regulations. 2.3 The Council will always seek to recover monies outstanding in respect of debts owed through the use of the most cost effective and efficient methods and will attempt to recover amounts due as quickly as is practicably possible in order to minimise the risk to the reputation of the Council and its financial wellbeing and avoid the potential for “bad debts”. 2.4 The Council also has wide ranging social responsibilities and specific arrangements are required to ensure that all client groups are dealt with fairly and appropriately. The policy sets out how the council will approach debt recovery, having regard to minimising arrears whilst, at the same time, not causing undue hardship or consequences to the debtor as a result of the overall approach to a multiple debt 2.5 The following areas have been incorporated into the Policy: <ul style="list-style-type: none"> • Improved standards for issuing invoices • More efficient recovery processes to collect unpaid charges • Improved standards for resolving invoice disputes 		

- Clearly defined recovery routes for low and high value debts
- Protocols to support write off of bad debt
- Protection for our most vulnerable citizens

2.6 The policy has been developed to introduce a clear set of standards to harmonise debt collection activity across the Council. A small investment will be required to improve our systems and processes and implementation of a single view of the customer ICT solution in preparation for the implementation of this policy in April 2022. This will be funded through the reserve earmarked for the implementation of ethical debt approach. Local outreach work will be expanded within the existing service budgets.

2.7 It is anticipated that the process improvements, single view of the debt, additional local outreach work and engagement with the customer will improve the overall bad debt position and level of write offs required, this will mitigate in year adverse cash balances that could result from a more ethical approach. The policy will be subject to biennial reviews and the actual financial income position against budgets will be closely monitored and debt and write off levels reported periodically to the Councils Audit Committee.

2.8 Following engagement with Members and Audit Committee the following sections of the draft Policy have been amended or inserted: 5.7, 7.8, 7.9, 8.1, 9.6, appendix 1: section 6, new appendix 4, appendix 5: 'Recovery Options' heading and recovery options for unpaid domestic rent.

Cabinet Member / Officer Recommendations:

That cabinet:

- Approve the Corporate Debt Management Policy attached at Appendix A
- Authorise the Director of Finance in consultation with Deputy Mayor, Cabinet member for Finance, Governance Property and Culture, to draw down and spend up to £300k from the Ethical Debt earmarked reserve to implement the policy.

Corporate Strategy alignment:

Implementing the Policy as outlined in this report would allow a link to the following themes:

4.1 Empowering and Caring:

- Help disadvantaged members of the community through 'help to help yourself' and 'help when you need it'.
- Supporting those who are suffering from financial distress.
- Minimising contact from multiple enforcement agents where there are multiple debts.

4.2 Our organisation:

- Be responsible financial managers and explore new commercial ideas.
- Equip our colleagues to be as productive and efficient as possible.

City Benefits:

5.1 Under the Ethical Debt (now 'Transforming Debt') project there is a drive to implement a more ethical approach to debt collection activity and also minimise the use of enforcement agents. Early engagement will minimise the number of cases that progress through to Court thereby minimising additional costs for those who may already be disadvantaged by encouraging them to obtain debt and / or money advice from a third sector advice agency such as the Money and Pension Service.

5.2 The implementation of this Policy will join up debt collection activity across those service areas who recover unpaid monies owed to the Council. This will minimise the requirement for multiple contacts from different service areas and also minimise visits by collection and enforcement agents for different debts.

Consultation Details:

6.1 Key internal stakeholders across multiple service areas have been engaged as well as socialisation at DMT, EDM, Cabinet Member Briefings and Audit Committee

Background Documents:

7.1 Bristol City Council Corporate Strategy

Revenue Cost	Up to £300k Available	Source of Revenue Funding	Ethical Debt Reserve (only if required)
Capital Cost	£ TBC	Source of Capital Funding	N/K
One off cost <input type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice: This report sets out a policy for corporate debt management within the Council and seeks approval for its implementation. The policy proposes an efficient and effective process of collection of monies such as Council Tax, Business Rates and other debt types in order to minimise the adverse legal consequences of non-payment of debts by supporting customers in prioritising their debts for payment.

It should be noted that there is the potential that some services within BCC, for example Parking Services, may initially report a consequent reduction in income in transitioning to a more ethical approach with a single view and reprioritisation of debt and this will need to be monitored with adjustments has appropriate across debt types. It is intended that in the longer term this policy approach will increase the Council's total income and at the same time reduce the Council's provision for and write-off of bad debt and adverse and more costly outcomes that can be triggered by debt. This policy will be revisited iteratively with this aim.

It is currently assessed that any costs linked to the implementation of this policy can be contained within current budget envelopes and where necessary one-off investment can be further supported from the Ethical Debt Reserve.

Finance Business Partner: Jemma Prince, Finance Business Partner – 29 November 2021

2. Legal Advice: Local authorities deal with the recovery of various different types of debt including non-payment of tax (for example, council tax or business rates). The enforcement methods that local authorities can use to recover outstanding debts are wide and varied, recognising that there are many different reasons for non-payment. Authorities should also be aware of the requirements for the Pre-Action Protocol for Debt Claims, which came into force on 1 October 2017. The Protocol applies to any business (including sole traders and public bodies) claiming payment of a debt from an individual (including a sole trader). Local authorities should when dealing specifically with the recovery of council tax arrears also be mindful of the existing government guidance on good practice in council tax arrears, <https://www.gov.uk/government/publications/council-tax-collection-best-practice-guidance-for-local-authorities/council-tax-collection-best-practice-guidance-for-local-authorities> (August 2021). Similar good practice will apply to business rate collection.

An agreed and transparent policy of how the Council manages and collects debts will ensure lawful debt collections processes. Having a policy will also ensure consistency and fair treatment of debtors and ultimately improve the chances of successful litigation should that be necessary.

In line with our Equality and Inclusion Policy & Strategy 2018-2023, an Equalities Impact Assessment should be completed. This will inform policy making and Council reporting to ensure we are aware how the implementation of these policies impacts on our diverse communities and identify any unintended consequences. The policy should set out the aims and objectives in Plain English.

Once the policy has been approved it must be adhered to ensure that any court action (which should be a last resort) is successful.

Legal Team Leader: Anne Nugent, Team Leader – 10 January 2022

3. Implications on IT: The implementation of this policy does not have any direct impact on IT/Digital services. The implementation of a future 'single view of the customer ICT solution' is technically available utilising the Council's Data and Insights platform and CRM platforms implemented during the IT Transformation Programme. Guy Collings and Iain Godding are the key contact to commence any review work.

IT Team Leader: Simon Oliver, Director - Digital Transformation – 18 October 2021

4. HR Advice:

While the proposed policy has no HR implications per se, the adoption and implementation of the policy may lead to the pooling of those colleagues who are concerned with the collection and management of debt, either as part of the Common Activities Programme or separately. Any staffing changes would be conducted in accordance with the Council's Managing Change Policy.

HR Partner:

James Brereton (HR Business Partner) – 18 October 2021

EDM (Res) Sign-off	Mike Jackson	10 Nov 2021
Cabinet Member (Finance, Governance, Property and Culture) sign-off	Cllr Craig Cheney	22 Nov 2021
For Key Decisions - Mayor's Office sign-off	Mayor's Office	7 January 2022

Appendix A – Further essential background / detail on the proposal Corporate Debt Management Policy	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	No
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO