

Report title	Corporate Debt Policy
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Department	Revenues & Benefits
Exempt?	No

Purpose of report:

- To resolve

Synopsis of report:

This report sets out how Runnymede Borough Council will recovery monies owed to the Council through a Corporate Debt and Financial Inclusion.

This strategy sets out how the Council will achieve ‘good practice’ in revenue collection. Good practice is considered to be achieving the best possible cash flow for the Council whilst ensuring that the liability to pay is calculated correctly, enforcement action is reasonable and those who are vulnerable are assisted in meeting their financial obligations to the Council.

This strategy will ensure there is a clear and concise process in place to protect vulnerable residents but recover monies owed across all areas of the Council and protect the interests of the local Council Taxpayers.

Recommendation(s):

Members to approve the Corporate Debt & Financial Inclusion Policy

1. Context and background of report

- 1.1** The Council aims to ensure that all monies due to the Council are recovered economically, efficiently and effectively in order for it to continue to provide services and keep the Council Tax as low as possible for those who are liable to pay it.
- 1.2** In pursuit of that aim, the Council will endeavour to treat all customers equally, in-line with the Council’s standards of customer-care and will differentiate between those who can pay, but do not, and those having genuine difficulty in paying.
- 1.3** Council Tax recovery procedures are laid down by statute in the Local Government Finance Act 1992 and specifically in the Council Tax (Administration and Enforcement) Regulations as amended. Business Rates recovery procedures are covered in the Local Government Finance act 1988 and specifically in the Non-Domestic Rating (Collection and Enforcement (Local Lists) Regulations 1989 as amended. Housing Benefit Regulations are reclaimed in accordance with Regulations 98-105 of the Housing Benefit (General) Regulations 1987 as amended.

- 1.4 This strategy is designed to ensure the Council's collection methods are fair to everyone whilst having a consistent and effective approach to the collection of monies owing.
- 1.5 With the cost-of living crisis, many Local Authorities are finding that they are chasing the same customers for multiple debts who are often in financial difficulty and unable to effectively manage their finances. Staff resources are not being targeted effectively with different staff often dealing with the same customer and payment arrangements are defaulted on as the customer is overwhelmed and unable to meet their obligations.
- 1.6 In December 23, the Corporate Management Committee approved a 12-month pilot to employ a dedicated resource to undertake a more corporate approach to debt recovery whilst having regard to a person's propensity to pay. As part of this pilot, it is important to review and update the Council's Corporate Debt policy to ensure it remains relevant, transparent, that enforcement action is reasonable, proportional and that vulnerable residents are supported in meeting their financial obligations to the Council.

2. Report and, where applicable, options considered and recommended

- 2.1 The aim of the Corporate Debt and Financial Inclusion Strategy is to support success and prosperity alongside our residents, businesses, and partners, while safeguarding vulnerable individuals and promoting financial inclusion.
- 2.2 Effective fiscal management is crucial to achieving this vision. One key aspect is maximising the collection of Council Tax, Business Rates and other owed funds. To achieve this, the Council will implement technological innovations to ensure reliable and efficient financial transactions. However, efficient collection must be balanced with responsible practices.
- 2.3 Runnymede Borough Council is committed to achieving best practices in revenue collection. This includes ensuring accurate liability calculations, reasonable enforcement actions, and support for vulnerable residents facing financial hardship. However, even with these best practices, central government resources and locally generated funds from Council Tax and Business Rates may not fully cover all our statutory obligations.
- 2.4 Developing a focused corporate debt policy can help address this challenge. By efficiently managing outstanding debts that are past due, the Council can reduce costs, save time, and maximise the resources available to deliver essential services for the community.
- 2.5 The key aims of the policy are:
 - Any recovery action will be proportionate, this allows for a balance to be struck between the potential loss of income and the cost of enforcement.
 - To improve the levels of income collected by the Council.
 - To ensure a professional consistent and timely approach to recovery action through efficient and well-trained staff
 - Offer multiple contact channels making it easier for residents to contact the Council.
 - To consider fully the debtor's circumstances and ability to pay including proactive identification and support for vulnerable individuals.
 - To promote a coordinated approach to sharing debtor information and managing debts owed to the Council.
 - To ensure that debts are managed in accordance with legislation and best practice.
 - To reduce the cost of administration to the Council
 - Ensure separation of duties to safeguard the Council and protect individuals.
 - To treat individuals consistently and fairly regardless of age, sex, gender, disability and to ensure that an individual's rights under Data Protection and Equality and Diversity are protected.

- 2.6 For the policy to be effective, the Council must ensure:
- Accurate, clear and prompt billing arrangements
 - A quick response to change in circumstances.
 - Fast and accurate delivery of benefit entitlements
 - Make it as easy as possible for payment to be made.
- 2.7 Having a clear policy as set out in Appendix A, with proper segregation of duties, will ensure staff act in accordance with the Council's best interest and protect the public purse.

3. Policy framework implications

- 3.1 The strategy supports the following corporate values as identified in the Corporate Business Plan 2022-2026:
- Customer-focused
 - Performance driven
 - Innovative
 - Delivering excellent value for money
 - Promoting equality and diversity

4 Resource implications/Value for Money

- 4.1 In December 23, the Corporate Management Committee approved a dedicated resource (Financial Inclusion and Welfare Support Officer) to undertake a 12-month pilot to take a more holistic approach to debt recovery. Access to third party credit agency data and benefits calculator software will provide information on a resident's propensity to pay and how the Council can then best recover monies owed whilst having regard to the individual's personal financial circumstances.
- 4.2 With better financial data from third party organisations, Finance will be able to predict better collection rates and will be able to write off irrecoverable debts in a more efficient manner. Independent credit reports will enable the Council to decide best course of recovery and by working with customers on the whole debt will ensure scarce disposable income is allocated fairly across the organisation.
- 4.3 There is also the potential to recover monies owed in a more organised and methodical way without increased legal costs which the customer may be unable to afford.
- 4.4 Clear targets will be set to avoid the loss of income through inefficient processes and poor payment arrangements. Collection rates for Housing Benefit Overpayments will be set at 45% to ensure the Council maximises this area of revenue.
- 4.5 The revenue growth of approx. £50k for the 12-month pilot has been identified as 'an invest to save' initiative to be funded from the Service Transformation Budget approved by Councillors earlier in the year.
- 4.6 The Ascendant Pathway solution was approved as part of the 2023/34 capital programme. £20k was set aside for this software with an additional £2kpa revenue costs for licence costs.
- 4.7 Regular monthly monitoring of both collection rates and the uptake of the benefit calculator will be undertaken and the results will be reported back to members at the end of the 12-month pilot.

5. Legal implications

5.1 The Council can collect monies owed under various statutory instruments and regulations including:

- The Social Security Administration Act 1992 and the Housing Benefit Regulations, 2006 set out the definition of an overpayment and how it may be recovered.
- The Council Tax (Administration and Enforcement) Regulations 1992
- The Traffic Management Act 2004
- Part 3 of, and schedule 12 to, the Tribunals, Courts and Enforcement Act 2007 and the Taking Control of Goods Regulations 2013.

6. Equality implications

6.1 Councillors need to demonstrate that they have consciously thought about the three aims of the Public Sector Equality Duty, as set out in Section 149 of the Equality Act 2010, as part of the decision-making process. The three aims the authority must have due regard for are:

- eliminate discrimination, harassment and victimisation.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristics.

6.2 The Council must pay due regard to any obvious risk of such discrimination arising from the decision before them. There is no prescribed manner in how the equality duty must be exercised though producing an EIA is the most usual method. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (including ethnic or national origins, colour or nationality), religion or belief, sex or sexual orientation.

6.3 It is anticipated that this strategy will have a positive impact on those with protected characteristics as the focus is on identifying vulnerable residents and supporting them with their financial obligations. An EIAQ has been completed and approved by the Equalities Board on 13 May 2024.

7. Environmental/Sustainability/Biodiversity implications

7.1 Potential to reduce issuing of recovery notices through better engagement and payment plans via online and Direct Debit channels.

8. Risk Implications

8.1 High debt levels can restrict a council's ability to invest in essential services and infrastructure projects. This can have a negative impact on the overall well-being of the area.

8.2 Uncontrolled debt puts the council at risk of financial surprises, such as an economic downturn or a rise in interest rates. This could lead to service cuts or tax hikes.

8.3 A council with a poor debt management record may be seen as fiscally irresponsible by residents, businesses, and investors. This can damage public trust.

8.4 Without a strategy to promote financial inclusion, low-income residents and vulnerable groups may struggle to access essential financial services, such as affordable credit and bank accounts. This can lead to a cycle of debt and poverty.

- 8.5 Financial exclusion can limit people's ability to participate fully in the economy. This can hinder economic growth and job creation.
- 8.6 People who are struggling financially may be more likely to require council services, such as welfare assistance or homelessness support. This can put a strain on council budgets.
- 8.7 A financially excluded population may miss out on opportunities to save for the future or invest in their homes and businesses. This can have a long-term impact on the well-being of the region.
- 8.8 By developing a clear and comprehensive strategy for both debt management and financial inclusion, Runnymede can create a more stable and prosperous future for its residents.

9. Other implications

- 9.1 This strategy aligns with the Corporate Business Plan and the 2024/25 Service Action Plan for Customer, Digital and Collection Services

10. Timetable for Implementation

- 10.1 As soon as practicable

11. Conclusions

- 11.1 Runnymede Borough Council is committed to a robust corporate debt and financial inclusion policy. This policy prioritises the efficient collection of owed funds while maintaining transparency, fostering responsible practices, and supporting residents facing financial hardship.

- 11.2 We achieve this through:

- **Clear and accessible communication:** We provide readily available information on debt collection procedures, payment options, and support services in multiple formats.
- **Flexible and tailored solutions:** Recognising financial challenges, we provide flexible payment plans and connect residents with resources to maximise income and promote financial wellness, ensuring solutions are tailored to individual needs.
- **Focus on customer service:** We prioritise respectful and professional interactions throughout the debt collection process.
- **Data security and privacy:** We implement strong safeguards to protect sensitive financial information.

- 11.3 It is recommended that members should:

- Approve the Corporate Debt and Financial Inclusion strategy.
- Develop a communication plan to inform staff and residents about the new approach.
- Implement training programs to equip staff with the skills needed to deliver exceptional service.
- Regularly monitor collection rates to track progress and identify areas for improvement.

- 11.4 Runnymede Borough Council ensures the responsible collection of public funds while promoting financial inclusion and fostering a sense of trust with our community. This comprehensive approach will create a more vibrant and equitable borough for all.

12. Background papers

- There are none

13. Appendices

- Appendix 1 – Corporate Debt Policy 2012
- Appendix 2 – Corporate Debt and Financial Inclusion Strategy 2024 - 2027
- Appendix 3 – Equality Impact Assessment Questionnaire