



Overview Scrutiny Committee

Thursday, 9 July 2020

Dear Councillor

You are advised that the attached documents form part of the main agenda papers for this meeting.

Please ensure you bring them with you to the meeting.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S Walsh', written in a cursive style.

S Walsh
Service Manager (Communities)

List of documents attached

5. Call ins (Pages 3 - 18)

Items called in from the Cabinet meeting of Monday, 29 June 2020

Agenda Item 9 – Corporate Debt Strategy

Reason: To provide Members of the Overview Scrutiny Committee with the opportunity to ensure that the Corporate Debt Strategy goes far enough in supporting the Borough's most vulnerable, particularly throughout the COVID-19 recovery period.

Cabinet Member: The Cabinet Member is not required.

Officers: The Appropriate Officer is to attend to introduce the report.

(Please bring the Cabinet agenda for Monday, 29 June 2020 previously circulated to Members).

This page is intentionally left blank

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Cabinet

Date: 29 June 2020

Reporting officers: Income Manager
Principal Accountant (General Fund)
Director (Corporate Services)

Subject: Corporate Debt Strategy

Purpose and summary of report:

To present the Corporate Debt Strategy for adoption across the Council.

Recommendations:

- Cabinet are requested to endorse the principles of the Corporate Debt Strategy across the Council (appendix 2).
- Cabinet are requested to note the Vulnerable Persons Policy and Vulnerable Persons Assistance Groups documents that accompany the strategy (appendices 3 & 4).

1. INTRODUCTION

- 1.1. A recent report presented to the Performance and Administration Committee outlined the draft Corporate Debt Strategy providing a consistent and sensitive approach to collecting debt whilst at the same time ensuring the council continues to maximise collection performance. The Corporate Debt Strategy is now at the final stage for presentation for Cabinet to consider on 29 June 2020.
- 1.2. At 31 March 2020, the amount of outstanding debt owed to the Council across the various services and functions totalled £15,529,897. This is an increase from the previous year and is broken down as follows: -

Date of Debt	Debt Type - Amount due to the Council £							
	Council Tax	NNDR	Housing Rents	Former Tenant Accounts	Housing Benefit Overpayments	Sundry Debtors	Parking	Total
31.03.2019	4,910,355	610,191	544,903	1,119,951	5,217,825	1,305,381	497,604	14,206,210
30.03.2020	5,697,401	719,913	579,394	1,118,167	5,081,375	1,704,496	629,151	15,529,897

- 1.3 It is important that there is a consistent approach to debt recovery across the council to ensure officers act fairly and equally with all council customers to maximise collection rates and reduce bad debts where possible. The Corporate Debt Strategy provides structure and expected behaviour through its principles and guidelines to ensure we achieve this outcome.

- 1.4 Communication between the council and the customer is key to a positive customer interaction and a successful debt recovery process. The council will endeavour to keep the customer informed during this process.
- 1.5 Following the outbreak of Covid-19, the council made the decision to halt active recovery action in respect of debt in all areas of council services. From the February magistrate court hearing for unpaid council tax, no cases were passed to enforcement agents. The March magistrate court hearing was subsequently cancelled and there have been no further hearings. This has resulted in a higher level of council tax debt carried forward to 2020/2021. Other service areas have also ceased active recovery action in respect of debt owed to the council with the exception of current housing rents as regular automated letters were sent, but no court cases or evictions have been carried out, instead arrangements have been sought for these cases.

2. Impact of Covid-19

- 2.1. As part of year-end financial arrangements, routine processes are in place to ensure adequate debt impairment provisions are set aside to safeguard the council's finances in the event of non-payment of outstanding debt. This is typically done on an aged debt profile analysis basis, and covers each of the services described within the table at section 1.2.
- 2.2. Given the unique circumstances arising from the Covid-19 pandemic, officers have also been assessing the potential impact and wider economic considerations there may be on debt collection. Although it is difficult to quantify exactly what the effect will be, it is likely that there will be an adverse impact on debt recovery and thus the council's wider finances, as both businesses and individuals find themselves in greater financial difficulty. This includes more current debts, which generally would not be thought of as at risk from non-payment, and thus in the interests of budgetary prudence and recognising these unique circumstances, a further provision has been set aside.
- 2.3. It should also be noted that reduced income receipts across services, have a wider impact on the Council's finances in terms of cash flow and treasury management projections. Officers continue to monitor this situation closely with appropriate action taken and reported within Finance and Treasury updates.
- 2.4. In light of the above, investigation is underway to establish the most effective way forward to commence active debt recovery and put in place a fair and consistent approach across all services. Departments will work together to approach the recovery action at the same pace. Information will be sought from other local authorities for comparison purposes, together with compliance to the council's own internal policies ensuring a consistent approach.
- 2.5. Members of the Corporate Debt Working Group are working to establish a corporate recovery plan by taking individual services recovery processes and moving forward with a consistent approach. At the meeting of the group on Monday 1 June 2020, it was agreed that the process should commence with a "soft" reminder, and build the recovery process back up to normal recovery at a gentle pace.

3. Principles of the Corporate Debt Strategy

- 3.1 Maximise income collection for the Council across all services and functions.

- 3.2 Distinguish between those customers who cannot pay and those who choose not to pay.
- 3.3 Prevent the accumulation of customer arrears by sign-posting to support agencies, and provide payment arrangements where appropriate.
- 3.4 Being firm and fair and ensuring consistency when dealing with customers.
- 3.5 Individual departments have responsibility to ensure the data held within their systems is up to date, accurate and complete.
- 3.6 Apply best practice methods to maximise collection of debt across council services.
- 3.7 Ensure appropriate methods of payment are available and provide advice on these.
- 3.8 Eligible cases must be referred to the Corporate Debt Team to be considered under the council's corporate debt approach.
- 3.9 Bad and doubtful debts should be written off in accordance with the Council's Financial Procedure Rules.
- 3.10 There is a clear prioritisation of debts owed to the council when considering cases and allocation of payments.
- 3.11 The council will make use of enforcement agents and high court enforcement agents where and when it is deemed appropriate.
- 3.12 Credit balances remaining on an account in excess of 13 months will be considered for removal from the account.

4. Conclusion and Recommendations

- 4.1 Fair, efficient and effective debt recovery is essential to maintaining high collection rates and drive debt levels down, however it is simultaneously important to treat customers fairly and consistently across all council functions. The principles of the Corporate Debt Strategy aim to achieve this.
- 4.2 It is therefore recommended that Cabinet adopt the Corporate Debt Strategy as set out in appendix 2, and note the wider information on Vulnerable Persons as set out in appendices 3 & 4.

IMPLICATIONS	APPENDIX 1
Legal	There are no specific legal matters arising from this report.
Finance and Value for Money	This report is for information only – there are no direct financial implications. Adopting a corporate debt strategy will contribute to healthy collection rates with corresponding budgetary and cash-flow benefits.
Risk Assessment	The purpose of this report is to establish a core set of principles for corporate debt within an established strategy,
Data Protection Impact Assessment	<p><i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i></p> <p>a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data?</p> <p>A definition of each type of data can be found on the Information Commissioner’s Office website via the above links.</p> <p>N/A</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice?</p> <p>N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk.</p> <p>N/A</p>
Equality Impact Assessment	<p>a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer.</p> <p>No decision – paper is for information only.</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer.</p> <p>N/A</p> <p><i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i></p>
Corporate Plan	Strategic Objective #3 Progress; Sound Financial Management & Successfully Managing Key Business Risks

Crime and Disorder	No direct implications.
Digital and website implications	No direct implications.
Safeguarding children and vulnerable adults	No direct implications.

This page is intentionally left blank



Corporate Debt Strategy

1. Purpose of Strategy

Gravesham Borough Council is required to collect monies from both residents and businesses for the provision of a variety of goods, services and taxes that fall due. The council recognises that prompt income collection is vital for ensuring the authority has the resources it needs to deliver its services and achieve the objectives of its Corporate Plan in *delivering a Gravesham to be proud of*.

The council aims to achieve prompt income collection. It endeavours to keep outstanding debt at the lowest possible level by instigating a payment culture which minimises debt and prevents the accumulation of debt over a period of time. This strategy sets the framework for a clear, consistent, fair and sensitive approach to collecting debt whilst at the same time ensuring the council continues to maximise collection performance and will intrinsically link to other relevant documents such as the Charging Strategy and individual department debt recovery policies and procedures.

For the purposes of this strategy, a debt is defined as any payment expected by the council that has not been paid by the due date.

2. Scope of the Strategy

This strategy covers all debts owed to the council including:

- Council Tax
- Non Domestic Rates (NDR, known as business rates)
- Council House Rent
- Council Garage Rent
- Commercial Rent
- Sundry Debts (including Housing Benefit Overpayments and Former Tenant Arrears)
- Penalty Charge Notices and other Parking-related debt

3. Objectives of the Strategy

The objectives of the strategy are to:

- Ensure the prompt collection of payments due
- Prevent the accumulation of debt and arrears
- Provide help and support where possible to maximise customers' income, including referral to support agencies, making payment arrangements or signposting to other financial support that may be accessible
- Understand customers' circumstances and ability to pay to distinguish between a customer who **won't** pay and a customer who **can't** pay. This would follow the council making every opportunity to engage with the customer to allow them to pay, including the development of a tailored instalment plan.
- Be firm but fair in recovery of debt, ensuring consistency in dealing with customers

- Share knowledge, information and expertise across the council as appropriate and lawful
- Apply best practice in relation to all types of debt collection activity undertaken
- Maximise the income collection performance for the council

4. Understanding Our Customers

Debt can arise for a number of reasons: medical problems, changes of circumstances, benefit entitlement adjustments, unemployment or failure of a business, changes in working hours, difficulties in managing money, relationship issues, large unexpected bills. The list is not exhaustive.

The council expects any person, business or organisation that owes a sum of money to the council to follow the principles below:

- Pay amounts due promptly, on or before the date that payment is due
- Inform the council of any changes to their details or circumstances that may affect the amount to be paid or the ability to pay
- Make contact with the council if it is believed the amount charged is not correct
- Make contact with the council if they are unable to pay an amount that is due
- Be open and honest when providing information in connection with the billing, collection or recovery of sums due to the council

To help our customers' minimise debt and prevents the accumulation of debt, the council aims to achieve good practice in revenue collection. To achieve this, the council will seek to ensure that:

- Any request for payment is made promptly and is accurately calculated;
- Requests for payment clearly show the amount to be paid and when this is due;
- Where possible, payment will be requested before the service is provided to avoid the risk of debt accruing;
- Appropriate methods of payment are made available;
- Contact with the council can be made through a range of options including face to face, telephone, by email or in writing;
- Support is provided to those requesting assistance in making payment or receiving money and debt advice;
- Support is provided to those who are identified as being vulnerable;
- Recovery and enforcement actions are reasonable and proportionate;
- Recovery documents are clear and inform of the recovery procedures to be followed and the consequences of non-payment;
- Any written communication is in plain English, explaining complex terminology when it is required;
- Support is provided to customers with language and communication difficulties through the offer of translation services, interpreting and other services wherever possible;
- Enquiries are responded to promptly and courteously; excellent communication is recognised by the Council as the key to a good relationship with the customer
- Debt recovery actions enable the effective use of council resources to deliver the best possible cash flow for the council.

The council recognises that customers do not pay their debts for various reasons. Some will have difficulty in paying while others may set out to deliberately delay payment. For those who are having difficulty making payment the council will try to assist customers by:

- Providing advice on the methods of payment available
- Entering into payment arrangements
- Assisting the customer in obtaining the correct benefit and debt management advice to enable them to pay their bills

- When liability for a debt changes to the Executors of a deceased customer appropriate, extended timeframes should be applied.

For those who won't pay, the council will look to use more robust action to secure payment.

The council will ensure that all customers are treated in a fair and equitable manner and will have due regard to the requirements of The Human Rights Act, The Equality Act and any other legislation or policies which may have an impact on the recovery of the debt.

5. Vulnerability

Some customers may need additional support in dealing with their financial affairs. In such instances the council will apply the principles of the Vulnerable Persons Policy at Appendix Three in considering action to recover money it is owed.

6. Payment options

It is acknowledged that the easier it is to pay, the more likely that payment will be made. In order to reduce the cost to the council, and therefore local taxpayers, the most cost effective methods of payment will be encouraged. Payment by Direct Debit is the council's preferred method of payment for most bills.

The council provides a wide range of payment methods including through its website and automated 24 hour telephone payment line and at PayPoint outlets and the Post Office. Information to provide customers with help and support in making payments is available on the council's website and on bills and payment correspondence issued by the council.

7. Advice and support for Customers

As a responsible public body the council is keen to support individuals and businesses in paying any debts that they may owe as quickly as possible.

The council will offer welfare advice to all its customers and signpost them to support organisations providing help with debt advice. Appendix four provides contact information of organisations that may be able to provide financial support and money management or debt advice and assistance. Further information can be found on the council website.

8. Promoting the Take-up of Benefits and Entitlements

The council will take an active role in promoting the take-up of entitlement to benefits, discounts, exemptions, reliefs etc.

Where appropriate, information about claiming Housing Benefit, Local Council Tax Support or other discretionary support funds will be included with arrears letters. The council will make every effort to encourage people to apply for benefits and other assistance.

The council will also take steps to advise individuals/ businesses as to the range of other discounts, reliefs and reductions available.

Staff in contact with customers will signpost them to where they can obtain advice on benefits and debt matters, where appropriate.

9. Arrangements for the Repayment of Arrears

It is the council's expectation that monies owed will be paid by the due date. Anyone experiencing difficulty in making a payment is encouraged to contact the council at the earliest opportunity to discuss options for repayment, including making an arrangement to repay debt owed.

In making an arrangement the council will consider the type of debt and the customer's personal circumstances to arrive at a mutually acceptable payment plan. In coming to an arrangement, consideration will be given to other priority debts of the customer that could result in loss of an essential service, loss of a person's home or imprisonment.

Any arrangement is reliant on the customer sharing information with the council which is considered necessary to assess their ability to pay; any refusal to divulge such information will prevent an arrangement for repayment of arrears being made.

Arrangements for the repayment of arrears will:

- seek repayment of all outstanding arrears, as soon as possible;
- Where appropriate, seek to ensure the current year debt is prioritised over older debt;
- Where appropriate, take account of other debts owed to the council;
- Be confirmed in writing to ensure both the customer and the council are clear on repayment amounts and their frequency.

Failure of a customer to maintain an arrangement for repayment of arrears will result in further action being taken to recover the debt.

10. Fair, Efficient and Effective Debt Recovery

It is the responsibility of individual departments to collect monies owed to the council and to ensure that robust and proportionate recovery methods are in place which have proper regard to relevant legislation and this strategy. The council will seek to:

- Ensure that the information it holds on outstanding amounts is up to date, accurate and complete;
- Collect current year due amount first, applying further payments to any outstanding arrears to ensure debts do not continue to increase;
- Ensure that recovery processes are consistently and proportionately applied, taking account of the individual circumstances of the customer as appropriate, and move from informal recovery action to formal recovery action as required;
- Refer eligible cases to the council's Corporate Debt Team;
- Make arrangements for bad and doubtful debts to be written off in accordance with the council's Financial Procedure Rules.

Action to recover debt will commence when a payment becomes overdue or an instalment plan or arrangement for payment is not maintained.

In pursuing payment of overdue sums the council may utilise any and all of the methods available to it in law. As a principle, debt recovery action will be employed on an escalating basis, with repayment being sought by the least severe action initially, with subsequent actions increasing in their severity if payment is not made.

Customers will be encouraged to make contact with the council if they are unable to pay an amount that is due to avoid escalation of recovery action. .

11. Corporate Debt Approach

The council recognises that a person may have debts with more than one council department. Such instances will be considered for action under the council's Corporate Debt Approach. This approach will identify a single council officer to liaise with the customer and work with departments to secure payment of outstanding debts as a single case, working with the customer to understand their individual circumstances and apply a priority order for the repayment of debt owed to the council.

A joined up approach between departments will also be undertaken should a decision be made by a recovery officer to instigate further action such as bankruptcy, winding up or a charging order. Any such cases must be advised to all departments by the use of the corporate debt internal email address and should form part of the agenda discussed at the four weekly meeting of council recovery officers.

12. Prioritisation of debts owed to the council and allocation of payments

The council has put in place a prioritised order for consideration of cases where a customer may have more than one debt with the council which is based on the principles of the Citizens Advice definition of 'priority debt', which recognises that some debts are more urgent to settle than others because the consequence of not paying them can be more serious than for other debts.

The council has determined the following prioritisation for repayment of debt owed to it and will allocate payments in the following priority order:

- Housing Rent arrears
- Council Tax arrears
- Non Domestic Rates arrears
- Commercial Rent arrears
- Sundry Debt arrears/ Overpaid Housing Benefits/ Garage Rent arrears
- Parking Debt arrears

13. Use of Enforcement Action

The council will make use of Enforcement Agents, Collection Agents and High Court Enforcement Agents where it is deemed appropriate. This will usually be after other recovery routes have been exhausted or where it has been demonstrated that the customer is deliberately choosing to delay or not make payments due to the council. Enforcement Agents used by the council will be members of the CIVEA Civil Enforcement Association or another relevant professional body and will be expected to practise the highest industry standards under their associated code of practice.

14. Bad and Doubtful Debts

The council recognises that in a small number of cases, debts may remain unpaid or not be fully recovered. Where a debt is classified as irrecoverable and all recovery routes have been reasonably exhausted, the council will consider writing off a debt in accordance with the arrangements set out in the council's Constitution, in particular the Financial Procedure Rules.

The council's financial planning arrangements ensure that there is adequate provision within the budget each year to meet the costs for bad and doubtful debts, with this taking into account the age and risk profile of the debt held within each department.

15. Write On and Credit Balances

If a credit remains on an account for more than thirteen months, the amount will be considered for removal from the account (writing on). Before this action is taken, sufficient steps will be taken to contact the customer to inform them of the credit balance and ascertain whether they wish this to be applied to another debt held by the council or for a refund to be issued.

16. Information Sharing

The council collects and stores personal data for the purposes of the effective billing, collection and recovery of sums due. Data retained for this purpose will be processed in accordance with the Data Protection Act 2018 and will be stored securely at all times.

Data will be shared within the council, external organisations and with agents or contractors appointed by the council for the purposes of the billing, collection and recovery of sums due to be shared within the council or with external organisations where the law allows, where it is in the interests of the debtor or where it will prevent fraud or the unlawful evasion of payment of sums due.

17. Monitoring and Measuring Performance against this Strategy

Performance against this strategy will be monitored and reported on a regular basis as follows:

- Monthly reports to Budget Managers of outstanding debt
- Monthly reports to Management Team on the level of outstanding debt managed by the council, including headline indicators on the council's Corporate Debt approach
- Monthly reporting of movements in bad and doubtful debt provisions
- Service performance monitoring arrangements of income collection and debt recovery
- Monthly Corporate Debt Case Conferences
- Bi-monthly reporting to the Corporate Debt Working Group of actions to improve payment processes and support the recovery of debt
- Periodic reporting to Members to update on the management of debt owed to the council, provisions for bad debt and write off levels
- In the event of the resurrection of a previously written off debt the Council can write on the debt and account for the payment received
- Performance monitoring arrangements in respect of Enforcement Agent activity
- Use of complaints and compliments to shape service delivery
- Consideration of debt recovery arrangements by the council's Internal Audit function
- Delivery of relevant advice, guidance and training to council staff involved in the recovery of debt

18. Review of the Strategy

This Strategy will be reviewed at least annually, with any material amendment subject to approval of the Cabinet.

Vulnerable Persons Policy

1 Background

The council recognises that there will be instances where the circumstances of a debtor make it inappropriate to apply recovery and enforcement remedies in the usual way. This document is intended to set out how the council will expect its staff and collection and enforcement agents to deal with persons identified as vulnerable and who owe a debt to the council to ensure these cases are handled sensitively and responsibly.

Vulnerability does not mean a customer of the council will not be required to pay amounts for which they have a legal obligation to pay. Consideration may be given however, to applying the recovery arrangements adopted by the council and its agents in a flexible and proportionate way. In situations of vulnerability the council recognises that it may be more appropriate to liaise with the customer's chosen representative.

2 Definition

There is no set definition of a vulnerable person. Anyone that finds it difficult to deal with their debts because of their situation or health could be considered vulnerable. This could include customers experiencing:

- A recent bereavement
- A long-term or terminal illness
- A physical disability
- Learning difficulties or mental health problems
- Dementia or brain injury
- Difficulties in communicating
- Financial illiteracy
- Relationship breakdown or difficult domestic circumstances
- Failure of a business
- Addiction

This list is not exhaustive and vulnerability may be temporary. Not all people in these groups may be vulnerable.

3 What will the council do?

- We will work with you to agree the best method of recovering outstanding arrears and the easiest way for you to pay.
- We will clearly mark your records that you are a vulnerable person when vulnerability has been identified.
- We will carefully consider each case where vulnerability has been identified before taking any recovery action.
- We will adapt our recovery process where we are aware that a customer is vulnerable to minimise any hardship or distress.

- We will clearly explain our decisions regarding our action and our reasons for refusing any requests.
- We will signpost our customers to any help that we consider may be useful in their circumstances.

4 What the Customer Should Do

- You must tell us of your vulnerability at the earliest opportunity. We may ask you to provide some evidence, such as a doctor's letter, to establish the nature of your vulnerability. This is to ensure that we are clear on any particular needs you may have so we can help you.
- You should complete an [Income and expenditure form](#) to give us an accurate picture of your financial situation.
- If you want someone to discuss the account on your behalf you will need to write to us confirming who can deal with the account
- You should keep us informed of any changes to your circumstances and any address change.
- You will keep to any appointments scheduled or contact us if you cannot attend.
- You should make any payments you have offered whilst we are considering your offer.
- You should review any services that our officers may signpost you to so you can decide if they are relevant to your circumstances.
- We will try to help you if you are in arrears and have vulnerability but can only do so if we know your circumstances.

Step Change

This is the leading debt charity in the UK providing free advice, help with budgets and debt management plans tailored to your personal situation.

<http://www.stepchange.org/>

Tel: 0800 138 1111

Citizens Advice

This provides free, independent and confidential advice on getting out of debt and a variety of other issues. They have useful resources online, such as debt FAQs and budgeting tools.

<https://www.citizensadvice.org.uk/>

Tel: 0344 411 1444

The Money Charity

This is a charity that helps with money management, as well as free and confidential advice. They also provide money management apps such as “spendometer”.

<https://themoneycharity.org.uk/>

Tel: 020 7062 8933

AdviceUK

This is the largest support network for free, independent advice centres. Provide support to front-line/agencies that offer independent social welfare and legal advice to those in need.

<https://www.adviceuk.org.uk/>

Tel: 0300 777 0107

Christians Against Poverty

A national charity, working across the UK to lift people out of debt and poverty offering free debt counselling through a network of 260 debt centers.

<http://www.capuk.org/>

Tel: 01274760720

National Debtline

National Debtline is a debt charity providing free, confidential and impartial advice and a library of online resources- including information packs, personal budget planning and sample letters and information that will allow you to determine whether you qualify for a debt relief order.

<https://www.nationaldebtline.org/>

Tel: 0808 808 4000

PayPlan

They offer a fresh approach to dealing with financial difficulties. PayPlan are the UKs largest provider of free debt solutions, including debt management and Individual Voluntary Arrangements (IVAs)

<https://www.payplan.com/>

Tel: 0800 280 2816

Financial Ombudsman Service

This service was set up by law to resolve individual disputes between consumers and financial services businesses.

<http://www.financial-ombudsman.org.uk/>

Tel: 0800 023 4567

Civil Legal Advice

Legal aid can help you pay for legal advice, family mediation and representation in court and some tribunals. This could include housing, debt, family or education problems. You can also get legal aid if you're accused of a crime

<https://www.gov.uk/civil-legal-advice>

Tel: 0345 345 4 345