
CORPORATE DEBT POLICY

1 SUMMARY

- 1.1 This report seeks Members' agreement to adopt a Corporate Debt Policy. This policy is subsidiary to the Social Inclusion Policy considered by Council in December 2003.

2 INTRODUCTION

- 2.1 The Corporate Debt Policy forms part of the Enforcement Concordat and complements the Council's Social Inclusion Policy and Corporate Write-off Policy. This latter document is for consideration elsewhere on this agenda.

3 DETAILED CONSIDERATION

- 3.1 An investigation into the link between rent arrears, Council Tax arrears and Housing Benefit Overpayments was carried out in 2002. At that point there was a strong interconnection between customers owing money to more than one section i.e. Of the 32 highest rent arrears cases, 87% also owed Council Tax and 31% owed Housing Benefit for an overpayment.
- 3.2 Current research demonstrates that a similar situation still exists and that customers who are in multiple debt to the Council pay whichever Section has made the most recent visit or taken the latest recovery action. This is also creating a duplication of Officer time in debt chasing.
- 3.3 The introduction of a Corporate Debt Policy will provide customers with a single contact point to make an agreement for clearing their total debts to the Council and prevent additional Court costs being added to the debt.
- 3.4 This concept has been widely acclaimed as the best response to this problem, particularly by the Audit Commission in its inspections of Council services.

4 RISK MANAGEMENT

4.1 Resource Risk

Whilst it is currently envisaged that the existing staff resources will be able to deal with this policy, there may be required a redistribution of resources in the long-term.

4.2 Operational Risk

Tight procedures for the transfer of cases between sections needs to be in operation to ensure that debt does not increase in the interim.

4.3 Reputation Risk

The formation of a Social Inclusion Policy and subordinate policies should be seen positively and enhance Rochford Council's reputation.

4.4 Information Risk

As there are different computer software systems working in the different sections there is a need to ensure that accurate figures are transferred and transferred manually.

4.5 Third Party Risk

Our partners in the Citizens' Advice Bureau will need to be aware of the new policy and who to contact in the Council in order to make an agreement with their clients.

5 RESOURCE IMPLICATIONS

- 5.1 At this stage there should be little impact on the budget other than staff time to progress this policy.

6 LEGAL IMPLICATIONS

- 6.1 The legal remedies for chasing debt will still be used up to the time the case is passed to the Senior Recovery & Enforcement Officer when legal action will be suspended unless the agreement fails.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES**

To adopt the appended Corporate Debt Policy.

Steve Clarkson

Head of Revenue & Housing Management

Background Papers:

Corporate Debt Policies of Gloucester, Cheltenham, Oxford, Stroud, Thanet & Chesterfield.

ODPM Guidance on Social Exclusion
Institute of Housing Good Practice Manual

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APPENDIX



**Rochford District
Council**

Corporate Debt Policy

CORPORATE DEBT POLICY AND GUIDELINES

Introduction

This Corporate Debt Policy forms part of the Enforcement Concordat and complements the Council's Social Inclusion Policy and Corporate Write-Off Policy. The Council's corporate objectives and Social Inclusion Policy provide the main framework that staff are expected to adhere to.

Policy Statement

The Council recognises that people in poverty and on low income can have temporary financial difficulties resulting in debt to the Council. This problem requires a joined up approach by sections in order to ensure that there is a uniformity of collection. There are currently different policies and enforcement legalities that our customers may find confusing. This policy statement includes debt arising from:-

- Council Tax
- Business Rates
- Housing Benefit Overpayments
- Rent
- Sundry Debt
- Parking Penalties
- Any combination of debt

Aims and Objectives

To provide a good quality, cost effective service by creating one section to deal with multiple debt recovery and thus:

- Create a single point of contact for debt repayment
- Remove the possibility of one section making agreements which are to the detriment of another section such that it is impossible for the customer to meet both demands
- Remove confusion to the customer about which debt is being paid
- Remove the possibility of various court costs being added to the debts and thus exacerbating the situation.
- Provide a customer focused service
- Provide a system where one payment to the Council is allocated to the most critical area of debt.

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- Provide a variety of methods of payment that are convenient and easily accessible to debtors
 - Ensure that all literature and communication to debtors is clear, concise and easy to understand
 - Maximise debtors income by providing or sign-posting advice and assistance on welfare benefits and referring to agencies that provide money management advice
 - Take a firm but sensitive approach to debtors
 - Improve service standards by setting targets for the recovery of debt.

Procedure for Dealing with a Corporate Debt

Generally each Service Department will have procedures in place for dealing with the recovery of debt. These procedures identify the mechanism established by legislation or practice.

This Policy Document therefore deals with cases where multiple debt occurs to the Council. When a certain level of recovery either has been taken or is about to occur, such as obtaining a Possession Order, Liability Order or Money Judgement at Court or where the total debts are very high, then the case will be referred to the Senior Recovery & Enforcement Officer.

It is the responsibility of the Senior Recovery & Enforcement Team to:

- Ensure that a reasonable agreement to recover the debt is made with the customer:
- Refer the customer to money advice agencies for debt counselling
- Monitor the repayments made to ensure that the customer complies with the agreement
- Split the payment amongst the different sections in accordance with an agreement that identifies the priority of the debt.
- Advise the individual sections promptly if the agreement fails so that individual enforcement action can commence
- Advise the Head of Service of any suitable cases for write-off or debt matching consideration.

The Council will maintain a central list of all corporate debtors so as to monitor debt and its impact. Members will receive a high-level management report on corporate

debt on a six-monthly basis illustrating the level of debt and the impact of recovery methods and whether cases have been considered for write-off or debt matching.

Members will set achievable targets for the reduction of debt reviewed on an annual basis.

Recommendations not to recover debt, write it off or debt matching will only be generated by the Head of Service. Additionally the Head of Service will review methods to ensure the most effective method of recovery is being used.

Debt will only be finally written off in accordance with Financial Regulations referred to in the Corporate Write-off Policy