
Report to: Clackmannanshire Council

Date of Meeting: 28th June 2018

Subject: Review of Corporate Debt and Write-off Policy

Report by: Head of Housing & Community Safety

1.0 Purpose

- 1.1. To approve the revised Corporate Debt and Write-off Policy.

2.0 Recommendations

- 2.1. Members are asked to;

2.1.1. Note and approve the contents of the revised Corporate Debt and Write-Off Policy June 2018 (attached as appendix A to this report)

3.0 Considerations

Background

- 3.1. The Council approved the Corporate Recovery and Write-Off policy in January 2012, with minor review to delegated authority in 2016. Over the last few months a full review of the policy has been undertaken to ensure it continues to be fit for purpose.
- 3.2. The policy sets out the corporate approach to the collection and recovery of income. The policy also deals with the arrangements for the identification of debts proposed for write off. The annual review of debtors report is presented to Council in June each year and includes all debt proposed for write off. The policy underpins the internal procedures followed in the collection of income.
- 3.3. Effective debt management is crucial to maximise income in order to avoid an increase in costs or decrease in the quality of services provided. It is important therefore that the policy clearly states the approach to debt collection.
- 3.4. The key aims of the policy are;
- To develop a consistent Council wide approach to debt collection.
 - To ensure a professional and timely approach to income collection and recovery action.

- To ensure staff in all departments are fully trained and aware of their responsibilities in the effective collection of income owed to the Council.
- To reduce the levels of debt owed to the Council.
- To treat customers fairly, consistently and to provide advice and support where required.
- To offer a range of cost effective payment methods.

The policy covers all income that is due to the council from the following income streams.

- Council Tax
- Rental income for council properties
- Sundry debt and service charges
- Non domestic rates
- Housing Benefit overpayments
- Miscellaneous other income

3.5. The following are the council's principles in our approach to debt collection.

- Our actions will be appropriate
- Our approach will be consistent
- Our actions will be transparent

Write-Offs

3.6. It is recognised that despite utilising all recovery methods and tools available, there will be a small proportion of income due to the Council which will not always be collectable due to matters outwith our control. This income is classed as irrecoverable. The policy outlines how this income is identified and the process for making arrangements for it to be proposed for write off in the annual report. The policy also aims to ensure all write off amounts are kept to a minimum.

3.7. The policy is subject to annual review with a formal review being undertaken every 3 years.

4.0 Sustainability Implications

4.1. None

5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate Yes X

5.3. Finance Section have been consulted and have agreed the financial implications as set out in the report. Yes X

5.4. *Staffing*

5.5. *There are no staffing implications arising from this report.*

6.0 Exempt Reports

6.1. Is this report exempt? Yes (please detail the reasons for exemption below) No **X**

7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box)

- Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all X
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

None

8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes X

9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes X

10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A – Clackmannanshire Council Corporate Debt Recovery and Write-Off Policy – June 2018

11.0 Background Papers

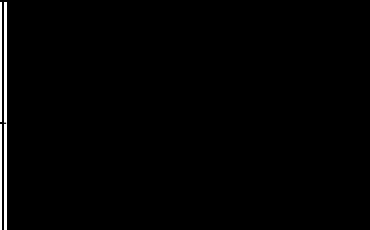
11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes No

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Yvonne Sharp	Senior Adviser	2405
Murray Sharp	Service Manager	5113

Approved by

NAME	DESIGNATION	SIGNATURE
Ahsan Khan	Head of Housing and Community Safety	
Nikki Bridle	Chief Executive (Acting)	



Clackmannanshire Council

Corporate Debt Recovery and Write-Off Policy

June 2018

Contents

1. Introduction
2. Policy Aims
3. Scope of the Corporate Debt Recovery and Write-off Policy
4. Responsibilities and delegated authorities
5. Recovery Policy
6. Payment Methods
7. Withdrawal of Service
8. Offset of Income against Council debt
9. Stakeholders
10. Write-off Policy
11. Performance Monitoring
12. Equality and Diversity
13. Confidentiality
14. Review

Corporate Debt Recovery and Write-Off Policy

1.0 Introduction.

1.1. Clackmannanshire Council provides services which are funded through taxes and a range of statutory and non statutory service charges. Residents and businesses within Clackmannanshire have a responsibility to pay for the services they receive and the charges and rents they are liable for. To continue to provide essential services all monies due must be actively pursued. This policy sets out the general principles the Council will use in its approach to the recovery of monies owed, to ensure income due is collected in a timely and efficient manner.

1.2. The income collected annually by the Council includes:-

- 1.2.1. Council Tax
- 1.2.2. Non Domestic Rates
- 1.2.3. Rental Income
- 1.2.4. Debt Income
- 1.2.5. Housing Benefit overpayments
- 1.2.6. Miscellaneous other income

1.3. In the collection of this income the Council is committed to treating people fairly and equitably. We recognise the financial challenges faced by members of the public and businesses. Levels of financial indebtedness continue to increase and there may be circumstances where our customers will be facing hardship. The Council is committed to providing appropriate levels of support and advice to enable our customers to manage their finances.

1.4. This policy sets out the corporate approach to the collection and recovery of income due. The policy also covers the arrangements for write-off of irrecoverable debts.

2.0 Policy Aims

2.1. The Key aims of this policy are:-

- 2.1.1. To develop a Council wide consistent approach to debt collection
- 2.1.2. To ensure a professional and timely approach to income collection and recovery action
- 2.1.3. To ensure staff in all departments are fully trained and aware of their responsibilities in the effective collection of monies owed to the Council.
- 2.1.4. To reduce the levels of debt owed to the Council.
- 2.1.5. To treat customers fairly, consistently and to provide advice and support where required.
- 2.1.6. To offer a range of cost effective payment methods.

3.0 Scope of the Debt Recovery and Write-Off policy

- 3.1. The policy covers all income that is due to the Council in way of bill, income charge or overpayment due by a customer. It applies to the collection of all income due to the Council, as set out above.
- 3.2. This policy supplements the Council's Financial Regulations and the Charging Policy.

4.0 Responsibilities and Delegated Authorities

- 4.1. The Council's Section 95 officer has a responsibility under section 95 of the Local Government Act (Scotland) 1973 for the proper administration of the financial affairs of the Council.
- 4.2. Responsibility for the application and monitoring of this policy is delegated to the Service Manager for Revenues and Strategy and is administered by the Revenues service. This includes the approval of summary warrant for arrears of Council tax and non-domestic rates and the approval of cases to be transferred to sheriff officers for collection. The service also hold responsibility for customer information being sent to legal services and external collection agencies.
- 4.3. The service has responsibility for identifying irrecoverable income and presenting a report on an annual basis for Council to approval prior to the reporting of the draft annual statement of accounts.
- 4.4. Under the Council's scheme of delegation the Head of Housing and Community Safety has the authority and responsibility to approve an eviction from any Council residential property.
- 4.5. The Council will ensure that income and debt recovery transactions are governed by robust controls with clear and transparent segregation of duties. Financial decision will be made by identified officers and reviewed by appropriate managers. These arrangements will be clearly details in the relevant service operational manuals and procedures.

5.0 Recovery Policy

- 5.1. The effective management of debts owed to the Council is crucial in terms of maximising income in order to avoid an increase in costs or decrease in the quality or quantity of services provided. The majority of our customers make their payments on time but there will continue to be some who do not.
- 5.2. The following are the Council's principles for the recovery of debts.
 - 5.2.1. Our actions will be **proportionate**
 - 5.2.2. Our approach will be **consistent**
 - 5.2.3. Our actions will be **transparent**

- 5.3. Our overall approach to the recovery of debts owed to the Council will be;
- 5.3.1. Our customers have a responsibility to pay any bill, charge or invoice as it falls due and any amounts owing will be promptly and rigorously pursued.
 - 5.3.2. We will treat all our customers fairly and consider all relevant information available to us before undertaking enforcement action.
 - 5.3.3. A focus on early intervention where amounts are not being paid to prevent the escalation of the debt.
 - 5.3.4. Offer and signpost where necessary appropriate support and advice to individuals to increase their ability to pay and where appropriate refer them to stakeholders for further advice on income maximisation and debt management if required.
 - 5.3.5. Ensure enforcement action taken is appropriate to the circumstances.
 - 5.3.6. To use legal proceedings in appropriate circumstances.
 - 5.3.7. To recharge the costs of legal proceedings to the debtor where the Council is legally entitled to do so.
 - 5.3.8. Any debt due will be offset against any payments due to be made to the customer with their prior consent.
 - 5.3.9. We will always consider alternatives to legal action in recognition that this is a serious and costly step. Legal proceedings will be pursued only where appropriate having firstly, where possible, made efforts to support customers to manage debts owed to the Council.

6.0 Payment Methods

- 6.1. The Council will provide customers with a variety of means for making payments. It is recognised that easy payment options can reduce the likelihood of debts arising. Our aim is to provide low cost payment methods with a high degree of accuracy. We will continue to monitor and evaluate our approved payment methods to ensure appropriateness and accessibility for customers with the aim of maximising income.

7.0 Withdrawal of Service

- 7.1. For miscellaneous income it may be appropriate to withdraw the service being provided if payments are not being made. Implications of service removal would be considered on a case by case basis to ensure the protection of vulnerable individuals.

8.0 Offset of income against Council debt

- 8.1. Where the customer owes money to the Council and is also due income from the Council, with their prior agreement the income due can be offset against any debts due. Any balance left on the income can then be paid to the customer or a repayment plan put in place if any debt remains outstanding.

9.0 Stakeholders

- 9.1. The Council recognises that personal indebtedness is increasing and that any debt recovery action can be distressing to the customer. We acknowledge some customers may have multiple debts owed to other creditors. The Council will make every effort to support customers particularly those on a low income, to access the support and advice they may require from debt and welfare benefits support organisations. We will actively liaise with these agencies to assist customers to resolve their debt situation.

10.0 Write-off Policy

- 10.1. Clackmannanshire Council recognises that a small proportion of its income may not be collectable due to matters outwith its control. In such circumstances it is appropriate to class this income as irrecoverable and in accordance with generally recognised prudential accounting practices write this debt off.
- 10.2. For income to be deemed irrecoverable it must meet one of these pre-determined criteria.
- 10.2.1. The customer is deceased.
 - 10.2.2. The customer has moved out with the area and cannot be traced.
 - 10.2.3. The income is uncollectable due to insolvency.
 - 10.2.4. All other recovery methods have been exhausted.
 - 10.2.5. It is cost prohibitive to pursue (i.e. small remaining debtor balances).
 - 10.2.6. It might not necessarily be in the best interests of the Council to pursue the income, e.g. from vulnerable users of social service who may be at risk.
- 10.3. All debts proposed for write-off will be considered individually to ensure all legal and good practice avenues for recovery have been exhausted. A final decision will be made by the Revenues and Payments Service Manager. Only debts which meet the above criteria will be proposed for write-off.
- 10.4. The Service Manager for Revenues and Strategy has the authority to write-off debts up to the value of £20.00. This amount will be kept under review, based upon the costs of pursuing debt recovery action. All debts written off in this way will be recorded and presented in the annual review of debtors report. These debts will be written off if all avenues for recovery have been exhausted and the debt is more than 2 financial years old.
- 10.5. Irrecoverable debts will be identified annually and a proposed write-off report compiled by the service. Our aim will be to ensure that write-offs of irrecoverable debt and income are minimised.

11.0 Performance Monitoring

- 11.1. The Council recognises that prompt recovery action is essential to effective debt management. The Council will:-
- 11.1.1. Regularly monitor the level and age of its debt.

- 11.1.2. Have written recovery guidance and procedures.
 - 11.1.3. Regularly assess recovery methods to ensure maximum returns.
 - 11.1.4. Regularly monitor irrecoverable debts and those proposed for write-off.
- 11.2. To ensure the corporate debt recovery and write-off policy achieves its objectives, information on performance and proposed write-off amounts are submitted to Council, for approval each year in the annual debtors report. Work is on-going to develop more formal Key Performance Indicators and an action plan for this has been developed.

12.0 Equalities and Diversity

- 12.1. The Council will ensure that the provisions set out in this policy are accessible to everyone. We are committed to openness, fairness and equality in the way we provide our services to customers. All members of the community have the right to be treated with respect. When applying this policy the Council will not discriminate against any individual on the grounds of race, ethnicity, national origin, gender, disability, age, sexual orientation, political or religious beliefs or socio-economic status.
- 12.2. The Council will ensure that;
- 12.2.1. All relevant equality standards are being met.
 - 12.2.2. Ensure staff receive appropriate equality and diversity training.
 - 12.2.3. Communicate to customers in plain English and assist customers whose first language is not English.
 - 12.2.4. Ensure all documents and communications can be made available in other languages.

13.0 Confidentiality

- 13.1. The Council will ensure that all information about a customer's personal and/or financial circumstance is dealt with in the strictest confidence in accordance with the Data Protection Act 1998 and the new General Data Protection Regulation (GDPR) which came in to force in May 2018, any other statutory functions, duties and responsibilities of the Council.

14.0 Review

- 14.1. The Corporate Debt Recovery and Write-off policy will be subject to annual review. Formal review of this policy will be undertaken every 3 years. These reviews will take account of any changes in legislation, regulations, service improvements and wider policy initiatives.

