

# Council

## Cherwell District Council Debt Recovery Policy 2011/12

18 May 2011

### Report of the Head of Finance

#### PURPOSE OF REPORT

The purpose of this paper is to present for approval to full Council, the Corporate Debt Recovery Policy. The policy (Appendix 1) sets out the council's framework for providing a consistent 'fair but firm' approach to collecting debt ensuring that the council continues to maximise collection performance. The council at present has a record of collecting 99% of all Sundry Debt Income and 98%+ on collection fund debt.

This report is public
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#### Recommendations

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The Council is recommended to:

- (1) To approve the content and format of the Corporate Debt Policy (Appendix 1) as recommended by Executive on 4<sup>th</sup> April 2011.

#### Executive Summary

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The policy sets out the principles of recovering debt at Cherwell District Council and will support officers and Members in understanding the purpose and role of debt collection. The council is required to collect income from private individuals and business for a variety of reasons some statutory while others may be discretionary or essential for well being. In undertaking this process it is inevitable that the council will be required to pursue the recovery of arrears from individuals or businesses that may experience difficulty in paying such accounts. An agreed policy of how the council manages and collects debts is key in ensuring consistency and best practice.

The policy will apply to all council departments and will not prejudice any legal action the council may wish to take in recovery of the debt. It seeks to be 'fair but firm' and the full range of collection and recovery methods will be exercised if debts are not paid. The policy objectives are to collect debt promptly, effectively, efficiently and economically, while ensuring fair treatment to all debtors.

The aims of the policy are:

- Ensure a professional, consistent and timely approach to recovery action across all Council functions
- Help minimise debts to the Authority

- Promote a co-ordinated approach to sharing debtor information and managing multiple debts owed to the Council.
- Ensure that individual and exceptional circumstances are given due consideration when pursuing debts
- Ensure that debts are managed in accordance with legislative provisions and best practice
- Treat individuals consistently and fairly, regardless of age, sex, gender, disability and sexual orientation and to ensure that individual's rights under data protection and human rights legislation are protected.

## Background Information

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2.1 The Corporate Debt Recovery Team has responsibility for recovering overdue debt to the Council across multiple service areas.

These service areas are as follows:

- Council Tax
- Business Rates (NNDR)
- Service Charges for leaseholders
- Housing benefit overpayments
- Sundry debts (i.e. Council services)
- Excess Charge Notices

It was agreed when this team was set up that an updated corporate debt policy (Appendix A) is required each year in order to document how we manage debt within the Council.

## Implications

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<b>Financial:</b>	There are no implications.
<b>Legal:</b>	There are no implications.
<b>Risk Management:</b>	<p>This report has been produced in compliance with the council's Risk Management strategy. There are no risks directly associated with this report as it is for consultation only at this point. The risks to the council of not implementing a consistent approach to managing debt and maximising income are high. The current economic conditions and council savings targets cannot be addressed unless an efficient and effective approach to income collection and recovery is embedded across the organisation. Failure to meet these targets may result in the loss of services and an increased and unsustainable debt position for some customers.</p> <p>Comments checked by Karen Muir, Corporate System Accountant 01295 21559</p>

## Wards Affected

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All

## Corporate Plan Themes

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All

## Executive Portfolio.

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Councillor James MacNamara, Portfolio Holder for Resources.

## Document Information

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Appendix No	Title
Appendix 1	Corporate Debt Policy
Background Papers	
None	
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