

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 23 APRIL 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **FAIR DEBT POLICY**

1.00 **PURPOSE OF REPORT**

1.01 To approve the introduction of a Fair Debt Policy.

2.00 **BACKGROUND**

2.01 The Council has already developed a Corporate Debt Policy which establishes standard procedures for the collection of debt. The introduction of a Fair Debt Policy is separate to this and is primarily a customer focused policy to assist those in financial difficulty owing single and multiple debts to the Council.

2.02 The purpose of this Fair Debt Policy is to establish guidelines on how the Council will recover debts owed. It sets out the framework for a consistent and sensitive approach to the recovery of debts and importantly, it aims to offer customers who experience payment difficulties with practical payment solutions which take account of the customer's personal circumstances.

2.03 The policy is about putting in place a co-ordinated and consistent approach to collection of debt and moving towards a joined-up approach to assist those in financial difficulty owing single and especially multiple debts to the Council.

2.04 The policy is certainly not a customer charter designed to allow customers to avoid their payment responsibilities but importantly it seeks to strike the right balance between meeting payment obligations and recognising that many customers find it difficult to meet their payments.

3.00 **CONSIDERATIONS**

3.01 The introduction of this policy will ensure that the Council continues to fulfil its responsibility to maximise the collection of council tax, rents, corporate debt and housing benefit overpayments.

- 3.02 The policy also needs to be considered as part of a wider effort to combat poverty, address the risks arising from welfare reform and provide a customer focused approach which is sensitive to the needs of those who find it increasingly difficult to pay.
- 3.03 The introduction of this policy will have a number of benefits for the Council and its customers. It will work towards :
- Allowing for a more joined up and co-ordinated approach to the collection of multiple debts owed to the Council,
 - Encouraging early contact from customers when they are first faced with financial difficulties to avoid debts building up
 - Taking positive action to prevent arrears from occurring in the first place, maximising income and entitlements at an early stage.
 - Providing a commitment to work with customers and/or their representatives, identifying priority debts and setting out reasonable and realistic payment levels, especially in relation to multiple debts, ensuring that payment arrangements reflect the ability to pay as well as the overall level of debt owed.
- 3.04 The draft Fair Debt Policy has been referred to the Corporate Resources Overview & Scrutiny Committee on 18th April 2013 to provide input and comment prior to its consideration by Cabinet. Feedback from the Corporate Resources Overview & Scrutiny Committee considerations will be provided verbally to Cabinet.

4.00 RECOMMENDATIONS

- 4.01 That cabinet approves the Fair Debt Policy as set out in the Appendix.

5.00 FINANCIAL IMPLICATIONS

- 5.01 None directly as a result of this report but collection of monies owed to the Council is an important aspect of the Council's financial management strategy.

6.00 ANTI POVERTY IMPACT

- 6.01 The policy will ensure that recovery action will be taken against deliberate non-payers or those who delay payment without genuine reason whilst always working to identify and assist those who genuinely can't pay.
- 6.02 The Fair Debt policy is designed to ensure that people are not exposed to undue financial hardship as a result of the Council's Corporate Debt Policy and the Fair Debt Policy sets out actions to minimise any hardship.

6.03 Where people have fallen or are likely to fall into arrears, the policy will provide a commitment to work with them, and their representatives, to set reasonable and realistic payment levels that they can maintain, ensuring that payment arrangements reflect the ability to pay as well as the level of debt owed.

6.04 The policy is also about putting in place a co-ordinated and consistent approach to collecting single and multiple debts owed to the Council. When either the Council or our advice agency partners become aware of multiple debt cases, Council officers will actively co-operate with each other to agree a single payment plan and to ensure all repayments are sustainable.

7.00 ENVIRONMENTAL IMPACT

7.01 None.

8.00 EQUALITIES IMPACT

8.01 The Policy is supported by guiding principles to ensure that in the wider public interest recovery action is proportionate, consistent and transparent.

8.02 The Policy aims to allow for a balance to be struck between the potential loss of income due to the Council and the costs of compliance, against the need to maximise income. When recovery is taken the policy will ensure that a consistent approach is adopted, recognising the need to treat everyone as individuals but with very differing circumstances. Transparency is vital in maintaining public confidence in the Council and the policy will provide members of the public with better awareness of what is expected of them in relation to their payment obligations. Importantly, the policy will also promote early contact with the Council to address payment difficulties.

9.00 PERSONNEL IMPLICATIONS

9.01 None.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 Lead Officers across the Corporate Services team and Community Services Directorate, working alongside representatives of the Flintshire CAB, have sought to introduce recognised best practice into

the policy.

11.02 The Advice Management Board has also been consulted about the introduction and content of this policy.

11.03 The introduction of this policy has also referred to Corporate Resource Overview and Scrutiny Committee.

12.00 APPENDICES

12.01 The Fair Debt Policy appears in the Appendix to this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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