

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation) (Introduced by the Executive Member (Resources))	Executive Cabinet	3 December 2009

CORPORATE DEBT MANAGEMENT AND RECOVERY POLICY

PURPOSE OF REPORT

1. To present the Corporate Debt Management and Recovery Policy for consideration and approval.

RECOMMENDATION(S)

2. That the Corporate Debt Management and Recovery Policy, in the form attached to this report and Bankruptcy Framework, be approved and adopted.

EXECUTIVE SUMMARY OF REPORT

3. The report recommends the adoption of an updated debt management and recovery policy that aims to reflect economic changes that have occurred since the first draft policy in 2004; delivers measurable service improvements; and adheres to good practice.

REASONS FOR RECOMMENDATION(S)

(If the recommendations are accepted)

4. The policy will provide:
 - an overarching framework and resource that each debt stream should utilise when revising individual service procedures and practices;
 - a professional, consistent and timely approach to recovery action across all of the Council's functions;
 - a tool to effectively pursue all debts owed to the Council, ensuring that those with the means to pay do pay;
 - a tool to consider fully the debtors circumstances and ability to pay and so distinguish between the debtor who won't pay and the debtor who genuinely can't pay;
 - a co-ordinated approach towards sharing debtor information and managing multiple debts owed to the Council;
 - a mechanism to improve the levels of income collected by the Authority;
 - a tool to ensure that debts are managed in accordance with legislative provisions and best practice;
 - a means of ensuring that individuals are treated consistently and fairly regardless of age, sex, gender, disability and sexual orientation and that individual's rights under Data Protection and Human Rights legislation are protected.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

No viable alternative options have been identified.

CORPORATE PRIORITIES

5. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the Central Lancashire sub-region		Develop local solutions to climate change.	
Improving equality of opportunity and life chances		Develop the Character and feel of Chorley as a good place to live	
Involving people in their communities		Ensure Chorley Borough Council is a performing organization	3

BACKGROUND

6. Effective debt management is crucial to the success of any organisation. Debt is a topical and high profile area in the current economic climate of high personal borrowing and rising interest rates. Nationally, levels of personal debt have increased 50% since 1997 and individual bankruptcy rates are at a 10 year high.
7. The Best Value Review of the Revenues and Benefits service highlighted the absence of a corporate approach to collecting debt. Subsequently, an effectiveness review of the Council's debt management across all debt streams was carried out by internal audit. Their report recommended that a corporate debt management and recovery policy be formulated. Key areas of concern were the wide variations in the ways that debts are pursued and managed across the authority and the failure to make best use of management information and data sharing to manage debts.
8. This policy has been designed to address these concerns. Its implementation aims to deliver measurable service improvement and adherence to recognised good practice.
9. The policy was fully reviewed and updated in January 2008 and in June 2009 to reflect the changes that have occurred since it was first introduced, such as the transfer of Council owned properties to Chorley Community housing; the introduction of Chorley and South Ribble shared financial services which brought together a number of financial functions from both Councils, including Exchequer Services; and the rapid deterioration of the UK and world economy and subsequent UK recession which took hold in 2008. Each debt stream (Council Tax, NNDR, Sundry Debts and Housing Benefit overpayments) has contributed in ensuring that the policy is relevant and fit for the purpose.
10. The revised policy also now includes information on the help and support available to debtors, which is particularly important during the economic downturn, and there are more details of the recovery process for each specific debt stream.
11. A further development is that Council Tax committals (where a debtor can be committed to prison for non payment) have become less effective and is now a less attractive option following a significant increase in court costs introduced from July 2009. As an alternative last resort recovery remedy, bankruptcy and charging orders have been trialed which are expected to bring successful results. This opens the door to commencing this type of action on more cases which should be carefully selected and deemed appropriate. To assist with the selection process a Bankruptcy Framework has been developed and is attached to this report as an appendix.

IMPLICATIONS OF REPORT

12. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	3	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

GARY HALL
ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gary Hall	5480	06/10/09	CGOVREP/0610AC01