



---

## Report of the Director of Corporate Services

### Executive Board

Date: 18<sup>th</sup> October 2006

Subject: Corporate Debt Policy

---

#### Electoral Wards Affected:

All

#### Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

---

## EXECUTIVE SUMMARY

1. The Council has had a Corporate Debt policy for approximately 4 years. The policy has been reviewed and a number of changes made. The changes will contribute to the Council's objective of Narrowing the Gap.
2. The revised policy has been to the Financial Inclusion Steering Group and also forms part of the Council's Beacon application " Promoting Financial Inclusion and Tackling Over indebtedness.
3. Members are asked to note and approve the changes to the policy and the contribution it makes to the Financial Inclusion objectives.

## **1.0 Purpose Of This Report**

1.1 The Council has had a Corporate Debt policy in place for approximately 4 years. The policy has now been reviewed taking account of information and guidance taken from a number of sources. The main purposes of the revised policy are :

1.2 Leeds City Council is required to collect monies from both its citizens and businesses for a variety of reasons.

In undertaking this collection function it is inevitable that the Council will be required to pursue the recovery of arrears from persons and or businesses who may experience difficulty in paying such accounts. An agreed policy of how the Council manages and collects debts exists is key therefore in ensuring consistency and best practice in such situations.

The Corporate Debt Policy identifies where responsibility for collection of different debts lie, and sets out the principals and standards in relation to contact , recovery process, repayments and benefit / money advice.

Integral to the policy is the provision of support mechanisms and practices to all customers. It details the approach to collecting debt in Leeds and also provides practical help, advice and support in the management of multiple debts.

The policy sets the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring that the Council continues to maximise collection performance.

This policy covers all debts owed to the Council

Including:

- Council Tax
- Rents, both housing and others, e.g. garages and commercial
- Benefit overpayments
- Business Rates
- General debtors, e.g. unpaid fees and charges
- Legal costs

## **2.0 Background Information**

2.1 The Policy has been developed to help meet the Council's Corporate Plan priorities, particularly in respect of the narrowing the gap theme, and is also part of a response to Central Government's agenda to provide solutions that have prevention and intervention as key drivers for public service delivery to local people.

2.2 It draws on best practice and Audit Commission guidance contained in the national report "Local Authority Housing Rent Income". Other sources of information used include:

- Lord Chancellors' paper Can't Pay, Won't Pay, 2003
- Effective Enforcement white paper by Lord Chancellor's Department 2003
- Citizen's Advice Bureau's key tips for dealing with debt
- National Debt Line Advice to public
- A view of other Local Authority debt policies where available

2.3 The Corporate Debt Policy is supported by other key players and agencies including: The Council's Chief Executive's Departments Customer Services and Welfare Rights Unit, Leeds

Arms Length Management Organisations (ALMOs), responsible for managing council-owned homes, Leeds Citizens Advice Bureau (CAB), Leeds City Credit Union and Her Majesty's Courts Service (HMCS). A liaison group of these key players has been formed as a result of this policy with the remit of trying to improve how the Council and ALMOs interact with their customers around debt.

2.4 The policy is in 3 parts covering:

- The necessity and objectives of the policy
- Scope of the policy
- The policy in operation

2.5 The policy will be monitored quarterly by the Corporate Debt Liaison Group and subject to an annual review.

### **3.0 Main Issues**

3.1 The policy has been developed to ensure that customers who are experiencing difficulties in paying their bills to the Council receives help and advice from staff who are fully trained whether they are employees of the Council or our partners.

3.2 The policy looks to develop closer working with partner advice agencies to the benefit of the customer and the Council.

3.3 Where cases are identified then a review will take place to ensure that customers have maximised their entitlement to Benefits.

3.4 Approval of the policy is sought from members so that officers and partners can develop the day to day procedures to bring the policy into operation.

3.5 Once the procedure has been developed consideration will be given to publicising the scheme.

3.6 There are review and monitoring procedures built into the policy to enable it to evolve and change to meet demands.

3.7 A full copy of the policy is attached to the report.

3.8 The policy has been reported to the Financial Inclusion Steering Group and also forms part of the Council's Beacon application "Promoting Financial Inclusion and Tackling Over indebtedness".

### **4.0 Implications For Council Policy And Governance**

4.1 None

### **5.0 Legal And Resource Implications**

5.1 It is anticipated that this will form an integral part of the service we deliver to our customers and will therefore have no resource implications.

## **6.0 Conclusions**

- 6.1 The proposed policy is an improvement on the present policy and will contribute to one of the Council's objective of Narrowing the Gap. All parties involved in the project are keen to make the proposals work effectively to the benefit of both the Council and the customer.
- 6.2 Further work is needed to develop the working practices around these policies and arrangements are being made for a Working party of officers and partners to meet and commence the work.

## **7.0 Recommendations**

- 7.1 Members are asked to note and approve the changes to the policy and the part it plays in the Council's Financial Inclusion policies.