

<b>Report to:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	27 March 2024
<b>Executive Member:</b>	Councillor Jacqueline North – First Deputy, Finance, Resources and Transformation
<b>Reporting Officer:</b>	Ilys Cookson – Assistant Director, Exchequer Services
<b>Subject:</b>	<b>DEBT RECOVERY POLICY 2024</b>
<b>Report Summary:</b>	The Council is responsible for the collection of Council Tax, Business Rates, Sundry Debts including Adult Social Care and Overpaid Housing Benefit. This report details a review of the Councils Corporate Debt Recovery Policy.
<b>Recommendations:</b>	That Executive Cabinet be recommended to approve the changes to the Debt Recovery Policy
<b>Corporate Plan:</b>	The collection of all monies due contributes to the corporate governance theme as it is important to maintain a high level of collection to fund vital services in the Borough.
<b>Policy Implications:</b>	The Policy sets out the Councils debt recovery methods and procedures. The Policy must be reviewed and updated where appropriate to ensure it is current and meets legislative requirements.
<b>Financial Implications: (Authorised by the statutory Section 151 Officer)</b>	In 2023/23 the Council budgeted for income from Council Tax, £110.234m, Business Rates, £54.431m and Fees and Charges for services, £39.293m. These three are significant income streams for the Council, and an essential mechanism for funding services. The Council also collects Council Tax and Business Rates on behalf of its preceptors, the Net Collectible Debit in 2023/24 for Council Tax is £132.549m and for Business Rates is £54.981m. It is vital that the Council has policies and procedures in place to ensure monies due to the Council are collected effectively and that rates of collection are maximised. However, the costs of pursuing and recovering outstanding debt can be high and there will always be a balance to be struck to ensure that the cost of recovery does not exceed the value of the monies being recovered. Given the volume of income transactions due to the Council, it is inevitable that some debt cannot be collected for a variety of reasons and a level of write off is expected across all types of debt. In accordance with recommended accounting practice, the Council maintains a provision for write-offs in respect of council tax, business rates, sundry debt invoices and housing benefits overpayments. This provision is subject to annual review and allowance is held within the corporate budgets to fund any increases required to the provision.
<b>Legal Implications: (Authorised by the Borough Solicitor)</b>	It is important for policies to be regularly reviewed to ensure good governance and legal compliance. The amendments proposed add clarity to the policy for the Council, and in particular in relation to housing benefit overpayments for those affected by the same, as explained in paragraph 3 of the report and inserted in Part 4 of the policy. Equality Impact Assessments (EIA) are often required

alongside policies and their changes but given the nature of those proposed in this report it is not considered necessary. The policy is due for a more fundamental review in the coming year when it is likely an EIA should also be undertaken. AJ

**Risk Management:**

Risks are detailed at Section 5 of the report.

**Background Information:**

The background papers relating to this report can be inspected by contacting Ilys Cookson



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## 1. INTRODUCTION

- 1.1 Tameside Council has a legal responsibility to bill, collect and recover monies for a wide range of council services and local taxes. This includes Council Tax and Business Rates Sundry Debts including Adults Social Care and overpaid Housing Benefit.
- 1.2 The effective collection of debts is of paramount importance and impacts on the council's budget and the services the council is able to deliver.
- 1.3 A Corporate Debt Recovery Policy was approved by the Executive Cabinet on 26 January 2022 which outlines the processes to follow when debts are not paid. It ensures recovery is carried out in a fair and proportionate manner whilst making sure best practice is undertaken.
- 1.4 It is good practice to regularly review the Corporate Debt Recovery Policy to ensure it is reflective of legislation and any change in recovery procedures, such as new processes which may arise from the potential implementation of digital methods to assist recovery of council debts.

## 2. THE CURRENT CORPORATE DEBT RECOVERY POLICY

- 2.1 Recovery action taken by the Council differs according to the debt being recovered, for example the recovery of Council Tax debts differs to the recovery of Sundry Debts, in accordance with legislation and which is detailed in the policy. The policy sets out clearly the recovery methods available to the Council, which enables residents to understand the recovery processes undertaken.
- 2.2 A copy of the current Debt Recovery Policy can be found here [Debt-Recovery-Policy.pdf \(tameside.gov.uk\)](https://www.tameside.gov.uk/Debt-Recovery-Policy.pdf)

## 3 POLICY REVIEW AND AMENDMENTS

- 3.1 The review of the Debt Recovery Policy has highlighted a number of amendments regarding:
  - The inclusion of a new section relating to Housing Benefit Overpayment recovery.
  - The change in monarchy and therefore amending Her Majesty's Revenue and Customs to His Majesty's Revenue and Customs.
  - The replacement of the Valuation Office Agency appeals process to the check and challenge process, relating to council tax bands and business rates rateable values.
- 3.2 **Housing Benefit Overpayment Recovery:** Although Housing Benefit recovery is considered as a sundry debt owed to the Council, a new section has been added to the policy to make clear the recovery actions undertaken in relation to this specific debt type. Housing Benefit is paid to claimants to help with costs of rent payments, and which is administered by the Council on behalf of the Department of Work and Pensions (DWP).
- 3.3 Overpayments of Housing Benefit occur for a number of reasons, for example, where a claimant fails to notify the local authority of a change in their income, or they move address or have a change in their household composition and as a consequence their Housing Benefit entitlement reduces or ceases. The DWP also re-assess the welfare benefits they administer so that it is reflective of the claimants change in circumstances and then retrospectively advise local authorities of the change. As Housing Benefit entitlement is a means tested benefit such changes impact on the amount paid, and which in some cases lead to an overpayment of Housing Benefit which then must be recovered.
- 3.4 As part of the review of the Policy a new section regarding this recovery of overpaid Housing Benefit has been added to the Policy at Part 4, page 22.

- 3.5 **Change in Monarchy:** Due to the change in Monarchy amendments have been made to now refer to His Majesty's Revenues and Customs (HMRC).
- 3.6 **Check and Challenge:** The Valuation Office Agency (VOA) have changed the way in which they consider appeals. A check and challenge process has been introduced for customers who do not believe their property is in the correct Council Tax Band, or business owners who disagree with the Business Rates rateable value. The policy has been amended to reflect this because payment to the Council for Council Tax and Business Rates cannot be withheld while the VOA consider an appeal.
- 3.7 Policy amendments are detailed in Appendix 1 of this report and a draft of the revised policy can be found at Appendix 2.

#### 4. FURTHER CONSIDERATIONS

- 4.1 Exchequer Services are embarking on implementations of more digital means of service delivery during 2024/25. In addition to this, His Majesty's Revenue and Customs (HMRC) now require data to be shared with them, both of which have the potential to impact on recovery processes and therefore it is prudent to ensure that the Policy is further reviewed in 2025/26.
- 4.2 **Digitalisation and improvements:** Automation and digitalising recovery processes can enhance the speed with which customers interact with the service and vice-versa and which lead to recovery being taken at the very earliest opportunity without the need for significant manual intervention.
- 4.3 The new processes to support this include:
- Systems that provide an increase in customer engagement
  - Online forms which integrate with the operating system
  - Systems that provide propensity to pay information
- 4.4 **Customer engagement:** It is essential that all council debts are pursued. At present all engagement with a customer is undertaken by a member of staff. This is resource intensive. New technology is available that provides a better, more cost-effective way of contacting customers, where outbound calls are made automatically, and customers receive relevant messages with a number of different options to engage such as the option to speak with a member of staff or be signposted to help themselves, such as make a payment on-line.
- 4.5 **Online form:** The Council Tax service have a number of forms which a customer must complete if they wish to inform the Council of a change of address, apply for a discount or to apply for an exemption. Each form requires a member of staff to manually process the information detailed on the form into the back-office host processing system. The Service is to implement a new set of forms which can be completed online by a customer which then automatically updates the back-office processing system, and therefore, the need for manual staff intervention is removed.
- 4.6 **Propensity to Pay:** When recovering monies from customers, it is helpful to consider their ability to pay any outstanding monies owed. The propensity to pay tool can identify those who are struggling to pay debts and those who can afford to pay but are not doing so.
- 4.7 When the propensity to pay software is implemented, and an analysis of the data has been undertaken, it may be necessary to review recovery processes again to take into account the circumstances of individuals, who are continually in arrears. It may also be necessary to evaluate if the same recovery procedure should be followed for all individuals.

- 4.8 With the introduction of automation and digitalisation, officer capacity will be released. This can be diverted to recovery and to support those that intelligent data says are struggling to pay, and also to focus resource on debts that have a greater prospect of recovery.
- 4.9 **Data sharing with His Majesty's Revenue and Customs:** A pilot scheme initiated by His Majesty's Revenue and Customs (HMRC) considered data sharing between local authorities and HMRC. A data sharing agreement would allow appropriate Officers access to information held by HMRC.
- 4.10 Such data sharing would be welcomed as HMRC hold employer and salary information. This would support the recovery of debts. When a person fails to make payments in accordance with their Council Tax bill, a reminder notice is issued followed by a final notice and then summons. When a person is summonsed to court the Magistrate grants a liability order. When a liability order is granted, the Council may recover debts by different means such as attaching the debt to a customer's benefits or earnings. The introduction of the data sharing scheme would increase the Council's ability to recover debt through attachment of earnings.
- 4.11 This will be included in the recovery process and will be added to the Debt Recovery Policy. at the point where the data sharing scheme is rolled out to all Councils, the date of which is not yet known.

## **5. RISKS**

- 5.1 There is a risk that the Council is not providing accurate or current information to those that owe monies if the policy is not regularly reviewed to encapsulate changes in debt recovery legislation and/or changes to procedures.
- 5.2 There is a further risk that the policy may not be reflective of changing practices such as the digital implementations outlined in this report, or future data sharing that may provide information on which debts can be recovered, if the policy is not regularly reviewed.

## **6. CONCLUSION**

- 6.1 The Corporate Debt Recovery Policy was agreed by the Executive Cabinet on 26 January 2022. It is important to review the Policy to ensure it is reflective of legislation and any change in recovery procedures.
- 6.2 The Corporate Debt Recovery Policy has been reviewed and the revised policy and amendments are detailed in Appendix 1 & 2.
- 6.3 The recovery of Housing Benefit overpayments is included in the Policy and has been added at Part 4.
- 6.4 The Corporate Debt Recovery Policy should be kept under review with regard to the changes outlined in section 4 of the report and which may impact on recovery processes.

## **7. RECOMMENDATIONS**

- 7.1 As stated at the front of this report.