



Leicester
City Council

WARDS AFFECTED
All

Overview and Select Committee

22 June 2016

Collection of Income - Leicester City Council, Debt Policy

Report of the Director of Finance

1. **Purpose of Report**

The purpose of this report is to present Leicester City Council's new Debt Policy to Overview and Select Committee (OSC)

2. **Recommendations**

Members of OSC are asked to note the content of this report and invite comments on the new Debt Policy set out at **Appendix A**.

3. **Report**

- 3.1 Leicester City Council (LCC) delivers and provides a range of disparate services across the organisation which results in invoices being raised and debt accumulating. LCC is legally required to safeguard public money. This policy reflects the need to collect monies owed by individuals and companies whilst acknowledging there are circumstances where collecting full payment immediately would cause financial difficulty for some customers. Using this policy ensures we collect debt in a fair, proportionate and respectful manner.
- 3.2 The council has had a Fair Debt policy in place since 1995. This policy was established as a means of protecting the interest of the council in collecting debts owed but also recognising that in certain circumstances immediate full payment of the debt could lead to financial hardship. The Fair Debt policy did not cover all the various types of debt owed for the wide range of services delivered by the Council.
- 3.3 The new Debt Policy encompasses the ethos of the Fair Debt Policy i.e.: those customers who 'can't pay' but also now has a focus on those that 'won't pay'.
- 3.4 The policy clearly sets out the responsibilities of officers responsible for raising debt and customers who owe money to the authority as well as the Council's duty to ensure the maximisation of income collection.

- 3.5 The policy recognises the need for discretion at times and allows for a degree of flexibility if there is a genuine reason why a customer cannot pay their debts in full. This includes encouraging the customers experiencing financial hardship to contact the Council as soon as possible in order to agree a mutually agreed repayment plan. This dialog will also negate the need for legal recovery action, including the customer accruing additional legal cost.
- 3.6 This is an overarching policy and captures all categories of debt owed to the Council, which includes such examples as:
- Council Tax
 - National Non Domestic Rates (Business Rates)]
 - Housing Rent Arrears
 - Parking (Penalty Charge Notices)
 - Housing Benefit Overpayment
 - All other sundry debt eg:
 - Commercial Property Rent and associated arrears
 - Residential and non-residential social care charges
 - Service charges on long leaseholder residential properties
 - Housing Repair
 - Service provided to Schools and Colleges
 - Former Tenant Rent Arrears
- 3.7 The new policy recognises legislative changes and the impact on individuals and households (welfare reform) and the current economic climate. The policy clearly sets out how the council will enforce the collection of debt and highlights where help and support is available. The policy also updates the use of enforcement agents (bailiffs) in line with legislative changes. Therefore the policy is supported by **Appendices 1 to 6** which clearly sets out to the customers how the authority will, in line with legislation, pursue the collection of debt.

4. **Next Steps**

- 4.1 To receive comments on the policy from members of OSC, prior to the adoption and implementation of an all-encompassing Debt Policy

and

To undertake a stakeholder engagement exercise with local debt advice and support agencies as detailed in **Appendix 7** of the Debt Policy. This will give those agencies, which provide advice and support to citizens of Leicester in financial hardship the opportunity to comment on the objectives of the policy.

5. **Financial Implications**

The proposed new Debt Policy is intended to ensure an effective, efficient and fair approach to collecting debt, and to minimise losses from uncollected debt and collection costs,

Colin Sharpe, Head of Finance, ext. 37 4081

6. Legal Implications

The specific legal implications arising from this report are adequately detailed in the body of the report and the Debt Policy

Jeremy Rainbow, Principal Lawyer (Litigation), ext. 37 1435

7. Equalities Implications

An Equality Impact Assessment has been carried out. The assessment considered the impact of the debt policy on the protected characteristic groups of disability and race, upon which there could be the most significant effect. The full equality impact assessment can be found at **Appendix B** of the Debt Policy

8. Report Author/Officer to contact:

Enid Grant

Head of Business Service Centre

Contact no: 4544401

Email address: Enid.grant@leicester.gov.uk