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| Meeting: | Audit and governance committee |
| Meeting date: | Wednesday 20 September 2017 |
| Title of report: | Update on debt collection |
| Report by: | Head of corporate finance |

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

This report provides details of the committee on the debt collection and uncollectable debt write off arrangements between the council and Hoople Ltd.

Following a question at full Council regarding levels of delegation to Hoople on this matter the Leader of the Council asked the audit and governance committee to review delegations, contained within the council's financial procedure rules, to ensure they remain appropriate.

Approval of financial procedure rules has been delegated to the committee.

Recommendation(s)

That:

- (a) **the committee satisfies itself that the delegations to Hoople Ltd regarding write off of uncollectable debt, as specified at paragraph 4.7.31 of the financial procedure rules remain appropriate.**

Alternative options

1. This report provides a briefing on the current debt collection arrangements and delegations in place re uncollectable debt.

2. It is open to the committee to determine different delegations in respect of write off of uncollectable debt, and should have regard to the advice of the council's section 151 officer in making any such determination. The council can change its debt write off processes as included in paragraph 4.7.31 of the financial procedure rules, which was approved on 10 May 2017 (<http://councillors.herefordshire.gov.uk/documents/s50047341/Part%204%20Section%207%20Financial%20Procedures%20Rules.pdf>), no reason has been highlighted that requires these to be changed, therefore this is not recommended.

Key considerations

3. The current debt recovery policy ensures that Hoople Ltd adopt and apply the debt recovery principles set by Herefordshire Council. The main sources of billed income to the council is the annual collection of £111.2m of Council Tax and £49.0m of business rates. The 2016/17 in year collection rates for these income streams were 97.97% and 98.59% respectively, above the national rates of 97% and 98.3%, with outstanding balances being collected in the following financial years.
4. The service level agreement with Hoople Ltd enables the revenues and benefits team to provide the following:
- The professional lead for advising on strategic activity and managing the implementation of legislative and policy changes.
 - To provide an effective service for the collection and recovery of Council Tax including awarding Council Tax support, discounts and exemptions.
 - Collection and recovery of business rate income, awarding appropriate reliefs and exemptions.
 - To award accurate and timely housing benefits.
 - The recovery of sundry debtor charges.
5. Hoople Ltd provides these services with engagement from service areas. The policy provides clarity on the enforcement regimes followed when the customer does not make arrangements for payment after the invoice and reminders are sent. Service areas are required to comply with the policy regime to ensure it works effectively. The policy states that Hoople Ltd will share monthly reports to officers.
6. Where debt collection fails paragraph 4.7.31 of the council's [financial procedure rules](#) stipulate the following approval levels for writing off uncollectable debt:

| Amount | Job Title |
|-------------------------|--|
| Up to £150 | Senior Revenues, Development and Debtors Team Leader |
| Between £151 and £500 | Revenues and Development Operational Manager and Benefits Operational Manager (Hoople Ltd) |
| Between £501 and £2,000 | Revenues and Benefits Service Manager (Hoople Ltd) |

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| Between £2,001 & £20,000 | Head of Corporate Finance and Deputy Section 151 Officer |
| Above £20,001 | Chief Finance Officer |

7. The chief finance officer is required to report annually to cabinet details of all debts exceeding £10k written off in the year. The report will provide the total number and value of debts written off split by reason for write off. The report for 2016/17 can be viewed here <http://councillors.herefordshire.gov.uk/documents/s50047895/Appendix%20D%20-%20debt%20write-offs%201%20October%202016%20-%2031%20March%202017.pdf>

Community impact

8. A principle of the council's code of corporate governance is that the council is committed to managing risks and performance through robust internal control and strong public financial management. Ensuring that delegations are at an appropriate level to manage risk whilst enable decision making to take place at the most efficient and effective level will assist in ensuring that good standards of corporate governance are maintained.

Equality duty

9. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
10. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. As this is a decision on back office functions, we do not believe that it will have an impact on our equality duty. The approval of the debt recovery policy included an equality impact assessment that can be viewed here <http://councillors.herefordshire.gov.uk/documents/s50035302/Appx%20B%20Debt%20Recovery%20Policy%20EIA.pdf>. The policy provides a number of relief options, including hardship, discretionary and mandatory reliefs.
11. Following the debt recovery policy provides protection from claims of maladministration; an equality impact assessment was completed as part of the policy approval process.

Resource implications

12. Considering the value of income and delegations in place these appear to be adequate and proportionate in addressing issues regarding debt collection.

Legal implications

13. Debt recovery is an operational function of the council. Such decisions are legally able to be taken by officers in accordance with the scheme of delegation and the finance procedure rules. The delegation of the function to Hoople should be clearly set out in the service level agreement

Risk management

14. The debt write off authorisation levels as stated in the financial procedure rules include instances where consultation with directors and the chief finance officer are required. This is to minimise the risk of writing off collectable debts looking at the value of debt write offs over the previous years this appears to be working adequately.

Consultees

15. None.

Appendices

None.

Background papers

None identified.