

**SOUTH STAFFORDSHIRE COUNCIL**

**CABINET – 6 JUNE 2023**

**DEBT RECOVERY POLICY SECTION 4 – SUNDRY/COMMERCIAL DEBTS**

**REPORT OF THE FINANCE MANAGER (DEPUTY S151)**

**LEAD CABINET MEMBER – COUNCILLOR ROGER LEES, LEADER OF THE COUNCIL**

**PART A – SUMMARY REPORT**

**1.0 SUMMARY OF PROPOSALS**

- 1.1 The existing Corporate Debt Recovery Policy (attached as Appendix 5) details existing policies and procedures in relation to Council Tax and Business Rates (Section 2), Housing Benefit over-payment recovery (Section 3) and Sundry Debts (Section 4).
- 1.2 The purpose of this report is to update Section 4 to take account of the increases in debt relating to the Commercial Estate, the increasing take up of Direct Debit as a method of paying these debts and proposed improvements in the procedures to recover sundry debts.
- 1.3 There are no proposals to amend Sections 2 and Section 3 of the Corporate Debt Recovery Policy.

**2.0 RECOMMENDATIONS**

- 2.1 It is recommended that Cabinet approve that the proposed new text for Section 4 of the Corporate Debt Recovery Policy as detailed in Appendix 1 to this report.
- 2.2 Note that adoption of the policy would necessitate amendments to be made to the Constitution. As this is minor in nature and reflective of a policy change, it would not require Full Council approval.

### 3.0 SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	Financial Stability is a key deliverable stream for the Council objectives. Failure to recover amounts owed to the Council as they become due will have a detrimental impact on the Council's ability to achieve its aims.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	This report does not impact on equality issues
SCRUTINY POWERS APPLICABLE	Not applicable	
KEY DECISION	No	
FINANCIAL IMPACT	Yes	The MTFS is directly impacted when debts are required to be written off or provision made for potential write off. Interest receivable or payable on cash balances is impacted if debts are not recovered by the due date.
LEGAL ISSUES	Yes	<p>The Constitution of the Council states that, "the scheme of delegation should identify staff authorised to act on the member of the Corporate Leadership Team's behalf, or on behalf of the Cabinet, in respect of payments, income collection and placing orders, together with the limits of their authority. The Cabinet is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control."</p> <p>Currently the Constitution details the following as within the remit of the Corporate Director, Finance and Resource</p> <p>4.23 To agree the write-off of bad debts up to an approved limit in each case and to refer larger sums to the appropriate member of the Cabinet.</p> <p>4.24 To approve all debts to be written off in consultation with the relevant member of the Corporate Leadership Team and to keep a record of all sums written off up to the approved limit of £1,000 and to adhere to the requirements of the Accounts and Audit Regulations 2015.</p> <p>4.25 To obtain the approval of the appropriate member of the Cabinet in consultation with the relevant member of the Corporate Leadership Team for writing off debts in excess of the approved limit of £1,000.</p>

		The report recommends minor changes to these limits.
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	This report includes all Council strategic risks and a summary position statement on operational risk.
IMPACT ON SPECIFIC WARDS	No	All Wards

#### **4.0 CORPORATE DEBT POLICY**

- 4.1 The existing Corporate Debt Policy (attached as Appendix 5) is detailed in relation to the recovery of Council Tax, Business Rates and overpaid Housing Benefit. It is also noted that in practice, these areas also work well with targets broadly met. There are therefore no proposals to amend these sections.
- 4.2 Commercial and Sundry (including Licensing, Leisure and other amounts owed to the Council) debt have gained increased prominence in the Council's activities in recent years.
- 4.3 The development of the commercial estate in particular, has led to an increase in both the level of Bad Debt provision applied to the value of historic debt written off.
- 4.4 At the same time, considerable progress has been made in improving methods of debt collection, including the use of Direct Debits and where tenants are in arrears, applying enforceable payment plans attached to Direct Debit mandates.
- 4.5 Alongside these developments, it has been recognised that updating Section 4 of the Corporate Debt Recover Policy as it pertains to Sundry Debts would be necessary to improve the effectiveness and efficiency of collecting debts in these areas. This is the purpose of this report.

#### **5.0 IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

Not applicable

#### **6.0 PREVIOUS MINUTES**

Not applicable

#### **7.0 BACKGROUND PAPERS**

- Appendix 1 – Proposed Revised Section 4 of Corporate Debt Management Policy
- Debt Collection Reminder Letter 1
- Debt Collection Reminder Letter 2
- Debt Collection Reminder Letter 3

- Appendix 5 – Existing Corporate Debt Management Policy

Report prepared by

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