



Committee and Date

Cabinet  
19<sup>th</sup> January 2022

Item

Public

## **COUNCIL DEBT COLLECTION POLICY**

**Responsible  
Officer**

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### **1. Synopsis**

This report details Shropshire Council's Council Tax, Business Rates, Housing Benefit Overpayments and Sundry Debt Policies. It is good practice to publicise the approach for debt collection to ensure clarity and that a fair and consistent view is taken to debt enforcement, assisting more vulnerable groups in society to manage.

### **2. Executive Summary**

- 2.1. The Council has a duty to recover outstanding debts and in doing so ensure that its processes are fair and consistent to everyone. This policy covers the collection of Council Tax, Business Rates, Housing Benefit Overpayments and Sundry Debts due to Shropshire Council.
- 2.2. There is complex legislation detailing how the amounts due from Council Tax and Business Rates are calculated and collected. There is similarly complex legislation detailing how Housing Benefit Overpayments are calculated, what is deemed recoverable, and the options available to recover debt.
- 2.3. The current Council Tax, Business Rates and Housing Benefit Overpayment Debt Collection Policy was approved by Cabinet on 14 September 2016.
- 2.4. The policy has been reviewed and amendments have been made to the existing Council Tax, Business Rates and Housing Benefit Overpayments policy to cover the following.
  - Partnership work (Appendix A para. 3.4)
  - Changes to council tax support (Appendix A para. 4.10)
  - Discretionary discounts (Appendix A para. 4.11)

- Use of Housing Benefit Debt Service (Appendix A para. 6.10)
- Breathing Space (Appendix A para. 7.4)
- Free and Impartial Advice (Appendix E of the policy)

Further details about these amendments can be accessed at section 8.0, Additional Information.

- 2.5 In addition, a new sundry debt policy has been written and is attached at Appendix B.
- 2.6 The intention is to bring a combined Council Debt Policy to include Adults and Children's Social Care Debt and Parking Debt later in 2022.

### **3. Recommendations**

- 3.1. Members are asked to approve the amendments to the Council Policy for Debt Collection of Council Tax, Business Rates and Housing Benefit Overpayments set out in Appendix A
- 3.2. Members are asked to approve the new policy for Debt Collection of Sundry Debts set out in Appendix B
- 3.3. Members are asked to note the intention to bring a combined Council Debt Policy to include Adults and Children's Social Care Debt and Parking Debt later in 2022.

## **REPORT**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1. Failure to have a clearly defined policy for debt collection will leave the Council vulnerable to complaints about process and debt outcomes. It is important to have clearly defined actions to protect both staff and debtors.
- 4.2. An Equality, Social Inclusion and Health Impact Assessment (Appendix C) has been carried out, in order to assess the likely impacts of the revised policy for Protected Characteristic groupings as set out in the Equality Act 2010, and for people in our tenth category in Shropshire, of Social Inclusion. This is of particular pertinence given the implications of this policy for vulnerable individuals and households. The screening indicates that the overall impacts should be neutral or positive across groupings.
- 4.3. Actions to increase the positive impacts in equality terms need to include ensuring that a range of communication channels are used to encourage people to have the confidence to approach the Council

if they are in debt or fear that they may find themselves in such circumstances. This will usefully include working with local elected Shropshire Council councillors as community leaders, for example through councillor surgeries, and setting out the recourse that people may have to impartial advice and guidance as well. The Council will also seek to factor in the negative mental health impacts for people falling into debt, which this policy sets out to recognise and address through encouraging people to make contact at the earliest opportunity.

## **5. Financial Implications**

- 5.1. Failure to have a clearly outlined, transparent and fair approach to debt collection can lead to uncertainty and challenge which can have a detrimental effect on collection rates. The policies will help to enhance the Council's income collection, reduce the level of debt owed to the Council and minimise the level of unrecoverable debt.

## **6. Climate Change Appraisal**

- 6.1 While there are no direct climate change impacts arising from this report the Strategic Finance team are committed to encouraging all taxpayers to sign up for paperless and e-billing in line with the Council's digital by default agenda.

## **7. Background**

- 7.1. It is good practice for Shropshire Council to detail its approach to collection of all debt owed to the Council. This will ensure clarity to taxpayers, businesses, members, other residents, and advice agencies about the Council's approach to debt collection. It also ensures a fair and consistent view is taken to debt enforcement, and that the Council is committed to identifying and assisting more vulnerable groups in society to manage their payments
- 7.2. The new sundry debt policy Sundry debt policy will ensure
  - Council debts are minimised, and rates of collection are maximised
  - A consistent and co-ordinated approach
  - Customers are assisted based on their ability to pay and individual financial circumstances.
  - The provision of clear guidance for all Council Officers on the recording, reporting, recovery, and monitoring of debt.
- 7.3. The existing Council Tax, Business Rates and Housing Benefit Overpayment Debt Collection Policy was approved by Cabinet on 14 September 2016.

- 7.4. Corporate debt collection is changing with the introduction of Breathing Space regulations in May 2021, and the Government intention to introduce Statutory Debt Repayment Plans, which will enable a person in problem debt to enter into a formal agreement with their creditors to repay all their eligible debts over a manageable time, whilst receiving legal protection from their creditor.

## **8. Additional Information - Summary of changes to Council Tax, Business Rates and Housing benefit Overpayment Debt Collection Policy (Appendix A)**

- 8.1. The designated Section 151 Officer has responsibility, under section 151 of the Local Government Act 1972, for the administration of the financial affairs of the Council. One such area of administration relates to Council Debt which is covered by the Council Tax, Business Rates and Housing benefit Overpayment Debt Collection Policy (Appendix A) and the Sundry Debt Policy (Appendix B)
- 8.2. Partnership Work (Appendix A, para.3.4). This section has been added to highlight that the Council works in partnership with other organisations in respect of debt collection
- 8.3. Changes to Council Tax Support (Appendix A - 4.10). The Council amended its Council Tax Support scheme in 2018 after the original debt collection policy had been approved. Reference is made to reflect that we aim to collect Council Tax sensitively from residents impacted by this change
- 8.4. Discretionary Discounts (Appendix A, para. 4.11). This section has been added to reference that we have wider discretionary powers to assist residents suffering financial hardship
- 8.5. Use of Housing Benefit Debt Service (Appendix A, para. 6.10). A note has been added to highlight that since 2018 the Council has accessed the Housing Benefit Debt Service which provides Local Authorities with access to real time employment and income information to help with the recovery of Housing Benefit debt
- 8.6. Breathing Space (Appendix A, para. - 7.4). Reference is made to new Breathing Space regulations introduced in May 2021 which provides debtors with statutory legal protection for a period of time, in order for them to put their financial affairs in order
- 8.7. Free and Impartial Advice (Appendix E of policy). Contact details for advice agencies have been checked and updated

## 9. Conclusions

- 9.1 Continuation of the existing Council Policy for Debt Collection of Council Tax, Business Rates (with amendments) plus the additional Sundry debt policy will ensure that the Council remains focussed on collecting outstanding debt in a positive and ethical way.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

**Cabinet Member (Portfolio Holder)**

Gwilym Butler – Portfolio Holder - Resources

**Local Member**

**Appendices**

Appendix A - Council's Council Tax, Business Rates, Housing Benefit Overpayment Debt Collection Policy

Appendix B - Sundry Debt Recovery Policy

Appendix C - Equality, Social Inclusion and Health Impact Assessment (ESHIA)