Report to the Executive for Decision
3 December 2012

Portfolio: Policy, Strategy and Finance
Subject: Corporate Collection and Recovery Policy - Response to Consultation
Report of: Director of Finance and Resources
Strategy/Policy: Corporate
Objective: To be a dynamic, prudent and progressive Council

Purpose:
To receive the feedback from the consultation exercise concerning the Corporate Collection and Recovery Policy and to agree the policy for formal adoption and implementation.

Executive summary:
On 14th May 2012, the Executive agreed a draft policy for the collection and recovery of debts raised by the Council. A formal consultation exercise was then undertaken, which allowed all interested parties the opportunity to share their views on the policy and its appropriateness.

A total of 10 people and organisations responded to the consultation, comprising 8 local residents, 1 Government Department/Agency representative and 1 member of FBC staff.

The feedback, as shown in appendix A was generally positive and 100% of respondents felt that the key aims of the policy were suitable.

Given the positive nature of this feedback, and the accompanying Equality Impact Assessment as set out in appendix B, it is felt that the policy, as set out in appendix C is appropriate, and should be adopted.

Recommendation:
That the Executive approves the policy, as set out in appendix C.

Reason:
Approval of the policy will ensure that a uniform approach is taken to the collection of income due to the Council.

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Cost of proposals:  
The adoption and implementation of the Corporate Collection and Recovery Policy will be met from existing revenue budgets.

Appendices A:  Responses to consultation

B:  Equality Impact Assessment Summary

C:  Corporate Collection and Recovery Policy

Background papers:  Report to the Executive for Decision (14 May 2012) - Corporate Collection and Recovery Policy
Executive Briefing Paper

Date: 3 December 2012

Subject: Corporate Collection and Recovery Policy

Briefing by: Director of Finance and Resources

Portfolio: Policy, Strategy and Finance

INTRODUCTION

1. On 14 May 2012, the Executive agreed a draft policy for the collection and recovery of debts raised by the Council. A formal consultation exercise was then undertaken, which allowed all interested parties the opportunity to share their views on the policy and its appropriateness.

2. This report sets out the results of the consultation exercise and Equality Impact Assessment, so that the Executive can consider any amendments that need to be made, before formally adopting the policy of implementation.

SUMMARY OF RESPONSES

3. The consultation exercise was carried out online, hosted on the Fareham Borough Council website and was publicised through a press release to the local media. Members of the 'interested parties' database were contacted directly, to make them aware of the draft policy, as were other stakeholder organisations.

4. A total of 10 people and organisations responded to the consultation, comprising 8 local residents, 1 Government Department/Agency representative and 1 member of FBC staff.

5. The consultation exercise sought responses to the following questions:-

   - Question 1 - Are the key aims of this policy suitable?
   - Question 2 - Do you think it is right to have the same set of principles for all debts owed to the Council?
   - Question 3 - Do you think it is right to use all methods of enforcement to secure payment from those that “won't pay”?
   - Question 4 - Do you think the range of payment options is suitable?
   - Question 5 - Are the steps for recovering money suitable?
   - Question 6 - Do you think this cross service approach to debt recovery is suitable?

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Question 6a - Can you think of any reasons why this approach would not be successful?

Question 7 - Do you think that enforcement action should be applied in this way?

Question 8 - Do you think that the Council should use these methods (external bailiffs and collections agents) for collecting debts?

Question 9 - Are there any other circumstances where a debt should no longer be pursued?

Question 10 - Do you think the policy is flexible enough to support and minimise the impact on those who "can't pay"?

Question 11 - Do you have any other comments you would like to make about the collection and recovery policy?

Question 12 - The Council are planning to review and develop its debt payment processes in the near future. Please let us know if you have any suggestions for improving the processes?

The responses to these questions are shown at appendix A.

6. There were a number of additional comments made from some responders and in broad terms these can be summarised as:

7. **General Support**: 100% of responders agreed that the key aims of the policy were suitable and supported a consistent approach to debt collection. **Response**: It is important to have one Debt Recovery Policy. Allowances can be made owing to individual's circumstances. As long as people still have enough money to live on.

8. **Policy Scope**: The comments indicated general support with no suggestions for expanding the aims and objectives of the policy. **Response**: By all means help people who need help, but make it clear that it is easier to pay than not to pay. The overall policy is adequate.

9. **Cross-service Approach**: A clear theme emerged around the development of a single recovery team to collect all income and debts to replace the disparate teams currently in place. It was felt that this could improve collection rates and increase efficiency. **Response**: All debts should be amalgamated automatically. Why do you even have separate recovery teams, there must be a lot of duplication of effort. Having one team would also ensure consistency.

10. **Enforcement Action**: Generally, all respondents were in favour of enforcement action being taken and the use of bailiffs and debt collection agents, however a comment was received relating to the need to monitor their activity. **Response**: The Council must ensure and guarantee that where bailiff services and debt collection agencies are used those organisations must work within the guidelines and do not resort to harassment or use of other threatening behaviour. Bailiffs must be firmly monitored and controlled.

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11. **Irrecoverable Debts**: 90% of respondents were in agreement with the factors within the policy which may lead to a debt being written off; however there were some concerns raised about the message this could give to debtors where their outstanding balances are small. **Response**: *I would have thought that sometimes pursuing an uneconomical debt would provide a deterrence factor, else what is to stop people just ignoring small debts knowing that they will not be pursued.*

### IMPLICATIONS FOR THE DRAFT POLICY

12. The results of the consultation exercise were generally positive and supportive; therefore it is not proposed to make any changes to the draft policy at this time.

13. Officers have already recognised the need to review the current disparate recovery functions carried out across the departments and this will now also include consideration of the points raised from this consultation ("...make it clear that it is easier to pay than not to pay..." and "...pursuing an uneconomical debt would provide a deterrence factor...") This work is being undertaken by a team led by the Director of Finance & Resources. The adoption of the Corporate Collection and Recovery Policy will be a first building block in the development of a more uniform and joined-up approach to income collection and recovery.

### RISK ASSESSMENT

14. Adoption of the Corporate Collection and Recovery Policy will mitigate the risk of non-recovery of current and new debts by ensuring that there is a common understanding across the Council of our approach to debt collection.

### FINANCIAL IMPLICATIONS

15. The adoption of the Corporate Collection and Recovery Policy will ensure that a uniform approach is taken to the collection of income due to the Council.

### CONCLUSION

16. The draft Corporate Collection and Recovery Policy brings together the most up to date legislation, good practice and guidance. Its implementation will provide for a cost effective recovery practice that is carried out by all services across the Council, ensuring those with the means to pay do and support for those who genuinely can't pay.

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Responses to consultation:

**Question 1**
Are the key aims of this policy suitable?

Yes 100%

**Question 2**
Do you think it is right to have the same set of principles for all debts owed to the Council?

Yes 70%
No 30%

**Question 3**
Do you think it is right to use all methods of enforcement to secure payment from those that "won't pay"?

Yes 90%
No 10%

**Question 4**
Do you think the range of payment options is suitable?

Yes 90%
No 10%

**Question 5**
Are the steps for recovering money suitable?

Yes 70%
No 30%

**Question 6**
Do you think a cross service approach to debt recovery is suitable?

Yes 70%
No 20%
No Reply 10%

**Question 6a**
Can you think of any reason why this approach would not be succesful?

Yes 90%
No 10%

**Question 7**
Do you think that enforcement action should be applied in this way?

Yes 100%

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Question 8
Do you think that the Council should use these methods for collecting debts?

Yes 90%
No 10%

Question 9
Are there any other circumstances where a debt should no longer be pursued?

Yes 100%

Question 10
Do you think the policy is flexible enough to support and minimise the impact on those who "can't pay?"

Yes 100%