



<b>REPORT TO:</b>	Performance Development Panel
<b>DATE:</b>	Tuesday 12 July 2022
<b>SUBJECT:</b>	Debt Management Policy
<b>PURPOSE:</b>	To consider the Debt Management Policy.
<b>KEY DECISION:</b>	N
<b>PORTFOLIO HOLDER:</b>	Councillor Peter Coupland, Portfolio Holder for Finance, Commercialisation & Partnerships
<b>REPORT OF:</b>	Samantha Knowles, Assistant Director - Finance
<b>REPORT AUTHOR:</b>	Sharon Hammond, Head of Revenues and Benefits, PSPS
<b>WARD(S) AFFECTED:</b>	All
<b>EXEMPT REPORT?</b>	N

#### **SUMMARY**

Efficient and well administered debt management is crucial to the Council. The Debt Management Policy was originally agreed in 2017, and it is therefore timely for this to be brought back before Members for review.

#### **RECOMMENDATIONS**

1. Recommend that Cabinet approve the continuation of the refreshed Debt Management Policy.
2. Recommend that Cabinet approve the delegation of future review and changes to the Section 151 Officer, in conjunction with the Portfolio Holder for Finance, Commercialisation & Partnerships.

#### **REASONS FOR RECOMMENDATIONS**

The continuation of the Debt Management Policy will ensure that South Holland District Councils demonstrate a clear and transparent position in respect of its approach to the management of debt.

Delegation for reviewing and updating the policy will enable a responsive and efficient approach to policy maintenance.

#### **OTHER OPTIONS CONSIDERED**

Do nothing – this option was rejected as it is timely for the policy to be formally reviewed and its continuation re-approved.

### **1. BACKGROUND**

- 1.1** A review of policy and procedures was undertaken in 2017, resulting in the approval and implementation of the current Debt Management Policy.
- 1.2** The policy covers the legislative framework, and the local approach, under which debt is administered and managed by Public Sector Partnership Services Ltd, on behalf of SHDC, relating to Council Tax, Business Rates, Sundry Debt and Housing Benefit Overpayments.
- 1.3** The recommended policy, as shown at Appendix A, has been updated to take account of all current legislation.

### **2. DEBT MANAGEMENT POLICY**

- 2.1** The proposed policy is shown in Appendix A, and, in recognising SHDC duty to ensure efficient and well administered debt management, it sets out the principles that apply for the recovery and enforcement of debt.
- 2.2** The policy has been reviewed and remains largely unchanged since the original policy was approved and implemented in 2017. The changes that have been made to the policy through this review are summarised below: -
  - i) Cosmetic reformatting, minor rewording, and the introduction of version control.  
  
*The introduction of version control responds to an earlier audit recommendation.*
  - ii) Addition of The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) Regulations 2020.

*More commonly known as ‘breathing space regulations’, this provides for someone in problem debt a legal protection from their creditors. Breathing space can only be started by a referral to the Insolvency Service from a debt advice provider who is authorised by the Financial Conduct Authority (FCA) to offer debt counselling. This legislation was implemented in May 2021 and requires local authorities as creditors to comply with the provisions to pause enforcement action and contact for up to 60*

*days. There are stronger protections for people receiving mental health crisis treatment, lasting as long as the treatment plus 30 days.*

*Since its implementation, 57 people have entered breathing space with a council related debt totalling £117,778. At the end of May 2022 there are currently 6 people in breathing space, with SHDC debt totalling £14,265.*

*PSPS Revenues and Benefits provide a single point of contact / co-ordination role for breathing space on behalf of all other council departments.*

- iii) Transfer of Attachment of Earnings Order as a final sanction for Housing Benefit Overpayments, to Deduction from Earnings as a possible action.

*This reflects the wider use of deductions from earnings as an initial action for the recovery of Housing Benefit Overpayment purposes.*

- iv) Inclusion of further wording that covers a review of recovery action being taken to determine whether it is still appropriate after identification of vulnerability, with appropriate use of discretion in every such case.

*This inclusion helps to clarify that we will have regard to the recovery action that is currently being taken for a vulnerable debtor and ensures, importantly, the use of discretion in decisions about that action.*

- v) Inclusion of a Policy Management and Review statement for reviews and revisions to be delegated to the S151 Officer and Portfolio Holder for Finance, Commercialisation & Partnerships.

*This inclusion will ensure a responsive and efficient approach to the maintenance of the Debt Management Policy.*

### **3. CONCLUSION**

- 3.1 The proposed policy has been reviewed and updated to reflect current legislation and approach. It is recommended that the policy is approved to demonstrate a clear and transparent position in relation to debt management.

### **4. EXPECTED BENEFITS TO THE PARTNERSHIP**

- 4.1 Not applicable

### **5. IMPLICATIONS**

#### **5.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP**

- 5.1.1 None

#### **5.2 CORPORATE PRIORITIES**

- 5.2.1 None

### **5.3 STAFFING**

5.3.1 None.

### **5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS**

5.4.1 Recovery processes are governed by statutory provisions, and operational delivery will be in accordance with all such provisions.

### **5.5 DATA PROTECTION**

5.5.1 None

### **5.6 FINANCIAL**

5.6.1 There are no direct financial implications as a result of this policy, however efficient and well managed debt is critical to the council's overall finance position.

### **5.7 RISK MANAGEMENT**

5.7.1 This policy provides the legislative provisions and approach for the efficient management of debt. At the same time however it should be recognised that by the nature, volume and value of annual revenue to the council there will always be uncollectable amounts which will be recommended for write off once avenues to recover are exhausted.

### **5.8 STAKEHOLDER / CONSULTATION / TIMESCALES**

5.8.1 This policy has been reviewed by officers, Section 151 Officer, and consultation with the Portfolio Holder for Finance, Commercialisation and Partnerships.

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### **5.9 REPUTATION**

5.9.1 None

### **5.10 CONTRACTS**

5.10.1 None

### **5.11 CRIME AND DISORDER**

5.11.1 None

### **5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

5.12.1 The proposed amendments to the policy do not give rise to any equality, diversity, or human rights implications. The policy seeks to ensure transparency, and equality in the Councils approach to debt management, so that people receive fair outcomes in the standard of service they receive from the Council.

5.12.2 The policy recognises the responsibility for ensuring that the vulnerable and socially excluded are protected. In cases of identified vulnerability, the policy has been adjusted to include a review of the recovery action being taken and whether it remains appropriate based on the individual circumstances of the case at that time.

### **5.13 HEALTH AND WELL BEING**

5.13.1 None

## 5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.14.1 None

## 5.15 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

15.1 None

## 6. ACRONYMS

6.1 None

### APPENDICES

Appendices are listed below and attached to the back of the report: -

APPENDIX A	Debt Management Policy
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### BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

### CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body.

### REPORT APPROVAL

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Approved for publication:	Portfolio Holder for Finance, Commercialisation & Partnerships