

7 March 2017

<b>Report of</b>	<b>Head of Customer Services</b>	<b>Author</b>	<b>Sam Preston</b>
<b>Title</b>	<b>Income and Debt Policy 2017</b>		<b>☎ 282707</b>
<b>Wards affected</b>	Not applicable		

**This report concerns the Council's proposed Income and Debt Policy 2017 which covers corporate procedures for billing, payments and debt recovery.**

## 1. Decision(s) Required

- 1.1 To review and agree the proposed Income and Debt Policy 2017.
- 1.2 To include the Income and Debt Policy as part of the annual review of the Council's Ethical Governance policies.

## 2. Reasons for Decision(s)

- 2.1 To agree procedures for managing Council income and debt recovery in order to provide a consistent service for customers.
- 2.2 To review and improve the Council's income and recovery processes, particularly with its aim to become increasingly commercial.
- 2.3 To reduce overly administrative processes to ensure that teams are working as effectively as possible.

## 3. Supporting Information

- 3.1 The Council's Corporate Debt Policy was last revised and adopted in March 2015 and reviewed by the Scrutiny Panel in 2016. The existing Debt Policy sets out procedures for:
  - Billing and invoicing
  - Recovery and enforcement action
  - Debt Write-Off
- 3.2 The Council has historically offered a wide range of payment options, some of which are now outdated and create significant processing costs or an administrative burden. Investment into improving payment options that are quick and easy for customers whilst reducing administration has helped to establish key preferred options. The following work has been carried out to encourage the use of these options:
  - Direct Debit Campaigns including the wide promotion of Direct Debit across Customer Services and through social media
  - Upgrades to online payment portal providing an improved customer experience
  - Mobilisation of website enabling customers to pay using mobile devices
  - Payments Project to carry out proactive contact with customers using cheques and payzone cards to support them to use alternative payment methods

- 3.3 A regular and effective review of outstanding debt is required to enable the Council to assess whether there is reasonable chance of recovery. Where there is no chance of recovery it is important for debts to be written off to enable effective accounting and to allow resources to be directed towards pursuing recoverable debts.

Part 3 of Colchester Borough Council's constitution provides procedures delegated to the appropriate Portfolio Holder for reviewing debts over £5,000, which have been identified as difficult to recover. For debts under £5,000 the write off authorisation levels are set out within the Debt Policy.

#### 4. Proposals

- 4.1 It is proposed that the Debt Policy includes standards and procedures for payments going forward. This will help to set out a corporate standard for payments as a basis for all Council income streams. As well as combining payment methods into the Policy there are a number of other proposed changes that will contribute towards reduced costs and administration.

- The Debt Policy will be renamed the Income and Debt Policy and will cover:
  - o Billing and Invoicing
  - o Payment methods
  - o Recovery and enforcement action
  - o Debt write-off
  - o Search/Tracing
- The Policy will set out the Council's preferred payments options which should be used by all services where possible. The preferred payment types are Direct Debit, Direct Data (which includes BACS payments), Debit Card (Online and Automated Payment line) and Standing Orders.
- It is proposed that the Council will stop accepting cheques, payment cards and postal orders from 1 April 2017 unless by exception.
- To amend write-off limits as follows:

Debt Value	Process	Authorised Person	Notes
Up to £25	Write off on system with a screen note	Corporate Debt Officer/Revenues Officer	This is an increase from up to £5
£25 to £100	As above but with spot checks by Income and Corporate Debt Manager noted for audit	Corporate Debt Officer/Revenues Officer/Income and Corporate Debt Manager	This is an increase from up to £25 and streamlined process
£100 to £5,000	Investigation report complete (standard template) and signed by Income and Corporate Debt Manager Debts batched into a schedule for write off with cover sheet totalling write off amount	Income and Corporate Debt Manager/S151 Officer	Same as current

<b>Over £5,000</b>	Portfolio Holder Report with detail and reasons for each debt write off. Reports split into Council Tax, Business Rates and Commercial Debts and completed quarterly.	Portfolio Holder for Resources	Same as current but with split and frequency of reports specified
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## **5. Strategic Plan References**

- 5.1 An effective Income and Debt Policy ensures that the Council collects the monies due to it, therefore helping to underpin the delivery of its Strategic Plan Objectives.

## **6. Consultation**

- 6.1 Internal consultation has been carried out to ensure that stakeholders have had input into the development of this policy.

## **7. Financial implications**

- 7.1 There should be not specific financial implications associated with the policy, however improved process and procedures should help to improve income collection and debt recovery.

## **8. Other standard references**

- 8.1 In considering equality, diversity and human rights, health and safety, community safety and risk management implications there are none which are significant to the matters in this report.

## **Appendices**

Appendix A - Draft Income and Debt Policy 2017