

Confident Capable Council Scrutiny Panel

14 September 2016

Report title	Debt Management Update Report	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Wards affected	All	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Revenues and Benefits	
Accountable employee(s)	Sue Martin Tel Email	Head of Revenues and Benefits 01902 554772 Sue.Martin@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	16 August 2016

Recommendations for noting:

The Panel is asked to note:

1. The progress that has been made following the transfer of the debt management function to the Revenues and Benefits Service.

1.0 Purpose

- 1.1 The purpose of this report is to enable the Confident Capable Council Scrutiny Panel to review the progress made to improve sundry debt recovery performance including progress with collection of care charges.

2.0 Background

- 2.1. The debt management team transferred into Revenues and Benefits in January 2015 as part of creating a specialist debt recovery unit.
- 2.2. During 2014/15 the in-year collection levels were between 74% and 82%.

3.0 Transformation progress to date

- 3.1 Work to date has focussed on the following:

3.1.1. Improving the effectiveness of the team

- Structured Agresso training for all team members ensuring shared knowledge and expertise shared across the team.
- Team challenges for example targeting the top 100 debts by value, age, customer group etc.
- Collection targets set; performance monitored and shared with the team.
- Access to additional council systems and to credit reference agency data for tracing.

3.1.2. Improving data quality

- Consolidation of duplicate customer records.
- Data matching between Agresso and other systems such as Care First and Northgate Revenues and Benefits.
- Review of deferred debt to establish those where charging orders are actually in place.

3.1.3. Improving processes

- Daily production of reminders and final demands.
- An automated process for payment of schools invoices.
- Review of debt recovery pathways and workflows.
- Implementation of the legal debt recovery module.

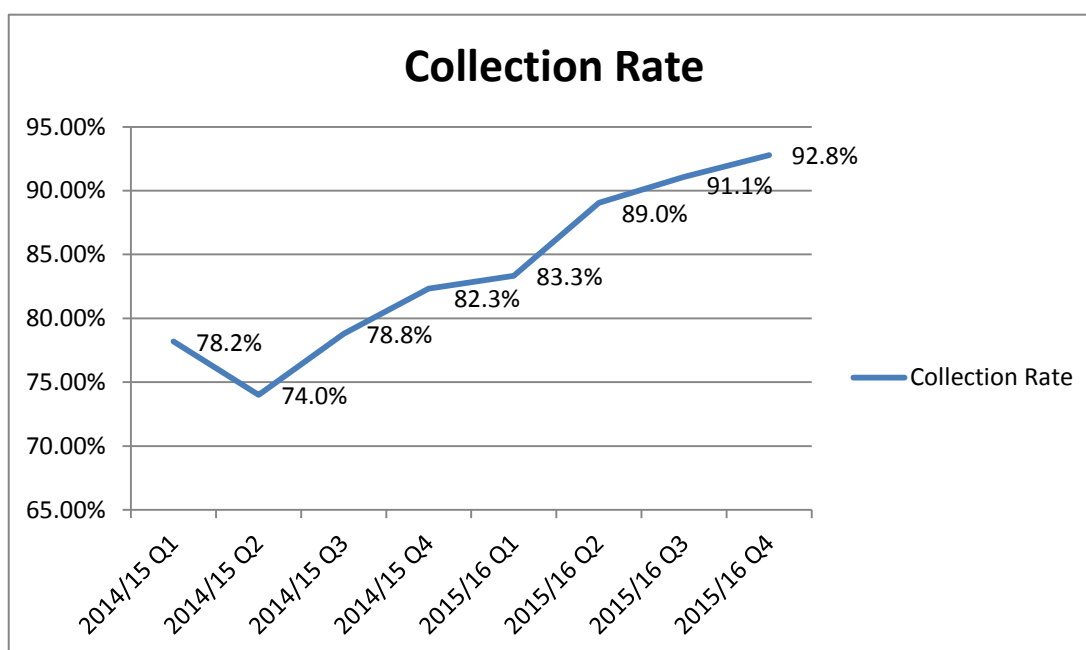
3.1.4. Tackling aged debt

- Allocation of credits.
- Identification of debts for write-off.
- Review and re-activation of debts on hold.
- Use of Commercial Rent Arrears Recovery process for lease charges.

3.1.5 Focus on care debt

- Dedicated officer to liaise with customers for continuity, ensuring that liability in any disputed cases is resolved swiftly so that recovery can continue.
- Pursuing recovery from executors and personal representatives of deceased estates.
- Referral and contribution at safeguarding meetings.
- Regular liaison, case reviews and legal enforcement progression.
- Increased awareness and knowledge for social workers.
- Review historic deferred debt to ensure correctly secured.

3.2. The outcome of this work is improved collection performance as demonstrated in the following chart



3.3. The following table provides a breakdown of the amounts collected in year by category during 2015/16:

	Collectable £,000	Collected £,000	% collected
Care related	18,631	16,794	90.1%
Schools	7,575	7,312	96.5%
Property	1,992	1,873	94.0%
Other e.g. housing benefit overpayments, education, cemeteries, pest control, etc	44,761	41,748	93.3%
	72,960	67,727	92.8%

3.4. In addition, £15,000 of debt was raised during the year that has been secured against an individual's property to be recovered when the property is sold.

4.0 Further transformation work

4.1. On-going and future development work over the next 12 months will focus on the following:

4.1.1. Implementing new recovery pathways

- Segmentation to enable differing recovery pathways that are appropriate to the debt type
- Streamlining the computerised recovery stages
- Review and revision of outgoing correspondence

4.1.2. Improving collection rates

- Adoption of new collection agent for current debt.
- Evaluation of using of an external collection agent for aged debt.
- Use of fast track process for recovery of housing benefits overpayments.

4.1.3. Improving accuracy

- Council wide training for staff raising invoices and budget managers.
- Reporting back on the volume of credit notes as a measure of invoices being raised incorrectly

4.1.4. Improving efficiency

- Development of a set of performance management reports
- Training and development activities for debt recovery officers for example on negotiation skills and assertiveness.
- Use of barcoding on invoices to replace costly payment cards.
- Further work to increase direct debit take-up.
- New processes to time limit invoice dispute resolution.
- Integration of sundry debt and local taxes recovery procedures.
- Use of a mailing company for outgoing post to reduce postage costs.

4.1.5. Policy development

- Refreshed collection enforcement and write-off policies to incorporate council tax, business rates and sundry debt.
- Operational procedures to underpin the policy

5.0 Financial implications

5.1. Given the financial challenge facing the Council it is essential for collection performance to be at the highest possible rate. The actions taken so far and planned for the future are all designed to improve the efficiency and effectiveness of the collection process.

5.2 A bad debts analysis is undertaken each financial year with a full provision made for those debts older than twelve months. This includes all bad debts arising before the implementation of Agresso in April 2014. Anything collected against these debts results in a reduction in the corporate bad debt provision and a reduced cost to the General Fund.

[GE/05082016/D]

6.0 Legal implications

- 6.1. Legal recourse will be undertaken in accordance with the Local Government Act 1972 in respect of sundry debts and in accordance with the Housing Benefit (Recovery of Overpayments) Regulations 1997.

[AS/05082016/U]

7.0 Equalities implications

- 7.1. There are no equalities implications at this stage however development of new or revised policies for collection, enforcement and write-off will be subject to equality analysis.

8.0 Environmental implications

- 8.1. None

9.0 Human resources implications

- 9.1. None

10.0 Corporate landlord implications

- 10.1. None

11.0 Schedule of background papers

- 11.1. None