



Report sponsors: Baggy Shanker – Leader &  
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151 Officer  
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Business Support & Debt Management

## **ITEM 9**

### **Corporate Debt Management Policy**

#### **Purpose**

- 1.1 The purpose of this report is to present a new Debt Management Policy and approach for Derby City Council.
- 1.2 The policy aims to promote and support proper and equitable debt management processes to ensure the Council minimises debt and maximises collection.
- 1.3 The Debt Management approach highlights a framework to assist with improved debt management processes, which will have a direct impact on the level of outstanding debt and required bad debt provision.
- 1.4 Recovery actions are proposed to be appropriate and proportionate to the specific areas of debt and reasons for it. It will assist in demonstrating that debts are managed consistently and in line with the relevant legislation, best practice, and ethical collection activities.

#### **Recommendations**

- 2.1 To seek approval for the implementation of a corporate debt management policy, for the efficient and effective collection of all monies owed to the Council.
- 2.2 To delegate authority to the Head of Business Support and Debt Management to write-off debt under £10,000, upon recommendation from the centralised debt team.
- 2.3 To delegate authority to the Director of Finance as Section 151 Officer to write-off debt up to and including £19,999.
- 2.4 To note that Council Cabinet retain authority to write-off debt of £20,000 or greater.
- 2.5 To delegate authority to the Section 151 Officer to make consequential amendments to the Financial Procedure Rules, contained within the Council Constitution.

#### **Reasons**

- 3.1 Derby City Council has both a legal duty and a responsibility to the people of Derby to ensure effective income management and that the income due to the Council is paid promptly to support the delivery of Council services.

### **Supporting information**

- 4.1 The policy has been written to provide a framework for debt consideration and recovery actions – a pragmatic approach with appropriate and proportionate responses relevant to the revenue type – while being ethical and supportive to citizens who might be experiencing financial difficulty.
- 4.2 The Council is required to pursue recovery from individuals and commercial organisations owing money to the Council but who have not met their payment obligations. An agreed, clear and transparent policy of how the Council manages and collects debt is considered a key element in ensuring consistency, sensitivity and best practice.
- 4.3 There is necessity to centralise the write-off approach and authorisation, to ensure the required independent scrutiny on recommendations and accurate and clear reporting on debts the Council is unable to collect and those debts that are deemed uneconomic to collect.

### **Public/stakeholder engagement**

- 5.1 All appropriate Heads of Service and council colleagues with a focus on key income areas, areas of debt concerns and value have been consulted and their feedback reviewed and considered.
- 5.2 The draft policy has been shared with relevant colleagues to ensure that customer engagement and safeguarding considerations have been incorporated into the policy as a result.
- 5.3 An EIA has been completed to ensure that the draft policy strikes the right balance between responsible fiscal management systems and the needs of persons within the equality strands who may be impacted by it.

### **Other options**

- 6.1 Given the Council's current financial position it is necessary to improve the management of monies owed and be clear and transparent on debt processes. This policy will be key to the changes required; doing nothing is not an option.

### **Financial and value for money issues**

- 7.1 There are no direct financial implications but failing to collect income can reduce resources available to meet spending plans.

- 7.2 It is anticipated that the implementation of a Debt Management Policy will improve debt recovery rates. This should result in less debts needing to be provided for within the bad debt provision and less debts being written off.

## Legal implications

- 8.1 The Council is required to comply with relevant legislation when considering and pursuing debts.

## Climate implications

- 9.1 There are no specific climate implications to this policy. The Climate Impact Assessment showed a neutral output.



## Socio-Economic implications

- 10.1 It is recognised the difficult financial position that some of our citizens are in. The policy has been written to be mindful and considerate of that and to take a socially conscious view of debt.
- 10.2 A project is underway to create a 'single view of debt' across the city, using intelligence and data to target intervention to those households in most need. It is also hoped that early intervention can be made in liaison with our Social Care colleagues to address any potential issues before they become a concern. By taking this approach it is hoped that there will be a reduction in households getting to crisis-point due the Council taking a more people-centric approach to debt management and recovery.

## Other significant implications

- 11.1 There are no other implications arising from this report

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu	25/01/2024
Finance	Toni Nash	
Service Director(s)	Alison Parkin	25/01/2024
Report sponsor	Baggy Shanker & Alison Parkin (as s151 officer)	
Other(s)		

Background papers:

List of appendices: