

## **Cheltenham Borough Council**

**Cabinet – 27 July 2010**

### **Corporate Debt Management Policy**

#### **Report of the Cabinet Member Finance & Community Development**

#### **1. Executive Summary and recommendation**

**1.1 The Council has a duty to ensure that all monies due are collected efficiently and effectively. The purpose of the Corporate Debt Management Policy In appendix 1 is to provide a framework of principles to be followed in the collection of all debt due to the Council and ensure proper monitoring procedures are in place**

**1.2 I therefore recommend that Cabinet adopts the Corporate Debt Management Policy as shown in Appendix 1**

#### **1.3 Summary of implications**

##### **1.3.1 Financial**

The policy sets out a framework for the collection of money owed to the Council, including the requirement to set annual targets against which the collection of income will be regularly monitored. As such it will help the Council maximise the collection of income due, minimising the amount irrecoverable and consequently the level of bad debts provision required to be set aside in the revenue budget

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##### **1.3.2 Legal**

The Corporate Debt Management Policy sets a framework for a consistent but fair approach to the collection of all debts. The policy is flexible to allow the Council to consider what action, if any, should be taken in respect of the collection of debts. Any enforcement action will be taken in accordance with the proper legal procedures.

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### 1.3.3 Human Resources

No direct HR implications arising from this report

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## 1.4 Implications on corporate and community plan priorities

1.4.1 The Debt Management Policy supports the council's community aims and also its aspiration to be an excellent, efficient and sustainable council. It provides the council with a policy for managing debt in line with recommendations on the annual Governance Statement for 2009-2010

## 1.5 Statement on Risk

1.5.1 Failure to adopt a Corporate Debt Management Policy generates a risk that the council will fail to:

- Manage the collection of its income in an efficient, effective and consistent manner
- Improve collection levels
- Ensure members and senior management are aware of collection performance and the level of debt on a regular basis

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## 2. Introduction

2.1 The council is responsible for the collection of local taxes and a wide range of miscellaneous fees and charges. It has a duty to ensure that all income due is collected efficiently and effectively for the benefit of its council tax payers.

2.2 The purpose of the Corporate Debt Management Policy is to set a framework for a consistent but fair approach to the collection of all debt whilst at the same time ensuring robust action is taken to minimise the amount of debt and maximise income due to the council.

## 3. Background

3.1 The Use of Resources Assessment 2007-2008 identified a need to improve target setting and performance monitoring arrangements for income collection. This is also reflected in the Annual Governance Statement for 2009-2010. The introduction of a Corporate Debt Management Policy is a significant step in addressing this issue. It is also good practice to have a policy in place with overlying principles which set a corporate standard for the management of debts.

3.2 Due to the statutory and service specific requirements of the wide range of debts

being collected it is appropriate to develop more detailed working procedures within the service areas responsible for debt collection. These procedure notes will support the policy and can easily be reviewed and updated on a regular basis.

- 3.3** There is a requirement to improve on the current arrangements for setting targets, monitoring and reporting on the performance of income collection. Targets should be reviewed and updated regularly and do not therefore form part of the policy. However, the policy does set a clear requirement for targets to be set annually in respect of all income streams which are monitored at frequent intervals and reported to members and senior management.

## **4. Consultation**

- 4.1** The draft policy has been circulated internally to members of the Senior Leadership Team, the Customer Relations Manager and the Benefit Take-Up Officer. It has also been referred to the Revenues Manager at Cheltenham V Borough Homes and a representative at the Cheltenham branch of the Citizens Advice Bureau.

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### **Appendices**

- 1** Corporate Debt Management Policy

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**Background Papers** The Fees & Charges Policy (approved May 2009)

Use of Resources assessment 2007-2008

Annual Governance Statement 2009-2010

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**Accountability** Councillor John Webster, Cabinet Member Finance &  
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**Scrutiny Function**