

# Brighton & Hove City Council

## Cabinet

## Agenda Item 178

**Subject:** Corporate Debt Management Policy

**Date of meeting:** 20 March 2025

**Report of:** Cabinet Member for Adult Social Care, Public Health & Service Transformation

**Contact Officer:** Name: Graham Bourne  
Tel: 01273 291800  
Email: [graham.bourne@brighthon-hove.gov.uk](mailto:graham.bourne@brighthon-hove.gov.uk)

**Ward(s) affected:** All

**For general release**

### **1 Purpose of the report and policy context**

- 1.1 The council's Corporate Debt Management Policy sets out the council's ethical approach to effectively collecting income and the recovery of outstanding amounts due to the organisation.
- 1.2 The council's Corporate Debt Management Policy is reviewed annually to ensure it reflects public sector best practice. This year it is recommended that the policy is significantly restructured and updated to reflect latest research evidence and ethical collection practice to provide assurance that, while the council is vigorous in performing its duty to collect public debt, it is equally diligent in doing so fairly and proportionately in keeping with its stated ethical principles.

### **2 Recommendations**

- 2.1 That Cabinet approves the revised Corporate Debt Policy as Appendix 4 and agrees that it is put into practice with effect from 1 April 2025 to replace the policy last updated in 2021.

### **3 Context and background information**

- 3.1 The council has a legal duty and responsibility to ensure that it collects income and recovers debt efficiently and effectively to fulfil financial responsibilities to citizens and maximise its capacity to provide local services.
- 3.2 The Corporate Debt Management Policy aims to promote and support best practice debt management processes across all of the council's main income collection hubs to ensure the council minimises debt and maximises rates of collection. The policy aims to ensure that all collection processes are compliant with legislation and, additionally, for all stages of collection the council adopts an approach that is fair and ethical, with a consistent approach to assisting customers who are experiencing financial difficulty.

- 3.3 In creating and maintaining the policy, officers regularly monitor the policies produced and updated by other authorities and monitor pilot approaches. and research, including case studies provided by the Local Government Association. The re-writing of the council's policy draws on progressions and refinement of other authorities' approaches to ensure Brighton and Hove remains at the forefront of best practice.
- 3.4 The technology that enables the council to effectively contact its customers and monitor and manage its debt portfolio is also continuously changing. As it does so, the way households respond, and their expectations of the service provided changes too. The policy has been updated to support the council's adoption of new technologies while ensuring the needs of every customer is still considered.
- 3.5 The policy supports the progression of using data analysis to understand individual household circumstances, assess their ability to affordably meet their financial obligations, identify potential entitlements to benefits and prioritise where support and advice can be most effectively applied. Intervening early in the debt recovery process is not only beneficial to those individual households requiring support but also through establishing sustainable repayment arrangements ultimately results in better collection performance.
- 3.6 The policy clearly defines in what circumstances debt will be escalated and the controls in place to ensure all enforcement action, whether action by the council or agencies on its behalf, operate in full compliance with the law and relevant regulations and fully comply with the ethical requirements of the policy.
- 3.7 The policy demonstrates the council's commitment to supporting Council Plan priorities, particularly to contribute to a fair and inclusive city and applying a one council, consistent approach across the council to debt collection and recovery.
- 3.8 In summary, the main changes in this update and revision are:
- Ensuring that in-house and external debt collection practices, including enforcement agents, include processes to identify hardship or vulnerabilities at the earliest possible stage;
  - Note that the council will continue the practice of not using enforcement agents or taking control of goods for people on Council Tax Reduction (i.e. on welfare benefits) and those identified through new processes to be in hardship;
  - To reconfigure signposting and in-house support to ensure hardship and vulnerability can be appropriately supported including advice regarding benefit entitlements, financial management, debt management options such as Breathing Space, and welfare/health support;
  - Increasingly, using new technologies to gather and analyse data to filter, segment and prioritise escalated debt so appropriate action or support can be put in place;
  - Assessing the viability of new payment methods and aiming for greater consistency of methods offered across all council debt hubs;

- A greater emphasis on one council working requiring sharing of debt information across debt hubs to provide more holistic support and consideration of multiple debt, subject to data protection limitations.

#### **4 Analysis and consideration of alternative options**

- 4.1 Some authorities maintain the approach that debt and welfare should be considered as separate entities with debt pursued, and payment arrangements dictated without regard to household circumstances. The justification for this is anticipated better in year collection performance, often the main reported measure for debt collection.
- 4.2 However public sector best practice studies support the view that an integrated approach of considering welfare from the very outset of the debt collection process, using data analysis and debt segmentation to match appropriate recovery actions to household circumstances, providing support for households to maximise their income and manage their finances effectively, and giving flexibility to agree affordable and sustainable repayment agreements results in improved ultimate collection performance.
- 4.3 There is a legacy perception that enforcement agents commissioned by the council operate like doorstep bailiff companies. This is not the case, and the agencies commissioned by the council have been through a rigorous procurement process, providing evidence that they have in place necessary training, accreditation, policies and practice that meet the standards set by the council in its debt collection policy and contract specification. They are required to be compliant with the Tribunals, Courts and Enforcement Act and various government National Standards. The enforcement agencies operate on a scale that has enabled them to develop data analytic models and tailored, ethical debt escalation processes that the council could not, without incurring significant additional investment and annual costs, replicate in effectiveness, either in terms of either collection performance or effective welfare identification.

#### **5 Community engagement and consultation**

- 5.1 The Council's Poverty Reduction Steering Group is working on a corporate welfare strategy. The Corporate Debt board has ensured that the Corporate Debt Management Policy incorporates the Steering Group's identification of best practice in debt collection, that supports the council's strategic objectives and priorities.

#### **6 Financial implications**

- 6.1 Each year, the council now collects well over £500 million in taxation, rents and other income from fees & charges. All funding sources, but particularly major tax revenues, support the provision of vital council services for residents of the city as well as providing funding for Police and Fire services. Poor collection policies and performance can therefore have serious impacts on the ability of these public sector organisations to provide and maintain appropriate service levels and standards to meet their statutory duties.
- 6.2 Ensuring that revisions and updates to the Corporate Debt Management Policy are evidence-based is therefore critical to avoid potentially negative impacts on collection performance.

- 6.3 Providing easy and effective ways to pay, including the ability to pay by instalment, along with clear and accessible billing information, and modern

digital services ensures that council processes do not themselves cause collection delays or the build-up of arrears. Using data to identify low income or struggling households and providing early intervention and prevention will further help to avoid arrears build-up and evidence shows should deliver better long term collection performance. The revised policy embeds this approach.

Finance officer consulted: Haley Woollard Date consulted: 14 January 2025

## **7 Legal implications**

- 7.1 There are no legal comments. The policy is structured to comply with legislative requirements. The decision to use a less draconian process is within the decision-making prerogative of the authority.

Legal Officer consulted: Simon Court Date: 14 January 2025.

## **8 Equalities implications**

- 8.1 The equality implications and mitigations are outlined in the Equalities Impact Assessment attached as Appendix 3. This is not a static position and as information and evidence emerge the Corporate Debt Board will ensure the council's debt collection services adapt and improve their accessibility and responsiveness.

## **9 Sustainability implications**

- 9.1 A commitment within the policy to explore further usage of digital and technical solutions contributes to minimising paper correspondence and processes.
- 9.2 Sustainable, affordable, payment arrangements reduce paper intervention and manual processing.
- 9.3 The council's contracts with Enforcement Agents include a requirement for the vehicle's fleet to be transitioned to electric and/or low emission vehicles.

## **10 Social Value and procurement implications**

- 10.1 The contracts with Enforcement Agents have secured funds being contributed to the Council's Fairness fund.

## **11 Public health implications:**

- 11.1 There is an evidenced link between mental health and financial stability. The best practice embedded in the updated Policy and the welfare support structure designed to support it are sensitive to the health issues related to debt. Staff are trained to be aware of potential health issues and possible paths of referral for specialist advice and support.

## **12 Conclusion**

- 12.1 The council aims to improve its collection performance while continuously improving ethical standards and providing comprehensive welfare support, in collaboration with community and voluntary sector partners, to households struggling to manage their debts. The best way of achieving this is by employing evidence-based best practice. This best practice has been incorporated in the latest iteration of the policy for approval by the Cabinet.
- 12.2 The council's Corporate Debt Management Policy provides assurance that the council's debt recovery services are continuously improving, with strategies that align to the Council Plan.

## **Supporting Documentation**

### **Appendices**

1. Relevant Legislation to Debts Included in the Corporate Debt Policy
2. Best Practice – Writing off debts
3. Equality Impact and Outcome Assessment
4. Corporate Debt Management Policy

