

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Cabinet**  
**18 July 2023**

**Report Title:** Debt Recovery Policy

**Submitted by:** Service Director for Finance (Section 151 Officer)

**Portfolios:** Finance, Town Centres and Growth

**Ward(s) affected:** All

**Purpose of the Report**

To approve the Debt Recovery Policy in respect of the collection and recovery of debtors, Council Tax and National Non-Domestic Rates (NNDR).

**Recommendations**

**1. That Cabinet approves the Debt Recovery Policy.**

**Reasons**

The policy has been created to ensure standardised collection and recovery procedures, to clearly highlight to debtors the recovery actions that will be undertaken regarding the collection of debts and to ensure that rates of collection are maximised.

**1. Background**

- 1.1 The Section 151 Officer has responsibility, under Section 151 of the Local Government Act 1972 for the administration of the financial affairs of the Council. One such area of administration relates to debt owed to the Council which is covered by this policy.
- 1.2 The Council has a duty to recover outstanding debts and in doing so ensure that its processes are fair and consistent to all. This policy covers the collection of customer accounts in relation to debtors, Council Tax and NNDR.

**2. Issues**

- 2.1 In order to ensure the efficient collection of income due to the Council via the Debt Recovery Policy, proper approval procedures relating to income are required. This is provided by the annual setting of Fees and Charges by Cabinet each January, the Council Tax setting report approved by Full Council each February and by Central Government in relation to the annual NNDR multiplier.
- 2.2 The Council has a responsibility to ensure that a professional, consistent and timely approach is considered for all debt recovery action across the Council's services and to ensure that debts are managed in accordance with legislative provisions and best practice.
- 2.3 Debtors of the Council have a responsibility to pay in a timely manner and to contact the

Council in the instances of dispute over payment due, problems with making payment in a timely manner or in instances where there is a change of circumstances.

2.4 Methods of payments available to debtors, the timelines within which payment should be made and the procedures following non adherence with these timelines are included in the Debt Recovery Policy (Appendix 1).

### 3. **Proposal**

3.1 To approve the Debt Recovery Policy in respect of the collection and recovery of debtors, Council Tax and National Non-Domestic Rates (NNDR).

### 4. **Reasons for Proposed Solution**

4.1 To ensure that all debtors of the Council are treated fairly and consistently and to ensure that rates of collection are maximised.

### 5. **Options Considered**

5.1 The Debt Recovery Policy is set based on Regulations and best practice within the public sector.

### 6. **Legal and Statutory Implications**

6.1 The legal framework for the enforcement of Council Tax is provided by the Council Tax (Administration and Enforcement) Regulations, for Business Rates it is provided by the Non-Domestic Rating (Collection and Enforcement) Regulations.

6.2 The Section 151 Officer has responsibility, under Section 151 of the Local Government Act 1972 for the administration of the financial affairs of the Council.

6.3 The Debt Respite Scheme (Breathing Space) gives someone in problem debt the right to legal protections from their creditors.

### 7. **Equality Impact Assessment**

7.1 There are no differential equality issues arising.

### 8. **Financial and Resource Implications**

8.1 Resources are in place for the implementation of this policy, the policy may impact positively upon the collection rates of the Council and the arrears owed to the Council.

### 9. **Major Risks**

9.1 Failure to adopt a formal policy could lead to challenge from the Local Government Ombudsman if debtors are treated inconsistently.

9.2 A lack of standardised and formal procedures could lead to a reduced collection rate.

10. **UN Sustainable Development Goals (UNSDG)**



11. **Key Decision Information**

11.1 This is not a key decision.

12. **Earlier Cabinet/Committee Resolutions**

12.1 No earlier resolutions.

13. **List of Appendices**

13.1 Appendix 1 – Debt Recovery Policy.

14. **Background Papers**

14.1 Council Tax Collection: best practice guidance for local authorities (Department for Levelling Up, Housing and Communities).

14.2 Debt Respite Scheme (Breathing Space) guidance (The Insolvency Service).

14.3 Local Government Ombudsman guidance.