

**CORPORATE AUDIT COMMITTEE**

**Minutes of the Meeting held**

Thursday, 7th February, 2019, 2.00 pm

**Councillors:** Brian Simmons (Chair), Chris Dando, Sally Davis, Andrew Furse and Chris Watt

**Independent Member:** John Barker

**Officers in attendance:** Donna Parham (Interim Director - Finance), Jeff Wring (Service Director - One West), Andy Cox (Head of Audit and Assurance (One West)) and Ian Savigar (Director of Revenue and Benefits Transformation)

**Guests in attendance:** Councillor John Bull (Bath and North East Somerset Council) and Peter Barber (Grant Thornton)

**24 EMERGENCY EVACUATION PROCEDURE**

The Democratic Services Officer advised the meeting of the procedure.

**25 ELECTION OF VICE-CHAIR**

**RESOLVED** that a Vice-Chair was not required on this occasion.

**26 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

Apologies were received from Councillor Barry Macrae, for whom Councillor Sally Davis substituted.

**27 DECLARATIONS OF INTEREST**

There were none.

**28 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR**

There was none.

**29 ITEMS FROM THE PUBLIC - TO RECEIVE DEPUTATIONS, STATEMENTS, PETITIONS OR QUESTIONS**

There were none.

**30 ITEMS FROM COUNCILLORS AND CO-OPTED AND ADDED MEMBERS**

There were none.

**31 MINUTES: 4TH DECEMBER 2018**

These were approved as a correct record and signed by the Chair.

**32 DEBT MANAGEMENT POLICY - PRESENTATION**

The Director of Revenue and Benefits Transformation made a presentation to the Committee. A copy of his PowerPoint slides is attached as an appendix to these minutes.

This presentation was made in accordance with the resolution of the Council in November 2018:

“To agree in principle that, as the Council is currently reviewing its total Debt Management Policy, that officers should provide their conclusions to the Corporate Audit Committee in February to which the Resources Policy Development & Scrutiny Panel members should be invited, which in turn should consider the Council’s proposed approach to debt collection before any final decision is made.”

Members of the Resources PDS had been notified about today’s presentation.

Members noted that the draft policy would be presented to the Committee for approval in the near future.

The Director of Revenue and Benefits Transformation responded to comments and questions from Members.

- Does the Council have any strategy or practice to identify vulnerable customers?  
*I do not think that anyone has a really adequate definition of vulnerability. The facts can be complex. However, it becomes fairly obvious if a customer has a carer, for example.*
- Does the Council have powers to refer customers to the Citizens Advice Bureau or another agency?  
*We could only do so with the customer’s consent. Usually the first conversation by a customer having difficulty in paying would be with a Council Tax Officer or Customer Services. All our staff are trained to be able to handle these conversations and have knowledge of help to which customers can be referred. If a customer contacts Council Connect, they are referred to a Council Tax Officer if their query is about Council Tax. The forthcoming restructure will provide additional Welfare Officer support. If a customer agrees a payment arrangement no further action would be taken for as long as they comply with that arrangement. It is proposed that after restructuring the cases of customers who fail to comply with agreed plans will be managed by the Welfare Support Team. If a customer goes on Universal Credit, we automatically defer their first instalment payment of Council Tax by one month.*
- Is it not the case that if the Council has no contract with the bailiffs/enforcement agents, then there is no basis in law for exchanging personal data with them?  
*The Council does have a signed agreement with the enforcement agents and a statutory basis to share information.*
  - Does this agreement contain all the required provisions relating to the exchange of personal data?

*Yes, it is something we have checked with reviewers, who have assured us that we are operating within the rules.*

- Are businesses treated in the same way as individual customers?  
*In essence, yes. Many small businesses qualify for business rate relief, and we would encourage them to check their entitlement. We have started to speed up enforcement where we think some kind of rates avoidance activity is being practised.*

The Service Director – One West asked Members whether they would like a further session in the same format as today's presentation and discussion after the remaining stages of consultation on the Debt Management Policy had been completed. Members agreed that they would.

The Chair thanked the Director of Revenue and Benefits Transformation for the presentation.

### **33 EXTERNAL AUDIT UPDATE**

Mr Barber presented the report.

He drew Members' attention to the Grant Certification Letter in Appendix 1, which reported that for 2017/18 Housing Benefit errors had been detected which were consistent with errors found in previous years, and that errors had been detected in one new area, Working Tax Credit Disregard. The extrapolated financial impact of errors was relatively significant to the total subsidy receivable.

Members expressed concern about the continuing high level of errors.

A Member asked whether actual figures could be used rather than extrapolation. How confident could we be about the extrapolation? Mr Barber replied that the extrapolation methodology was uniform across all councils and had not changed for many years.

A Member suggested that every Housing Benefit error should be categorized and a review conducted of how the probability of a recurrence of that type of error could be reduced, whether by individual training or software changes or something else. The Interim Director – Finance responded that the Housing Benefit team did not just sit back and wait for the auditors to detect errors; if errors were found by the Team then sample testing was carried out to try to ascertain the extent of the errors. The auditors sometimes detected additional errors. The Member asked how, apart from the time of detection, the errors detected by the Housing Benefit Team differed from those detected by the auditors. The Interim Director – Finance replied that the difference lay in the choice of samples tested. Mr Barber said that a review of a sample could sometimes disclose additional errors as did the retrospective rounding of a sample based on the prescribed criteria. The Member suggested that reliance on the training of individual staff did not appear to be tackling the root of problems. At present there were significant clawbacks of benefit subsidy by DWP, and it seemed that an entirely different approach was needed. He thought that what was required was not corrective action but preventative measures. The Interim Director – Finance

said that there was to be a dedicated team within the Council working on the issues and changes to ways of working were being implemented.

A Member suggested that a report on the findings of internal error testing should be presented to the Committee mid-way through the next financial year. Members agreed that it would be helpful if the percentage and type of errors detected were reported to the Committee. A Member suggested that any such report should contain a description of the error testing process. A Member suggested that a report should be made to the Committee after restructuring, to reveal whether or not restructuring had been a success.

The Chair asked about the proportion of errors caused by wrong information provided by applicants and those called by the Council. The Interim Director – Finance explained that excess payments made because of wrong information given by applicants could be recovered from them, and so did not affect the amount repayable to DWP, whereas overpayments made because of errors made by the Council could not be recovered.

Mr Barber presented the External Audit Plans for the Council and the Avon Pension Fund.

A Member asked Mr Barber for how many of the ten members of the Brunel Pensions Partnership Grant Thornton acted as auditors, and whether they were able to share information about issues identified during an audit with other members of the pool. Mr Barber said that he believed that they were auditors for nine of them and that their ability to share information was restricted by client confidentiality.

**RESOLVED** to note the report.

#### **34 TREASURY MANAGEMENT AND INVESTMENT STRATEGY**

The Interim Director – Finance presented the report.

In response to a question from a Member the Interim Director – Finance confirmed that Arlingclose were now suggesting that one of the two 0.25% increases in interest rates they had forecast for 2019 would be deferred until 2020.

**RESOLVED** to note:

1. the actions proposed within the Treasury Management Strategy Statement (Appendix 1) to February Council and the Investment Strategy as detailed in Appendix 2 to February Council;
2. the Treasury Management Indicators detailed in Appendix 1.

#### **35 RISK MANAGEMENT STRATEGY**

The Service Director – One West presented the report.

He said that the revised Risk Management Strategy was a refresh of the existing risk management framework with a focus on the next 5-year horizon and subject to annual review. The previous strategy had a much more process-based approach.

The new Strategy recognises that taking more risk is part of modern service delivery in tough times. Services are expected to understand what their significant risks are and it shouldn't become a bureaucratic process..

He said that the Risk Management Toolkit (Appendix 2) would be available to officers online. It was intended to be easily navigable, brief and intelligible. It draws on the best practice of other local authorities.

Members welcomed the toolkit and the aim of making risk management part of corporate culture not just a process.

**RESOLVED** to endorse the Draft Risk Management Strategy.

The meeting ended at 4.00 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**

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# Approach to Debt Collection

Presentation to Corporate Audit  
Committee – 7<sup>th</sup> February 2019

Ian Savigar : Divisional Director For Revenue & Benefit Transformation

# Council Motion

- **Council resolves therefore:**
- 11.To agree in principle that, as the Council is currently reviewing its total Debt Management Policy, that officers should provide their conclusions to the Corporate Audit Committee in February to which the Resources Policy Development & Scrutiny Panel members should be invited, which in turn should consider the Council's proposed approach to debt collection before any final decision is made.
- *[Notes:*
- *1. The above resolution replaced the Labour motion which had been included with the agenda pack, and was carried on a vote of 42 Councillors ... [view the full minutes text for item 60.](#)*



# Debt Management Policy

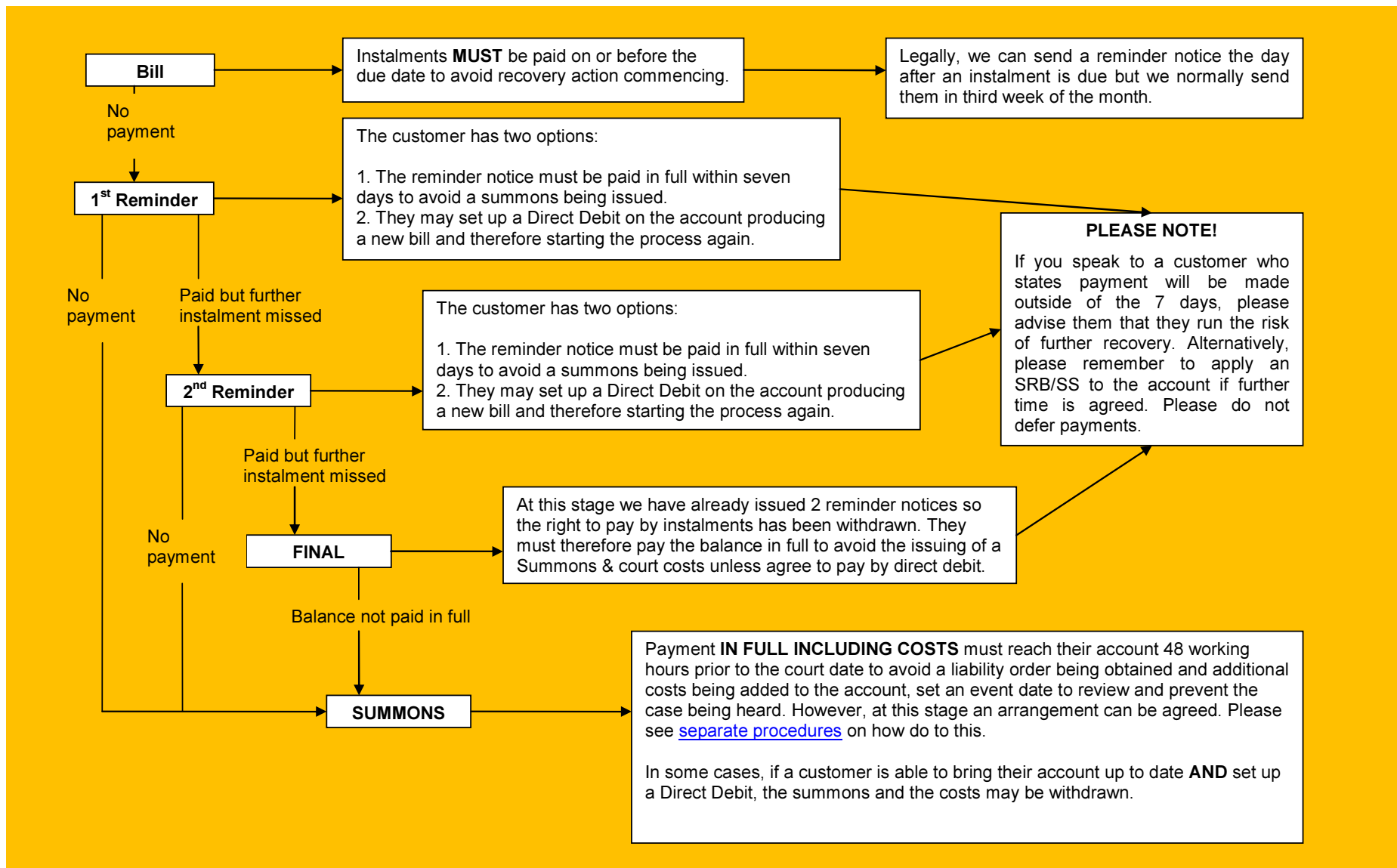
- Currently in draft form
  - Covers all aspects of council business that gives rise to debt
  - Produced by Tony Bartlett and with S151 for review
  - Next Stage to circulate to Service managers
- Current Thinking
  - View is that all debt recovery work should be undertaken by a single team with two exceptions:-
    1. Car parking PCN's where there is high volume and low value transactions and no added efficiency in centralising this work at present – this may not be the case if the existing parking system was replaced
    2. public protection where fines and penalties could be part of wider public health/protection enforcement and I would not want to compromise the activities of the service – would really need to separate out the activities a lot more before considering taking this on.

# House of Commons Treasury Committee report

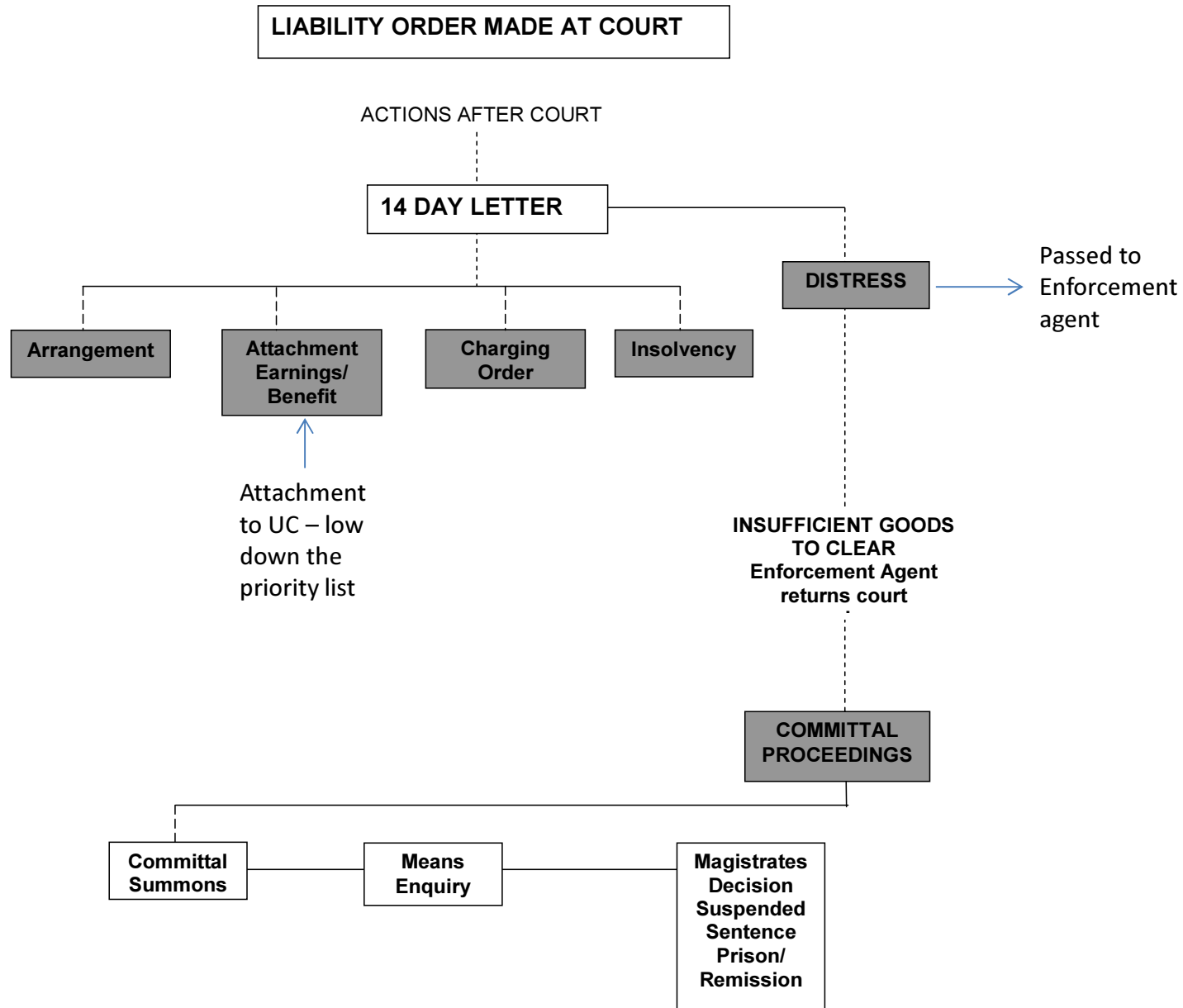
- Is the Council over zealous and unsympathetic of creditors when collecting arrears with routine recourse to bailiffs?
  - Bailiffs should now be referred to as Enforcement agents
  - For most debts we follow statutory requirements with the most obvious being Council Tax
  - Our Powers are granted through Magistrates Courts, Utilities etc.. have different powers
  - These include Council Tax and NDR

# Some Council Tax numbers

- In Year Collection is between 98 and 99%
- 82,717 Households receive at least one bill per year
- A further 77,000 bills have been issued so far this year for changes
- 90.20% of bills are paid without recovery action (15,649 Reminders and finals)
- 5,432 accounts are fully Exempt (largely Students)
- 26,013 accounts receive a discounts (such as a Single Person discount)
- 9852 households are helped with Council Tax Reductions
- This year, we have helped 74 households with £16,053.55 in welfare support reductions.
- 5082 Summonses have been issued of which 2460 paid before a liability Order was obtained
- 2622 Liability Orders have been obtained
- So far this year, we have referred 304 liability orders to enforcement agents for their 2018-19 liability and a further 2040 for previous year's liability.



Now issuing SMS text reminder before action at each stage where details are known



# What are the additional Costs

- If a Summons is issued £68 is added to the customers liability
- If a liability Order is obtained the cost is £12 is added to the customers liability
- Enforcement agent Fees and Charges are regulated and will add to the Customers liability <https://www.citizensadvice.org.uk/debt-and-money/action-your-creditor-can-take/bailiffs/how-bailiffs-should-treat-you/check-bailiffs-fees/>
- Impacts for the council
  - Summons Costs and Liability Order costs represent our cost of recovery and are part of service budget
  - Enforcement agent fees and charges are met by the customer and we do not pay the Enforcement Agent For these services

# Enforcement Agents

- We currently split our work between two Agents
  - Bristow & Sutor
  - Rundells
- We operate to a code of practice
- We do not have a contract
- Very few complaints
- Good working relationship and prompt exchange of data.
- They will identify vulnerable customers and handle through their own welfare process

# Impacts of Not collecting or delayed collection of Council tax

- Council Tax income enables the Council to fund its expenditure plans.
- When setting its budget the Council makes a small provision for bad and doubtful debts. If these estimates are exceeded the Council and its Preceptors could fall into deficit on the collection fund requiring additional council tax to be raised in subsequent years from those that pay.
- Delayed payments will impact cash flow and again this can lead to extra borrowing costs for the Council.
- Ultimately those that pay will have to meet any shortfall from those that don't



# What We Do To Help

- Work closely with Citizens Advice to identify vulnerable customers requiring extra support with referral pathways to welfare Support and additional help
- Carry out Income and Expenditure analysis to identify ability to pay and negotiate arrangements
- Attach to Benefits or Earning rather than sending to an enforcement agent when we have all of the relevant details
- Provide Training to all customer facing staff in order to handle difficult conversations relating to vulnerability and debt
- Work closely with Benefit Colleagues to ensure maximum entitlement to CTR

# What We Do To Help

- Issue Additional SMS text messages in advance of reminder actions
- We provide a lot of information on our web site to help people understand what help we can give:-  
<http://www.bathnes.gov.uk/services/council-tax-benefits-and-grants/council-tax/problems-paying-your-council-tax>
- We also now have some specific discretionary Schemes to help targeted groups such as discounts for Care Leavers and foster carers, again these are paid for by the Council tax payer as part of budget setting process.

# What else could We Do?

- Whilst we do our best to identify vulnerable customers before enforcement agents are involved we could do more and we are investigating the possibility of a pilot for data sharing which may help improve this position.
- Our impending restructure will provide additional Welfare officer support and we will look to improve this referral pathway to include casework for debt management in specific cases.
- We have in recent years implemented a CTR scheme for working age customers which is based on an income banded discount. This is based on an estimated budget taking account of government funding at the time. This could be reviewed and budget increased if it was felt this would reduce the burden on the most vulnerable but any additional cost would have to be borne by the collection fund

# What else could We Do?

- Ethical bailiff methods are quoted by the motion relating to this item and whilst we believe we already employ the tactics these councils refer to we will carry out further research to understand the outcomes from these pilots.
- Consider reviewing existing Enforcement Agent providers to ensure delivery against a more formal set of requirements and deliver consistency across all council debt recovery
- offer more DD dates
- look at further flexible approach to payment dates without impacting the collection rates
- Implement 'nudge' theory to notices etc.

# What Else is happening

- There are two current consultation papers on the subject of debt that could have an impact on our policies.

<https://www.gov.uk/government/consultations/review-of-enforcement-agent-bailiff-reforms-call-for-evidence>

<https://www.gov.uk/government/consultations/breathing-space-scheme-consultation-on-a-policy-proposal/breathing-space-scheme-consultation-on-a-policy-proposal>

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