

| ISLE OF ANGLESEY COUNTY COUNCIL | |
|--|--|
| Report to: | The Executive |
| Date: | 25 April, 2016 |
| Subject: | Scrutiny Outcome Panel: Debt Management – FINAL REPORT |
| Portfolio Holder(s): | Not Applicable |
| Head of Service: | Not Applicable |
| Report Author: Tel: E-mail: | Scrutiny Outcome Panel of the Corporate Scrutiny Committee care of: Anwen Davies, Interim Scrutiny Manager AnwenGDavies@anglesey.gov.uk |
| Local Members: | Not Applicable |

| A –Recommendation/s and reason/s |
|---|
| <p>1. BACKGROUND</p> <p>1.1 Whilst considering the report on Write-off Debts submitted by the Interim Head of Function (Resources) & Section 151 Officer, the Corporate Scrutiny Committee¹ resolved that a panel of Scrutiny Members should be established to examine in greater detail debt write-offs and the management of debt within the Authority;</p> <p>1.2 There was delay before the Scrutiny Outcome Panel convened for the first time and sickness absence in the Democratic Services Unit had a bearing on the timeframe and progress with this work-stream. The Panel began its work at the beginning of July, 2015.</p> <p>2. METHODOLOGY, SCOPE AND OBJECTIVES</p> <p>2.1 Methodology – the review was structured in accordance with the Authority’s policy framework² which included the development of a scrutiny project plan using some elements of Project Management methodology³ in order to ensure robustness to the structure of the review by the Panel. A total of 7 meetings were held of the Panel over a period of 7 months (between July, 2015 and February, 2016);</p> <p>2.2 Inputs: there had been inputs from the following during the review:</p> <ul style="list-style-type: none"> • Head of Function (Resources)/Section 151 Officer; • Revenues & Benefits Service Manager; • Accountancy Services Manager; • Portfolio Holder (Resources) – attended one meeting as an observer. <p>2.3 Scope and Objectives: the Panel proceeded to look in greater detail at the Authority’s arrangements for the management of debts (including debt write-offs)</p> |

¹ The Corporate Scrutiny Committee at its meeting convened on 24 March, 2015

² Handbook for Scrutiny Members

³ PRINCE2

through closer examination of the following elements of the Council's debt management processes:

- i. Definition of a debtor, what debt was due by Services and individual Service actions
- ii. Raising a debt and what happened. How payments were received
- iii. Enforcement – principles and methods/procedures
- iv. Debt write-offs
- v. Consider the draft corporate policy document on debt management.

The Terms of Reference adopted by the Panel details the objectives, scope and desired outcomes of the Review.

2.4 Panel Membership:

- Cllrs R Meirion Jones (Chair), Jim Evans, & Robert Llewelyn Jones;
- Richard Micklewright, Interim Head of Function (Resources)/Section 151 Officer (until 06/10/15)
- Marc Jones, Head of Function (Resources)/Section 151 Officer (from 03/11/15);
- Geraint H Jones, Revenues & Benefits Service Manager;
- Anwen Davies, Interim Scrutiny Manager.

3. PANEL CONCLUSIONS AND RECOMMENDATIONS

The Panel came to 3 main conclusions:

3.1 CONCLUSION 1: The processes and practice relating to billing and income collection had improved in recent times but more needed to be done in order to increase the percentage of advance payments received for services;

3.2 CONCLUSION 2: The draft Policy Document on debt management was a good starting point but more work was required in order to ensure strategic alignment with the Council's aims and priorities;

3.3 CONCLUSION 3: The benchmarking exercise carried out by the Panel on debt management practice had added value to the Scrutiny review;

The attached Final Report (APPENDIX 1) details the considerations and observations of the Panel together with the 8 individual recommendations agreed by the Panel.

4. TIMELINE FOR REMAINING MILESTONES OF PROCESS

| DATE | MILESTONE |
|-----------------------|--|
| 25/04/16 | The Executive – accept the Final Report with a recommendation to approve the 3 main conclusions and the 8 individual recommendations. |
| By end of April, 2016 | Publication of Final Report – on the Council's website. |

5. RECOMMENDATIONS

The Executive is requested to:

5.1 Approve the Final Report together with its 3 main conclusions and 8 individual recommendations.

B – What other options did you consider and why did you reject them and/or opt for this option?

Not Applicable.

C – Why is this a decision for the Executive?

In accordance with the Scrutiny Procedure Rules as contained in the Council's Constitution.

CH – Is this decision consistent with policy approved by the full Council?

D – Is this decision within the budget approved by the Council?

Not known.

| DD – Who did you consult? | | What did they say? |
|----------------------------------|---|--|
| 1 | Chief Executive / Strategic Leadership Team (SLT) (mandatory) | The Final Report of the Scrutiny Outcome Panel was considered by the Senior Leadership Team at its meeting on 07/03/16. The final recommendations of the Panel reflect the SLT's observations. |
| 2 | Finance / Section 151 (mandatory) | The Head of Function (Resources)/ S151 Officer and Revenues & Benefits Service Manager have contributed as core members of the Panel and were consulted on the draft report. Their observations have been reflected in the Final Report. |
| 3 | Legal / Monitoring Officer (mandatory) | No comments. |
| 4 | Human Resources (HR) | |
| 5 | Property | |
| 6 | Information Communication Technology (ICT) | |
| 7 | Scrutiny | Whilst considering the report on Write-off Debts submitted by the Interim Head of Resources, the Corporate Scrutiny Committee at its meeting of 24/03/15 |

| | | |
|----------|--------------------------------------|--|
| | | <p>resolved that a panel of Scrutiny members should be established to examine in greater detail debt write-offs and the management of debt within the Authority.</p> <p>The Corporate Scrutiny Committee considered the report at its meeting on 11/04/16 and resolved as follows:</p> <ol style="list-style-type: none"> 1. Approve the Final Report together with its 3 main conclusions and 8 individual recommendations; 2. That the Final Report be submitted to The Executive at its meeting on 25th April, 2016; 3. The Scrutiny Committee should review progress on debt management developments in 6 months. |
| 8 | Local Members | Not Applicable. |
| 9 | Any external bodies / other/s | Not Applicable. |

| E – Risks and any mitigation (if relevant) | | |
|---|---------------------------|-----------------|
| 1 | Economic | Not Applicable. |
| 2 | Anti-poverty | Not Applicable. |
| 3 | Crime and Disorder | Not Applicable. |
| 4 | Environmental | Not Applicable. |
| 5 | Equalities | Not Applicable. |
| 6 | Outcome Agreements | Not Applicable. |
| 7 | Other | Not Applicable. |

| F - Appendices: |
|---|
| Scrutiny Outcome Panel: Debt Management – Final Report. |

| FF - Background papers (please contact the author of the Report for any further information): |
|--|
| Chair of the Scrutiny Outcome Panel c/o Anwen Davies, Interim Scrutiny Manager, Isle of Anglesey County Council, Council Offices, Llangefni. LL77 7TW. |



**SCRUTINY OUTCOME PANEL:
DEBT MANAGEMENT
FINAL REPORT**



Acknowledgements

We would like to thank the following who gave freely of their time during this review. Their engagement, participation and contributions facilitated the task to hand, making it possible for the Panel to complete the appraisal within timescale. We also wish to acknowledge the fact that we were given unlimited access to all data sources, literature and documentation, enabling a full and comprehensive review of the key elements of the Council's corporate processes and procedures for managing debt:

- Marc Jones, Head of Function (Resources)/Section 151 Officer;
- Geraint H Jones, Revenues and Benefits Service Manager;
- Bethan Hughes Owen, Accountancy Services Manager;
- Richard Micklewright, Interim Head of Function (Resources)/Section 151 Officer.

Why this matters?



Councillor R Meirion Jones

Foreword by the Panel Chair

Anglesey County Council's aim in the Corporate Plan is for the Council to be professional, well-run and for it to achieve.

One aspect of the Council's work is debt management. It is worthless to work hard and to try to be financially prudent and realise the value of money unless we can keep our debts in order. It must be admitted that it is not possible to collect the entire debt of any organisation, but it is possible to have robust processes in place that take every step possible to collect debt, with arrangements in place to write off debts only as a last resort.

The Panel was mindful that finance is critical to the services councils deliver and there are far reaching effects to financial issues facing councils – in terms of the services and so on. Effective income collection by the Authority and also prudent, responsive debt management processes were considered by the Panel as pre-requisites of sound and efficient financial management processes.

I believe that the Panel has been able to contribute towards developing and reviewing the Council's Corporate Policy on Debt Management and has also raised a number of questions and points that the Council will need to consider moving forward.

As a Panel of the Corporate Scrutiny Committee we have already reported on Efficiency Savings. Again, there is no merit in making savings unless every section of the Council works effectively to include debt management.

The Annual Scrutiny Report of May 2015 refers to the Williams Report and the need to "acknowledge the importance and value of scrutiny in improving services for people and organisations...". The Williams Report makes a number of statements in support of the scrutiny process including "Organisations must regard scrutiny as an investment to deliver improvements and future savings". We hope that our work on the matter through this report contributes to the "value of the work", "improvements" and "savings".

I would like to take this opportunity to sincerely thank the Panel members for their contributions and their commitment and to the Panel Officer for her thorough and timely work once more.

Index of Contents

Acknowledgements
Foreword by Panel Chair

| | Page |
|---|-------------------|
| 1. Executive Summary | 5 |
| FULL REPORT OF THE PANEL | |
| 2. Background | 8 |
| 3. Methodology, Scope and Objectives | 8 |
| 4. Conclusions | 10 |
| 5. Recommendations | 13 |
| 6. Bibliography | 14 |
| APPENDIX | |
| Terms of Reference: Scrutiny Outcome Panel | APPENDIX 1 |

1. EXECUTIVE SUMMARY

1.1 Objectives and Scope of the Review

To look at the Authority's arrangements for the management of debts (including debt write-offs) through closer examination of the following elements of the Council's debt management processes:

- i. Definition of a debtor, what debt was due by Services and individual Service actions
- ii. Raising a debt and what happened. How payments were received
- iii. Enforcement – principles and methods/procedures
- iv. Debt write-offs
- v. Consider the draft corporate policy document on debt management.

1.2 Methodology/Evidence/Inputs considered.

The review was structured in line with the Authority's policy framework¹. This included a scrutiny project plan using some elements of Project Management methodology² to ensure robustness to the structure of the review by the Panel. Seven meetings were held of the Panel over a period of 7 months (between July, 2015 and February, 2016).

1.3 Membership of the Scrutiny Outcome Panel³

- Councillor R. Meirion Jones (Chair);
- Councillor Jim Evans;
- Councillor Robert Llewelyn Jones;
- Richard Micklewright, Interim Head of Function (Resources) & Section 151 Officer (until 06/10/15);
- Marc Jones, Head of Function (Resources) & Section 151 Officer (from 03/11/15);
- Geraint H Jones, Revenues and Benefits Service Manager;
- Anwen Davies, Interim Corporate Scrutiny Manager.

1.4 Conclusions

CONCLUSION 1: The processes and practice relating to billing and income collection had improved in recent times but more needed to be done in order to increase the percentage of advance payments received for services.

CONCLUSION 2: The draft Policy Document on debt management was a good starting point but more work was required in order to ensure strategic alignment with the Council's aims and priorities.

¹ Detailed in the Handbook for Scrutiny Members.

² PRINCE2

³ Cllr Llinos Medi Huws decided to step down as a member of the Panel due to her substantial workload over the forthcoming period. In considering the matter at its meeting of 06/07/15, the Corporate Scrutiny Committee had resolved not to nominate another Member to serve on the Panel.

CONCLUSION 3: the benchmarking exercise carried out by the Panel on debt management practice had added value to the Scrutiny review.

1.5 Recommendations

The Panel recommends the following to the Executive:

1. The processes and practice relating to billing and income generation had improved in recent times but more needed to be done in order to increase the percentage of advance payments received for services.

| NUMBER | RECOMMENDATION |
|--------|--|
| 1.1 | The Executive should establish a policy of charging in advance for goods and services, where that is possible. |
| 1.2 | The Senior Leadership Team should support individual Services to implement the policy of charging in advance for goods and services. |
| 1.3 | At an opportune time, the Head of Resources should ensure that there is a strategy in place to improve income collection levels by introducing changes to our current collection methods. |
| 1.4 | The Senior Leadership Team should consider making full use of the proposed fund for change ⁴ in order to introduce change to our income collection culture, systems, processes and procedures on a corporate and service level (and ensure alignment with the Smarter Working Project). |

2. The draft Policy Document on debt management was a good starting point but more work was required in order to ensure strategic alignment with the Council's aims and priorities.

| NUMBER | RECOMMENDATION |
|--------|---|
| 2.1 | As a first step, the Executive should clarify the Council's policy on the following aspects of our debt management arrangements: <ul style="list-style-type: none"> • How the Council should deal with individuals who refuse to pay for care services (eg Gofal Môn, home/residential or nursing care) • How the Council should deal with individuals' property under the deferred charges scheme. |
| 2.2 | Recommend that the Executive approves the corporate policy document on debt management, with the following amendments: <ul style="list-style-type: none"> • Develop an anti-poverty strategy to form an integral part of our debt management arrangements • Complete equality and Welsh language impact assessments • Ensure alignment with any recommendations arising from the review of |

⁴ A proposal will be presented to the Executive at its meeting on 07/03/16 for a sum to be allocated from general reserves to fund business process changes designed to release further efficiency savings.

| | |
|------------|---|
| | financial advice providers to be commissioned by the Council. |
| 2.3 | The Head of Resources should present the Corporate Policy Document on debt management to the Executive for approval within a timescale to be agreed by the Executive. |

3. The benchmarking exercise carried out by the Panel on debt management practice added value to the Scrutiny review.

| NUMBER | RECOMMENDATION |
|---------------|--|
| 3.1 | The Head of Resources should use the outcomes of the Panel's benchmarking work on debt management good practice in other authorities to add value to the draft Policy Document: Debt Management. |

FULL REPORT OF THE PANEL

2. BACKGROUND

- 2.1 Whilst considering the report on Write-off Debts submitted by the Interim Head of Function (Resources) & Section 151 Officer, the Corporate Scrutiny Committee⁵ resolved that a panel of Scrutiny Members should be established to examine in greater detail debt write-offs and the management of debt within the Authority;
- 2.2 There was delay before the Scrutiny Outcome Panel convened for the first time and sickness absence in the Democratic Services Unit had a bearing on the timeframe and progress with this work-stream. The Panel began its work at the beginning of July, 2015;
- 2.3 The Panel was mindful that finance was critical to the services councils deliver and there were far reaching effects to financial issues facing councils – both in terms of the services received and also the taxes or charges being paid⁶. Effective income collection by the Authority and also prudent, responsive debt management processes were considered by the Panel as pre-requisites of sound and efficient financial management processes.

3. METHODOLOGY, SCOPE AND OBJECTIVES

3.1 Membership of the Scrutiny Outcome Panel⁷

- Councillor R. Meirion Jones (Chair);
- Councillor Jim Evans;
- Councillor Robert Llewelyn Jones;
- Richard Micklewright, Interim Head of Function (Resources) & Section 151 Officer (until 06/10/15);
- Marc Jones, Head of Function (Resources) & Section 151 Officer (from 03/11/15);
- Geraint H Jones, Revenues & Benefits Service Manager;
- Anwen Davies, Interim Corporate Scrutiny Manager.

3.2 Objectives and Scope of the Review

To look at at the Authority's arrangements for the management of debts (including debt write-offs) through closer examination of the following elements of the Council's debt management processes:

- i. Definition of a debtor, what debt was due by Services and individual Service actions
- ii. Raising a debt and what happened. How payments were received
- iii. Enforcement – principles and methods/procedures
- iv. Debt write-offs
- v. Consider the draft corporate policy document on debt management.

⁵ The Corporate Scrutiny Committee at its meeting convened on 24 March, 2015

⁶ Raising the stakes: financial scrutiny in challenging times: A guide for Welsh local authorities (Centre for Public Scrutiny June, 2014)

⁷ Cllr Llinos Medi Huws had decided to step down as a member of the Panel due to her substantial workload over the forthcoming period. In considering the matter at its meeting of 06/07/15, the Corporate Scrutiny Committee had resolved not to nominate another Member to serve on the Panel.

The Terms of Reference adopted by the Panel details the objectives, scope and desired outcomes of the Review (**APPENDIX 1**).

3.3 **Methodology/Evidence/Inputs considered**

3.3.1 **Methodology/Evidence:** the Review was structured in line with the Authority's policy framework⁸. This included a scrutiny project plan using some elements of Project Management methodology⁹ to ensure robustness to the structure of the review. A total of 7 meetings were held of the Panel over a period of 7 months (between July, 2015 and February, 2016) – working to the following Schedule:

WORK SCHEDULE: SCRUTINY OUTCOME PANEL [ASSETS]

| MEETING | ISSUES IN FOCUS | EVIDENCE TO HAND |
|----------------|---|--|
| 1 | Terms of reference, project plan and setting the context; consider the detail and format of information the Panel required. | Terms of reference and draft project plan |
| 2 | Definition of a debtor, the debts owing to Services and actions by individual Services | Documentation by Finance officers summarising the key information on debt management |
| 3 | Raising a debt and what happens and how payments are received | Documentation by Finance officers on current processes and systems Details of the Council's current fees & charges register Analysis of payment methods for the period 01/04/14 – 31/03/15 |
| 4 | Enforcement – principles and methods/procedures | Verbal presentation by Finance officers on enforcement practice |
| 5 | Write-offs | Analysis of debt levels during 2015 & 2016 Provision for bad debt and movements during 2014/15 |
| 6 | Pre-decision scrutiny of the Corporate Policy Document: Debt Management | Draft Policy Document |
| 7 | Agree outline content of the report of the Scrutiny Outcome Panel | Matrix as a guideline to summarise findings and agree conclusions |

All documents that were the subject of a desktop review are listed in Section 6.

A matrix was developed throughout the review process as a means of summarising observations and recommendations.

3.3.2 **Inputs:** there were inputs from the following during the review:

- Head of Function (Resources)/Section 151 Officer;
- Revenues & Benefits Service Manager;
- Accountancy Services Manager;
- Portfolio Holder (Resources) – attended one meeting as an observer.

⁸ Handbook for Scrutiny Members

⁹ PRINCE2

- 3.3.3 **Benchmarking/Independent Opinion:** the Panel carried out a desktop benchmarking exercise in respect of one part of its Review via a questionnaire namely – comparing the current debt management practice in 7 other local authorities (North Wales Councils and also Powys and Ceredigion). 3 of the Councils responded – Gwynedd, Conwy and Flintshire. The Panel concluded that it would add value to include good practice from one of the Counties (Flintshire) when completing the corporate policy document on debt management.

4. CONCLUSIONS

The original concerns which led to the establishment of the scrutiny panel related to the scale of the debts to be written off at the end of 2014/15 and a specific concern regarding the scale of the debt owed by other public bodies (such as the Health Board). The Panel noted that the following action had been taken over recent months in an attempt to improve the situation:

- 4.1 Specialist input to follow up on debts by creating temporary capacity (agency staff)
- 4.2 Strengthening the contractual arrangements with other public bodies – with a fundamental principle of not raising bills for which payments could not be enforced (robust systems)
- 4.3 A higher percentage paying in advance for goods and services eg chip & pin
- 4.4 Further improve our collection systems through Direct Debit eg Gofal Môn, home care, industrial units
- 4.5 Steps in place to ensure clarity and understanding of the legal entity of organisations before charging for payment.

The Panel expressed a need to seek conclusions regarding the effectiveness of the above measures to reduce the total sum of write-offs. During meetings 1 to 5 therefore, the Panel considered the key elements of our debt management arrangements underpinned by the following considerations:

- i. Assess the effectiveness of our processes and practice when sending bills and collecting income;
- ii. Assess the effectiveness of our debt management arrangements, and in particular what needed to be strengthened in the relationship with individual services in order to ensure effective management of debt;
- iii. Identify any good practice with regard to debt management in other North Wales authorities;
- iv. Identify any potential efficiency savings through further improvement in our raising of bills for goods and services;
- v. Form a view on the robustness of the proposed corporate policy document on debt management.

CONCLUSION 1: The processes and practice relating to billing and income collection had improved in recent times but more needed to be done in order to increase the percentage of advance payments received for services.

Panel's observations

- Positive steps had been taken during the last year to develop the effectiveness of our corporate processes and practice with regard to sending bills and

income collection. It was noted that Direct Debt was the Council's preferred payment method. In drawing its conclusions, the Panel used the following success measures as a guideline:

i. Reduction in the number of bills raised for goods and services

- **Number of bills raised in 2013/14 - 20,287**
- **Number of bills raised in 2014/15 - 15,236**
- **Number of bills raised in 2015/16* - 11,205**

[*Data up to 26/02/16]

ii. Reduction in the debts outstanding to the Council



Data on debt was examined for the last 2 years:

| Date | Council Tax | Business Tax | Housing Rents ¹⁰ | Other Debts | Total £m |
|------------|-----------------|-----------------|-----------------------------|-----------------|-----------------|
| 31/03/14 | 1.9 | 1.0 | 0.8 | 3.9 | 7.6 |
| 31/03/15 | 2.0 | 0.7 | 0.8 | 3.0 | 6.5 |
| 31/03/16** | To be confirmed | To be confirmed | To be confirmed | To be confirmed | To be confirmed |

[**data will not be available until April, 2016]

Although the Panel concluded that there was now more confidence in the effectiveness of the corporate systems, Members did also express the need for further development work within the principles of Smarter Working.

Particular reference was made to the following aspects:

-  Need for a prior written agreement with other public bodies clearly setting out the terms of delivery and payment
 -  Regular monitoring arrangements in place in respect of those not paying for their goods/service in advance or via Direct Debit.
- The Panel believed that there was a need to set a clear ambition namely – aim towards establishing a modern and fit for purpose system for charging of goods and services. It was noted that the Council needed to be able to receive a very high percentage of advance payments from service users. This would inevitably significantly reduce the need to send invoices for payment.

CONCLUSION 2: The draft Policy Document on debt management was a good starting point but more work was required in order to ensure strategic alignment with the Council's aims and priorities.

Panel's observations

- The Panel was of the view that the work that had been done thus far on the debt management policy document had been positive but that it needed to be completed and presented to the Executive for approval over the coming months

¹⁰ Including former tenant arrears; sundry debts over 30 days old and over payment of housing benefit.

- The Panel referred to the need for clarity on the following aspects of the corporate policy:
 - ✚ How the Council should deal with individuals who refuse to pay for care services (eg Gofal Môn, home/residential or nursing care)
 - ✚ How the Council should deal with individuals' property under the deferred charges scheme.
- In considering scenarios where the Council was not receiving payments for services provided, the Panel referred to the need to ensure a proactive relationship with the individual services by escalating the need for a decision to Head of Service. Such practice would enable the Council to make decisive decisions to maintain services in situations of non-payment following an assessment of the individual situation;
- The Panel was of the view that any decision to write-off debts should be referred to the Head of Resources/Portfolio Holder for Resources¹¹ in a timely fashion and to end the practice whereby residual debts are kept on the books for an unlimited period.

CONCLUSION 3: The benchmarking exercise carried out by the Panel on debt management practice had added value to the Scrutiny review.

Panel's observations

The benchmarking work carried out by the Panel is summarised in paragraph 3.3.3 above.

- The following areas were noted as good practice to be explored further by the Head of Resources:
 - ✚ Accept advance payments for services eg Pest Control
 - ✚ Introduction of weekly Direct Debit payments
 - ✚ Consider introducing online payments via mobile phones (eg Ping It)
 - ✚ Develop a Fair Debt Policy as part of the Council's response to the implications of Welfare Reform
 - ✚ Develop a Corporate Debt Recovery Policy (in progress)
 - ✚ Replace the current Service Level Agreement framework with a contract to strengthen the Authority's relationship with debt collectors
 - ✚ Amend current practice to credit service department budgets after receipt of income.

5. RECOMMENDATIONS

To present the following recommendations for approval by the Executive:

1. The processes and practice relating to billing and income collection had improved in recent times but more needed to be done in order to increase the percentage of advance payments received for services.

| NUMBER | RECOMMENDATION |
|--------|--|
| 1.1 | The Executive should establish a policy of charging in advance for goods and services, where that is possible. |

¹¹ Executive authority delegated to write off debts worth over £5k: Portfolio Holder (Finance)/Section 151 Officer (Executive's resolution at its meeting on 21 December, 2010)

| | |
|------------|---|
| 1.2 | The Senior Leadership Team should support individual Services to implement the policy of charging in advance for goods and services. |
| 1.3 | At an opportune time, the Head of Resources should ensure that there is a strategy in place to improve income collection levels by introducing changes to our current collection methods. |
| 1.4 | The Senior Leadership Team should consider making full use of the proposed fund for change ¹² in order to introduce change to our income collection culture, systems, processes and procedures on a corporate and service level (and ensure alignment with the Smarter Working Project). |

2. The draft Policy Document on debt management was a good starting point but more work was required in order to ensure strategic alignment with the Council's aims and priorities.

| NUMBER | RECOMMENDATION |
|---------------|---|
| 2.1 | As a first step, the Executive should clarify the Council's policy on the following aspects of our debt management arrangements: <ul style="list-style-type: none"> • How the Council should deal with individuals who refuse to pay for care services (eg Gofal Môn, home/residential or nursing care) • How the Council should deal with individuals' property under the deferred charges scheme. |
| 2.2 | Recommend that the Executive approves the corporate policy document on debt management, with the following amendments: <ul style="list-style-type: none"> • Develop an anti-poverty strategy to form an integral part of our debt management arrangements • Complete equality and Welsh language impact assessments • Ensure alignment with any recommendations arising from the review of financial advice providers to be commissioned by the Council. |
| 2.3 | The Head of Resources should present the Corporate Policy Document on debt management to the Executive for approval within a timescale to be agreed by the Executive. |

3. The benchmarking exercise carried out by the Panel on debt management practice had added value to the Scrutiny review.

| NUMBER | RECOMMENDATION |
|---------------|--|
| 3.1 | The Head of Resources should use the outcomes of the Panel's benchmarking work on debt management good practice in other authorities to add value to the draft Policy Document: Debt Management. |

¹² A proposal will be presented to the Executive at its meeting on 07/03/16 for a sum to be allocated from general reserves to fund business process changes designed to release further efficiency savings.

6. BACKGROUND PAPERS/LITERATURE

6.1 Documents detailed in the Panel's work schedule (paragraph 3.3.1. above).

6.2 Summaries of Panel deliberations.

6.3 Minutes of meetings of the Scrutiny Outcome Panel:

- Meeting 1 – 30/06/15
- Meeting 2 – 28/07/15
- Meeting 3 – 06/10/15
- Meeting 4 – 03/11/15
- Meeting 5 – 03/12/15
- Meeting 6 – 05/01/16
- Meeting 7 – 18/02/16

Version 5
24/03/16

APPENDIX 1

TERMS OF REFERENCE SCRUTINY OUTCOME PANEL: DEBT MANAGEMENT

TERMS OF REFERENCE SCRUTINY OUTCOME PANEL: DEBT MANAGEMENT

This Terms of Reference (TOR) document sets out the working arrangements and the parameters of the work of the newly established Scrutiny Outcome Panel: Management of Debt.

1. BACKGROUND/CONTEXT

- 1.1 A report on Write-Off Debts was submitted by the Interim Head of Function (Resources) & Section 151 Officer to the Corporate Scrutiny Committee at its meeting of 24 March, 2015. The Scrutiny Committee was requested to consider the debts being recommended for write-off¹³:
- Debts valued in excess of £5k and which were being referred to the Portfolio Holder (Finance) and the S151 Officer to be considered for write-off;
 - Sundry Debtors – Collection Rate;
 - Council Tax Collection Rate;
 - Business Rates Collection Rate.
- 1.2 In light of its deliberations, the Scrutiny Committee made the following decisions:
- Note the report and the situation with regard to the debts to be written off;
 - Establish a Scrutiny Outcome Panel to examine in greater detail debt write-offs and the management of debt within the Authority.

2. ROLE, PURPOSE & SCOPE

The role of the Scrutiny Outcome Panel will encompass further examination of:

- Debt write-offs;
- Management of debt within the Authority.

This will be undertaken through closer examination of the different elements of the Authority's debt management process:

- i. Definition of a debtor, what debt is due by Services and individual Service actions;
- ii. Raising a debt and what happens. How payments are received;
- iii. Enforcement – principles and methods/procedures;
- iv. Debt write-offs.

DESIRED OUTCOMES:

- Modern, fit for purpose practice in charging for goods & services;
- Identify the potential for efficiency savings (timeliness of raising bills for goods & services, one stop account approach for citizens/customers in their dealings with the Council);
- Identify Local Authority services which could be charged for up front/in advance;
- Identify the potential for further income maximisation through increased fees & charges (levels charged to cover actual cost of service provision).

3. MEMBERSHIP

Core membership of the Panel will comprise:

¹³ Delegated executive decision to write off debts in excess of £5k: Portfolio Holder (Finance) / Section 151 Officer.

3.1 Membership – Elected Members:

- Councillor Jim Evans;
- Councillor R Llewelyn Jones;
- Councillor Llinos Medi Huws¹⁴;
- Councillor R Meirion Jones.

3.2 Membership – Officers:

- Richard Micklewright, Interim Head of Function (Resources) & Section 151 Officer (until 06/10/15);
- Marc Jones, Head of Function (Resources) & Section 151 Officer (from 03/11/15);
- Geraint Jones, Revenues & Benefits Service Manager;
- Anwen Davies, Interim Scrutiny Manager.

The work of the Panel may well necessitate attendance of other Elected Members (eg of the Executive) and/or Officers of other Service areas (eg Housing Service).

4. CHAIRING

The Panel, at its first meeting, will elect a Member to chair.

5. FREQUENCY OF MEETINGS AND QUORUM

5.1 **Frequency of Meetings** – The Scrutiny Outcome Panel has been established to undertake a specific piece of work on the part of its parent committee the Corporate Scrutiny Committee (refer to paragraph 2, above). To that end, a total number of 7 meetings have been scheduled (**APPENDIX 1**) and which will be convened on a monthly basis;

5.2 **Quorum** – this will not apply to Scrutiny Panels established by the Local Authority.

6. RECORD OF MEETINGS & REPORTING ARRANGEMENTS

6.1 The Scrutiny Unit will collate and distribute the papers in preparation for each meeting and will prepare a record of Panel meetings;

6.2 A draft report of the work of the Panel will be prepared by the Scrutiny Unit – for endorsement by Elected Members and Officers of the Local Authority.

7. TIMEFRAME

The work of the Scrutiny Panel will be time limited and will aim to prepare its first draft report by January, 2016.

¹⁴ Cllr Llinos Medi Huws had decided to step down as a member of the Panel to due to her substantial workload over the forthcoming period. In considering the matter at its meeting of 06/07/15, the Corporate Scrutiny Committee had resolved not to nominate another Member to serve on the Panel.

APPENDIX 1

SCHEDULE OF MEETINGS: SCRUTINY OUTCOME PANEL [DEBT MANAGEMENT]

| MEETING | DATE | VENUE | AGENDA |
|----------------|--------------------------------|---------------------------------|--|
| 1 | 30/06/15 – 10.30am | Room 1003 | TOR & setting the scene. |
| 2 | 28/07/15 – 2.30pm | Committee Room 1 | Definition of a debtor, what debt is due by Services and individual Service actions. |
| 3 | 06/10/15 – 10.30am | Room 1003 | Raising a debt and what happens. How payments are received. |
| 4 | 03/11/15 – 2.00pm | Committee Room 1 | Enforcement – principles and methods/ procedures. |
| 5 | 03/12/15 – 10.00am | Room 1003 | Debt write-offs. |
| 6 | 05/01/16 – 2.00pm | Committee Room 1 | Draft Corporate Policy Document: Debt Management / draw conclusions & agree recommendations. |
| 7 | 18/02/16 – 10.00am | Office of the Head of Resources | Confirm outline contents of the Scrutiny Outcome Panel Report. |
| ----- | 26/02/16 – via email | ----- | Sign off Scrutiny Outcome Panel Report |