

Taunton Deane Borough Council

Council Meeting – 12 July 2016

Part I

To deal with written questions to, and receive recommendations to the Council from, the Executive.

(i) Councillor Roger Habgood

Delivery of Electronic Car Park Signage and Pay on Foot Systems to Key Car Parks

The Executive has recently considered a report which introduced a proposed new approach to car park signage in Taunton.

This proposal has been developed in close collaboration with Somerset County Council (SCC) and its principal contractor Parsons Brinkerhoff (PB). It has three key components which are:-

- A comprehensive signage package for Taunton incorporating electronic parking signage (VMS – Variable Message Signage) which would improve the flow of traffic to key car parks, create an early warning system for events and enable improved traffic flow management;
- Improvements to seven key car parks by the installation of pay on foot systems which would enable customers to pay on exit from car parks. This would replace the current pay and display approach used in these car parks; and
- Connecting the electronic signage and the pay on foot systems together for key car parks together to create a comprehensive and informative way-finding system for motorists. This would provide real time data on space availability at key points on the highway network.

The report contained a comprehensive Signing Strategy which was commissioned to examine how effective the existing signage package was in serving the needs of Taunton. The strategy focussed on three significant component parts of the network which were mentioned in the Council's Corporate Strategy - the park and ride provision, car park signage and tourist (brown) signage.

Although this network is maintained and managed by SCC, the introduction of new electronic way-finding to Taunton Deane owned car parks and changes to the associated signage package has been instigated by the Council which would be the major funder of this infrastructure. Noted that the proposals are a defined project

within the Council's growth programme which supports delivery of the Council's Growth Agenda.

The report also comprehensively examined the provision of electronic signage and the improvements created by installing pay on foot parking systems.

The broad benefits of this investment include:-

- (1) A reduced time in finding a space. The signage would reduce unnecessary circulation to car parks and minimise queuing at car parks through influencing driver behaviour;
- (2) Improving user experience as pay on foot would remove the time limitation created by pay and display car parks. The inference was that people would spend more money into the economy whilst shopping; and
- (3) The installation of these systems has seen revenue rise in other towns generated by the car parks. This was in the order of 15-20% so would enable the Council to invest further in car park improvements.

The likely costs of implementing the electronic car park signage and pay on foot systems, are as follows:-

Capital Costs and Funding

The estimated capital costs are:-

	£
Total costing	
Variable Message Signage (VMS)	486,283
Pay on Foot (POF)	555,927
Fees, Contingency	157,790
Total Capital Budget Requirement	1,200,000
Funded by	£
Approved in current 2016/2017 Capital Programme (a)	400,000
Revenue Budget Contributions – (b)	450,000
From New Homes Bonus – (c)	350,000

- (a) There was a capital approval in the 2016/2017 Capital Programme for "Major Transport Schemes" which was to be funded from the New Homes Bonus.
- (b) With regard to car parking fees, Full Council agreed in December 2015 to earmark £450,000 over the 2016/2017 to 2018/2019 financial years to fund "Projects". Approval was sought to fund £450,000 of the VMS expenditure from the New Homes Bonus reserve initially, but for this to be replenished over the three year period by these earmarked "Projects" funds within the approved Revenue Budget.
- (c) Full Council had also agreed in December 2015, the profiled expenditure for

“Major Transport Schemes” which indicated £800,000 in 2017/2018. Approval is also sought to bring forward into 2016/2017 £350,000 of this outlined spend to be allocated to this project.

The Council currently has £4,200,000 in the New Homes Bonus Reserve which has yet to be committed to specific projects. The requested funds via New Homes Bonus is therefore available and in keeping with the proposed spending themes.

Revenue Implications

Intrinsic to this Business Case were IT interface revenue costs of approximately £36,000 per annum. Approval is therefore sought to set aside these funds from the anticipated additional parking revenues generated annually to address this budget pressure.

Replacement Cost

Within the Business Case the projected replacement cost of the system has been factored in before arriving at the “Net Present Value” of the estimated cash flows over a 15 year period. In order to ensure the funds are available to fund this replacement, approval is sought to earmark sufficient funds from each year’s parking income and to hold this in an earmarked reserve. The current projected cost would be £972,000 and the projected increase in forecast income of £300,000 per annum would be more than adequate to make this affordable.

This proposal clearly represents a significant investment for Taunton and is also one which is supported widely by the business community, including the Taunton Chamber of Commerce and Destination Taunton. The aim would be to complete delivery of this investment by the end of 2017.

Recommended that:-

- (i) An increase to the Major Transport Schemes Capital Budget of £800,000, from £400,000 to £1,200,000 be approved;
- (ii) The earmarking of parking income to the value of approximately £36,000 to fund the annual revenue expense of the IT interface, when these costs had been formalised through the procurement process be approved; and
- (iii) The setting aside on an annual basis an appropriate sum of approximately £70,000 from parking income to fund the replacement system in 15 years’ time which was currently estimated to be £972,000 in total be also approved.

(ii) Councillor Richard Parrish

(a) Corporate Debt Policy

Consideration has been given to the Council’s Corporate Debt Policy which had

been adopted in 2012. In line with good practice, the policy has recently been reviewed to ensure it remains fit for purpose.

The Corporate Debt Policy covers the management of all debts owed to the Council. This includes the billing/invoicing, collection, enforcement and write offs for the five income streams of Council Tax, Business Rates, Housing Rents, Housing Benefit Overpayments and all other debts (known as Sundry Debts).

It is essential that all monies owed to the Council are actively pursued. The Policy therefore reflects a range of measures to help customers pay sums due, therefore maximising the level of resources available to support service delivery.

The Policy follows the debt recovery principles set out below:-

- **Proportionality:** establishing an appropriate balance between the potential loss of income to the Council, recovery costs and any emerging Council or third party costs relating to welfare, care or housing support;
- **Consistency:** the Council aims to achieve consistency in the advice it gives, the use of its powers and the recovery procedures adopted;
- **Transparency:** ensuring people understand what is expected of them and what they should expect from the Council. Taunton Deane aims to take early recovery action before debts become unmanageable for the customer and is committed to providing appropriate support and will readily engage with relevant welfare and debt agencies;
- **Offset:** where a customer owes money to the Council but this is less than any funds due from the Council, this will be offset against what is owed and the net balance settled. Where the sum involved is greater than any funds due to the customer, these funds will be used to reduce the amount owed and the customer contacted about arrangements to repay the outstanding balance; and
- **Appropriate Costs/Fees:** where legislation permitted, the Council will seek to apply and recover from the debtor any costs/fees/charges that are legitimately due to the Council or its agents.

The Executive has noted that a small proportion of the Council's overall income might not be collectable due to matters outside its control. Where a debt was assessed to be irrecoverable it will be subject to a write off process that is in accordance with the Council's Financial Regulations.

A range of indicators have been developed to monitor performance against agreed targets and to ensure the Corporate Debt Policy achieved its objectives. These will continue to be included in the Council's performance reporting updates.

Recommended that the revised Corporate Debt Policy – shown in the attached appendix – be adopted.

(b) Financial Monitoring - Outturn 2015/2016

The Executive has now considered the report relating to the Council's financial performance for the 2015/2016 financial year. The outturn figures included are provisional subject to external audit review, the findings of which will be reported to the Corporate Governance Committee in September 2016.

Monitoring the budget is an important part of the Council's performance management framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which might be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the Council's Medium Term Financial Plan.

The revenue outturn position for the financial year 2015/2016 is as follows:-

- The General Fund (GF) Revenue Outturn position for 2015/2016 was a net underspend of £280,000 (2.07%). The underspend had increased since the end of quarter 3 due to significant variances in the Street Cleansing budget and Interest Costs and Income.
- The Housing Revenue Account (HRA) is a 'Self-Financing' account for the Council's Housing Landlord function, which is budgeted to 'break even' (net of approved transfers to/from HRA Reserves). The HRA Outturn for 2015/2016 is a net underspend of £476,000 (1.8% of gross income).

The year-end financial statements reported that Deane DLO made an overall profit of £47,000 after contributing £101,000 to the GF. This surplus has been transferred to the DLO Trading Account Reserve which has increased the reserve balance to £365,000.

The Deane Helpline has reported a net deficit of £67,000 for the year, which is an underspend of £13,000 against the final budget and represents the net cost of the service to the GF.

Under regulations the Council has to report how its Licencing and Land Charges services performed in the financial year. These services set fees and charges based on estimated reasonable costs, and aimed to break even each year. When this did not occur, the Council transferred any surplus/deficit to a self-financing reserve. During the next round of fees and charges setting, adjustments are made with the view of achieving a break-even position on a three year rolling basis.

With regard to the budget for the Unparished Area of Taunton, although £46,170 has been allocated to a variety of schemes during the 2015/2016 financial year, £55,610 is available for allocation during the current year.

The capital outturn position for 2015/2016 is as follows:-

- The General Fund profiled Capital Programme at the end of 2015/2016 is £17,345,000. The actual expenditure on the Capital Programme during 2015/2016 is £7,244,000, with £9,976,000 being carried forward to support delivery of approved schemes in 2016/2017. This will leave a net underspend of £125,000 (0.7%) against the overall programme.

These figures had been amended slightly from those reported to the Corporate Scrutiny Committee following final completion of the 2015/2016 Statement of Accounts.

- The HRA approved Capital Programme at the end of 2015/2016 is £23,759,000. This relates to schemes which will be completed over the next five years. The actual expenditure on the Capital Programme during 2015/2016 is £11,391,000, with £10,214,000 for planned investment to implement approved schemes in future years. A net underspend of £2,154,000 (9%) is reported against the overall programme.

The GF Reserves balance as at 31 March 2016 stood at £2,113,000. The balance remains above the minimum reserves expectation within the Council's Budget Strategy (£1,600,000).

The HRA Reserves balance as at 31 March 2016 stood at £2,675,000, which is above the minimum level (£1,800,000) set within the Council's Budget Strategy and the HRA Business Plan.

The total General Fund Earmarked Reserves balance as at 31 March 2016 is £16,722,000, and for HRA Earmarked Reserves the balance is £4,985,000, representing funds that have been set aside for specific purposes to be spent in 2016/2017 or later years. This has grown largely in respect of funds committed to support growth and infrastructure development, future capital programme spending, the Business Rates funding volatility, and funding set aside to support service restructuring and Transformation Projects. The majority of this is planned to be spent over the next two years, although experience has shown this might be over a longer period.

Recommended that:-

- (1) The Council's financial performance and end of year position for the General Fund and the Housing Revenue Account, including pre-approved carry forwards and transfers to earmarked reserves be noted; and
- (2) Full Council be recommended to:-
 - (a) Note the reported General Fund Revenue Budget underspend of £280,000 in 2015/2016 and the General Reserves Balance of £2,113,000 as at 31 March 2016;
 - (b) Approve the General Fund Revenue Budget Carry Forwards totalling £892,000;
 - (c) Approve a General Fund Capital Programme Budget Carry Forward totalling £9,976,000;
 - (d) Approve a Housing Revenue Account Capital Programme Budget

Carry Forward totalling £10,214,000;

(e) Approve £333,000 of Supplementary Budget allocations in 2016/2017 for the Housing Revenue Account, utilising 2015/2016 underspends, for the following areas:-

- i. £33,000 to fund an extension to the employment of the Welfare Reform Officer to March 2018;
- ii. £38,000 to fund an extension to the additional Debt and Benefit Advisor to March 2018;
- iii. £198,000 to increase the Estate Officer capacity by one in each area until March 2018;
- iv. £21,000 to fund an extension to the Mental Health support until March 2017;
- v. £25,000 to provide funding to Pilot a dedicated part-time resource to roll-out, drive and oversee the 'Chill and Chat' peer support group to vulnerable women across all three One Team areas; and
- vi. £18,000 to increase funding available to Community Development Officers in each of the One Team Areas for 2016/2017.

Appendix

Taunton Deane Borough Council - Corporate Debt Policy

1. Overview

This document details the Council's policies on the billing, collection and recovery of money due to Taunton Deane Borough Council.

Sums due to the Council can be a mixture of statutory and non-statutory charges. Statute tightly prescribes methods for billing and recovery of the statutory debts. Our enforcement practices must take account of this diversity.

Effective debt management is crucial to the success of any organisation. The Council needs an effective policy to support the maximisation of debt collection in an efficient, consistent and sensitive manner. In developing this policy we have considered guidance issued by Audit, the Local Government Ombudsman as well as best practice in debt recovery.

This document sets out the general principles we will apply to debt management across all the services we provide.

This corporate policy covers all of the Council's service areas which raise bills or invoices for payment. We will process personal information and financial details for the purposes of administering and collecting local taxes and other revenue. Where necessary we will share some or all of this information, as appropriate, with debt collection and tracing agencies, local and central Government, courts and tribunals in accordance with our data protection registration and in observance of the requirements of the Data Protection Act.

Mission Statement

"Taunton Deane Borough Council seeks to collect all monies owed to the Council for the benefit of all its residents. Bills and invoices will be issued promptly and correctly and in cases where recovery action is required, the Council will act quickly, fairly and impartially, but with due regard to the social welfare and human rights of all of our customers"

2. Key Aims of the Policy

This Policy aims to strike a fair balance between the financial needs of the Council and the social needs of our customers by:

- coordinating income collection, recovery and debt management activities;
- ensuring circumstances are taken into account when determining appropriate recovery action, including potential emerging costs for ongoing support and care;
- adopting a debt hierarchy for multiple debts;

- providing advice and or signposting to receive appropriate support to those owing money to the Council, ensuring they are maximising reliefs, discounts or benefit entitlements;
- taking prompt recovery action before debts become unmanageable for the customer;
- applying best practice debt collection methods e.g. timely and accurate billing;
- offering a range of cost effective payment methods;
- ensuring that we treat everybody with integrity, fairness, respect and trust;
- recognising that failure to recover monies duly impacts on the Council's ability to provide key services;
- aiming to be consistent in our approach in similar circumstances to achieve similar ends;
- taking a proportional view will be taken against loss of income and costs incurred;
- being transparent to maintain public confidence;
- producing accurate and timely management reports;
- identifying vulnerability and acting or responding appropriately.

3. Scope

This Policy applies to the collection of all debts, including:

- Council Tax
- Non-Domestic Rates (Business Rates)
- Housing Benefit Overpayments
- Sundry Debts (invoices raised on the Corporate Finance system for a variety of Council Services)
- Council House Rents

4. Debt Recovery Principles

The Council's debt recovery principles are outlined below.

- **Proportionality:** establishing an appropriate balance between the potential loss of income to the Council, recovery costs and any emerging Council or third party costs relating to welfare, care or housing support.
- **Consistency:** the Council aims to achieve consistency in the advice it gives, the use of its powers and the recovery procedures adopted. Council officers will take account of the social circumstances of the debtor, the debtor's payment history and their ability to pay.
- **Transparency:** ensuring people understand what is expected of them and what they should expect from the Council, including explaining clearly the reasons for taking debt recovery action. The Council aims to take early recovery action before debts become unmanageable for the customer.
- **Offset:** where a customer owes money to the Council but this is less than any funds due from the Council, this will be offset against what is owed and the

net balance settled. Where a customer owes money to the Council that is greater than any funds due to them by the Council, these funds will be used to reduce the amount owed and the customer contacted about arrangements to repay the outstanding balance. Any such arrangements will be undertaken in a fair and legal manner and with the customer's agreement wherever possible.

- **Appropriate Costs/Fees:** where legislation permits, the Council will seek to apply and recover from the debtor any costs/fees/charges that are legitimately due to the Council or its agents. The Fees and Charges are agreed by Full Council in December each year. Only in exceptional cases, where it would not be in the public interest to pursue such costs/fees/charges, will these be waived.
- We will also ensure that we pay suitable regard to our Core Values of:
 - **Integrity** - we will be honest, do what is right and stick to it;
 - **Fairness** - we will consistently treat everyone equally, respecting their individual needs and abilities;
 - **Respect** - we will always show respect for everyone; and
 - **Trust** - we will show trust and confidence in our staff and Councillors.

We intend to be firm and fair and our manner will be polite and professional.

Detailed recovery action for the key debt types are outlined in the numerous appendices to the Corporate Debt Policy.

5. Hierarchy of Debt

Customers, citizens and businesses within Taunton Deane have a responsibility to pay for the services they receive and the charges and rents they are liable for. In some instances customers will owe more than one debt to the Council. The Council will adopt a co-ordinated approach when dealing with multiple debts, taking into account the person's circumstances, legislation, the level of debt and the potential for financial hardship. Where the Council, or its identified collection agent, is pursuing multiple debt then payments will be allocated firstly to debts where non-payment could lead to loss of the customer's home or have direct implications for an individual's wellbeing.

Priority debts have then been ranked as follows:

- Non-Domestic Rates (Business Rates) / Council Tax
- Council House Rents
- Housing Benefit Overpayments / Sundry Debts

All debt will be actively pursued in accordance with the Corporate Debt Policy, however, for accounting and collection purposes the above debts will have priority.

The Council's Corporate Debt Policy and complementary third party collection arrangements will ensure that incidences of multiple debt are effectively monitored.

These arrangements will provide timely and regular information to facilitate the annual review of the Policy and assess the ongoing appropriateness of the hierarchy of debt.

6. Vulnerability

This protocol has been drawn up in agreement with representatives of Taunton Deane Citizens Advice Bureau. It sets out a strategy to increase the likelihood of successful collection without causing unreasonable distress to those liable.

Definition

A vulnerable person is a person who, by characteristics and/or circumstances, is unable to act or respond appropriately to the normal collection procedures, or for the same reason is unreasonably affected by them. The Council recognises that vulnerability can come in many forms and it can also be multi layered. Vulnerability can also be temporary, permanent or come in a series of episodes and anyone at any time could potentially be deemed vulnerable. The characteristics or circumstances that **may** lead to identifying a person as vulnerable are as follows:

- Carers
- Cognitive Impairment
- Debt Management Agency involvement and overall debts need to be managed
- Disability
- Financial Impoverishment
- Learning Difficulty (including literacy difficulties)
- Language Difficulty
- Late Term Pregnancy
- Lone Parents – with young children
- Medication
- Mental Health (including personality disorders)
- Physical Health (including fragility due to advance years)
- Possession Proceedings
- Probation Service Involvement
- Recent Bereavement
- SMI (Severely Mentally Impaired)
- Substance Abuse
- Social Services Involvement
- Terminal Illness
- Victim of Abuse
- Victim of War

This list of factors is not definitive and all the circumstances must be taken into account.

7. Methods of Payment

The Council recognises that the easier it is to pay, the more likely that payment will be made and the less likely that debts will accrue. The Council's preference is for low

cost payment options that provide a high degree of accuracy and certainty, such as Direct Debit. However to provide our customers with the greatest flexibility a range of payment types appropriate to the debt type and size is offered.

Customers currently use a mixture of payment methods and channels for different services, including cash, cheque, postal order, debit cards, standing orders and other electronic banking methods, such as online internet banking and touch tone telephone payments. Payments can also be made via the Council's website www.tauntondeane.gov.uk by clicking on "Pay for it" under the popular services on the home page.

8. Write offs

The Council recognises that a small proportion of its overall income may not be collectable due to matters beyond its control. Where a debt is assessed to be irrecoverable it will be subject to a write off process that is consistent with recognised accounting practices. The Council will seek to minimise the cost of write offs by taking all appropriate action to recover what is due including the use, where appropriate, of inhibitions.

Income deemed irrecoverable must satisfy one of the pre-determined criteria including but not restricted to:

- the customer has died and there are no or insufficient funds in the estate;
- the customer cannot be traced;
- it is uneconomical to pursue the debt;
- the income is uncollectable due to insolvency;
- all recovery methods have been exhausted;
- it is not in the public's interest to pursue e.g. at risk and vulnerable service users; and
- the debt is prescribed under the Limitation Act 1980.

All write offs will be carried out in accordance with the relevant provisions contained within the Council's Financial Regulations, as supplemented by the Finance Rules.

It should be noted that just because a debt is written off it does not rule out the possibility of writing the debt back and pursuing it to the full extent of the law. An example of when this may occur is if a debtor absconds with no forwarding address but is subsequently traced. A further example would be in insolvency cases where an individual/company goes bankrupt or is made insolvent, partial/full dividend(s) can be received many years later.

9. Performance Monitoring

The Council recognises that prompt recovery action is essential for effective debt management. The Council will:-

- regularly monitor the level and age of its debt;
- set clear targets for the recovery of debt;

- have written recovery procedures;
- assess recovery methods to ensure maximum returns; and
- regularly review irrecoverable debts for write off.

To ensure the Council achieves its objectives a range of high level indicators has been developed to monitor performance. Key quarterly indicators (unless stated otherwise) include:

- In year collection targets (Council Tax, Business Rates & Housing Benefit Overpayments) - Monthly
- Top 20 Sundry Debts outstanding by value reported to JMT (with a progress report if a debt remains outstanding from the previous quarter)
- Sundry Debt value of debts over 90 days to be lower than corresponding point in previous year
- HRA Collection Rates, responsive maintenance, housing voids and tenant satisfaction

The Council recognises that failure to achieve income and collection targets will have financial and service consequences. Performance will be reviewed on a quarterly basis by the Finance Manager, liaising as appropriate with relevant service managers, and this information will be reported as part of the Council's wider performance updates to members.

Where an external agency assists the Council's collection and recovery process it will also be required to produce detailed performance and management information.

10. Stakeholders

The Council recognises that personal indebtedness is increasing and that any debt recovery action can potentially cause distress, particularly where the person has other debts or is on a low income. The Council will make every effort to support customers in managing their Council debts and will engage with relevant welfare and debt agencies where appropriate.

11. Confidentiality

The Council will ensure that all information about a customer's personal and/or financial circumstances is dealt with in the strictest confidence.

12. Review

The Corporate Debt Policy will be reviewed on an annual basis. This review will take account of changes in legislation, service improvements, regulations and wider policy initiatives. Any proposed changes will be discussed with appropriate stakeholders and updated in line with related policies.

13. Segregation of Duties

The Council will ensure that income and debt recovery transactions are governed by robust controls, with clear segregation of duties. Financial decisions will be made by

identified officers and reviewed by appropriate managers. These arrangements will be clearly detailed in relevant service operation manuals and the Finance Rules.

Supporting Policy Documents (not attached)

Appendix B – Council Tax and Business Rates Recovery Strategy

Appendix C – Overpaid Housing Benefit Overview

Appendix D – Sundry Debts Overview

Appendix E – HRA Recovery Strategy

Appendix F – Good Practice Protocol

Appendix G - Equality Impact Assessment Form