

REPORT TO	ON
CABINET	16 October 2019



TITLE	PORTFOLIO	REPORT OF
Standard Financial Statement	Cabinet Member for Community Engagement, Social Justice and Wealth Building	Director of Customer and Digital

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Statutory Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

PURPOSE OF THE REPORT

1. To inform Members of the current information and documentation from the debt advice sector on the Standard Financial Statement (SFS) and on the proposed use of the SFS practices for Council Tax collection.

PORTFOLIO RECOMMENDATIONS

2. That Cabinet notes the Standard Financial Statement guidelines as summarised within this report and contained within **Appendix A**.
3. That Cabinet notes the proposals within this report including the current debt recovery procedures and the recommendation to undertake further work in relation to the Council signing up fully to the Standard Financial Statement code of conduct which is attached at **Appendix B**.

REASONS FOR THE DECISION

4. As part of the council's commitment to reducing the tax burden and protecting the vulnerable it was agreed at Cabinet in July that the Council would review and explore opportunities associated with the collection of Council Tax.

CORPORATE PRIORITIES

5. The report relates to the following corporate priorities:

Excellence and Financial Sustainability	X
Health and Wellbeing	

Place	
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Projects relating to People in the Corporate Plan:

People	
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BACKGROUND TO THE REPORT

6. The Standard Financial Statement (SFS) can be summarised along with some common questions as follows:

- What is the SFS?

The Standard Financial Statement (SFS) is a landmark development for debt advice in the UK which delivers a universal income and expenditure statement, together with a single set of spending guidelines.

The tool is used to summarise a person's income and outgoings, along with any debts they owe. Primarily for people seeking debt advice, the SFS is mainly used by debt advice providers and other relevant organisations.

It provides a single format for financial statements, allowing the debt advice sector and creditors to work together to achieve the right outcomes for people struggling with their finances.

- Who created the SFS?

The Money and Pension Service (MAPS) has a statutory responsibility to improve the quality, consistency, and availability of debt advice services across the UK. As part of this work, MAPS collaborated with representatives from the debt advice and creditor sectors to agree on the best format for a SFS.

- Who are MAPS?

Set up by government, they bring together three respected bodies of financial guidance: the Money Advice Service, The Pensions Advisory Service and Pension Wise into one single organisation - The Money and Pension Service.

To support those struggling with debt, MAPS works with partners to improve the quality, consistency and availability of debt advice. As part of its objective to improve quality and consistency across the debt advice sector, the Money Advice Service facilitated the set-up of the pre-launch Governance Group following a public consultation on the SFS. MAPS also continues to facilitate the ongoing monitoring and development of the SFS with the post-launch Governance Group.

- What are the spending guidelines and how are they calculated?

The spending guidelines are a set of figures derived from Office of National Statistics (ONS) data that provide a benchmark for typical monthly spending based on household composition for certain areas of discretionary household expenditure, labelled in the SFS as 'Flexible Outgoings' and cover the three spending categories as follows:

-Communications and leisure

-Food and housekeeping

-Personal

The spending guidelines are reviewed each year in light of the latest ONS Food and Living Costs survey and the latest inflation statistics. There are no regional versions of the spending guidelines for the SFS. The methodology bases its figures on the UK-wide ONS Food and Living Costs survey, building in household expenditure from a range of household sizes from a variety of urban and rural regions. This gives a representative

set of spending guidelines for use across the UK, though it is acknowledged that geographical factors may have significant effects on household expenditure.

- Are creditors expected to never query, request extra information or audit financial statements?

Based on the SFS principle below, creditors are now expected to never query, request extra information or audit financial statements where expenditure falls within spending guidelines or when advisers provide reasonable explanation for an exceeded guideline(s)?

'A commitment from creditors not to challenge statements where expenditure falls within spending guidelines and to accept advisers' reasonable explanations, unless they have reasonable cause to believe that the customer's income and expenditure statement may be incomplete or inaccurate'.

Where expenditure exceeds the spending guidelines, or is otherwise anomalous, advisers are expected to explain why this is the case. It will then be for creditors to determine whether an advisers' explanation is sufficient to remove the need to seek further clarification before considering proposals. However, the principle articulates the expectation that creditors will not reject or challenge explanations, or seek further clarification unless they believe that it is necessary to do so.

- Is the SFS suitable for someone who is self-employed?

The SFS does not include budgeting categories for business-related expenditure. As business and trading cases can be complex in nature, appropriate clients should be signposted to an adviser with relevant skills.

- Is there a field to record repayment term in the SFS?

There is no field for stating an expected repayment term in the SFS, though commentary should be provided in the comments section of the statement around the appropriateness of any repayment term and its relation to the proposed solution, particularly where the repayment term recommends a long term commitment from the client.

7. The council's existing Council Tax recovery practices/procedures can be summarised as follows:

- The council has previously and continues to practice and implement existing advice and guidelines issued by the debt advice sector.
- The council works closely with Citizens Advice and has been signed up to their Council Tax Arrears Good Practice Protocol since March 2018. Please see **Appendix C**.
- The council signposts customers to other debt advice agencies whenever appropriate.
- The council already has an SFS membership, but it does not commit us to using the SFS. Therefore, the Council may still have access to SFS information and spending guidelines in order to handle customer financial statements from debt advice agencies. If the council did decide to fully implement the SFS internally, it would then be subject to the full SFS code of conduct.
- The council still has a number of trained officers within Gateway who can offer a Personal Budgeting Support service, even though the responsibility and funding for this has now been transferred by the Department for Works and Pensions to Citizens Advice.
- A project group has been established to continually review all policies and procedures surrounding the collection & enforcement of Council Tax (and other

monies owed to the council including Business Rates, Housing Benefit Overpayments, Sundry Debts)

PROPOSALS

8. To continue to work with the Citizens Advice and other debt advice agencies when accessing a customer's financial circumstances and affordability for repayments of Council Tax.
9. To continue to reference and follow the MAPS SFS User guidance and information.
10. To review the existing use of a detailed income & expenditure statement to keep in line with and compare to the SFS spending guidelines e.g. spending guidelines calculator.
11. To develop an improved awareness and the training of staff for the increased use of the SFS within debt advice sector.
12. To undertake further work with a view to potentially fully signing up to the full SFS code of conduct.
13. To continually review and develop South Ribble Borough Council's Corporate Debt Policy to ensure the Council has effective procedures in place for the collection of debts whilst supporting the most vulnerable members of our community.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

14. Previous consultation undertaken in relation to Council Tax administration. Any future changes, such as the full sign up, would be consulted upon.

ALTERNATIVE OPTIONS CONSIDERED

15. Alternative options considered included no change to any current practices.

FINANCIAL IMPLICATIONS

16. Any changes made to the policies/procedures of collection may have a direct impact on the collection rates.

LEGAL IMPLICATIONS

17. The council has a legal duty to recover all monies owed. The collection of Council Tax helps pay for vital public and local services including schools, roads, social care, police and fire service.

AIR QUALITY IMPLICATIONS

18. None

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

19. Introduction of some changes to working practices may prove to be more resource intensive. The overall staffing resources and collection rates would be monitored and may need to be revised.

ICT/TECHNOLOGY IMPLICATIONS

20. Existing software is already accomplished in the processing and administering of relevant customer information and production of documentation.

PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

21. None.

RISK MANAGEMENT

22. The keys risks are managing the Councils reputation associated with the proposed changes and collection rates. A detailed risk assessment will be completed further to agreement to the proposed changes.

EQUALITY AND DIVERSITY IMPACT

23. The relevant Equality implications are ensuring that the proposed changes do not have a detrimental impact on targeted groups. A detailed equality impact assessment will be completed further to agreement to the proposed changes.

RELEVANT DIRECTORS RECOMMENDATIONS

24. This report addresses the challenges for the council in relation to mitigating the risks associated with any changes to the Council Tax Debt Recovery policy and the general collection of Council Tax.

COMMENTS OF THE STATUTORY FINANCE OFFICER

25. Council tax is a statutory charge and also a major source of income to the Council and its preceptors. Therefore the effective collection of Council Tax including the recovery of debt is a key priority. The Council has an excellent record in relation to the collection of Council Tax and officers work with external agencies to assess the financial circumstances of individuals including the most vulnerable members of the community.

26. The report proposes to keep the current procedures under continuous review. Any changes to the Council's Corporate Debt Policy are subject to Cabinet approval.

COMMENTS OF THE MONITORING OFFICER

27. Obviously the collection of Council Tax is a vital function of the council. It is a major source of income not just for us but for the precepting authorities. We must continue to carry out this role as efficiently as possible. What is proposed here should in no way impede that – indeed it may help to improve our processes.

28. A review of the Corporate Debt Policy will of course affect not just Council Tax payers. Member approval would be sought to any amendment of this policy.

BACKGROUND DOCUMENTS

Local Government Finance Act 1992 (as amended)
The Council Tax (Administration and Enforcement) Regulations 1992 (as amended)
South Ribble Borough Council's Corporate Debt Recovery Policy
Cabinet 10th July 2019: Council Tax Support Scheme 2020/21 Consultation
Supportive Council Tax Recovery
Working collaboratively with debt advice agencies

APPENDICES

Appendix A - Standard Financial Statement User Guide
Appendix B - Standard Financial Statement Code of Conduct
Appendix C - Council Tax Protocol

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