

Cabinet

10 February 2026

Corporate Debt and Council Tax Discretionary Policies

Portfolio Holder: Councillor Vince Maple, Leader of the Council

Report from: Phil Watts, Chief Operating Officer

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Summary

This report seeks Cabinet approval for a revised Corporate Debt Policy, updated to reflect changes in practice and new technology. Approval is also sought to a new Vulnerability and Financial policy to support the collection of Council Tax where the taxpayer is experiencing financial difficulty or is vulnerable.

1. Recommendations

- 1.1. The Cabinet is asked to approve the revised Corporate Debt Policy as set out at Appendix 1 to the report, for implementation from 1 April 2026.
- 1.2. The Cabinet is asked to approve the new Vulnerability and Financial Difficulty Policy, as set out at Appendix 2 to the report.

2. Suggested reasons for decision

- 2.1. To support the collection of debt whilst accounting for the financial difficulty and vulnerability of taxpayers.
- 2.2. To promote a one Medway, collaborative approach to holistically support residents when they are challenged with vulnerability and / or financial difficulty and find themselves in debt to the Council.

3. Budget and policy framework

- 3.1. The Local Government Finance Act 1992 states that each billing authority shall collect and levy Council Tax which is payable in respect of dwellings in its area. Medway Council is a billing authority and has a duty to levy and collect Council Tax.

4. Background

- 4.1. Council Tax is a vital source of income for the Council with the proportion of funding increasing over time. It is important that Council Tax is collected efficiently to support the provision of services within Medway.
- 4.2. The regulations supporting Council Tax billing and recovery allows for a variety of methods to facilitate collection and recover arrears. However, when residents fall into arrears, various factors contribute and supporting them is necessary to improve outcomes for both residents and the Council.
- 4.3. In 2022, Cabinet agreed to centralising Benefits and Financial Welfare into one service and over the past 3 years, efforts have been directed into establishing a joined-up way of working with the Corporate Debt team providing a holistic view of the resident's issues and providing effective support.
- 4.4. A key part of this has been a partnership with the Money and Pensions Service (MAPS) which has enabled over 145 council officers to become Money Guiders and given the council access to the Money Advice Network to enable immediate referrals to regulated money advice with no cost to the council or resident.
- 4.5. The Corporate Debt Team uses the LIFT platform to identify cases that require intervention, enabling a data-driven approach to debt recovery. LIFT assists in identifying the risk and likelihood of successful recovery. This ensures resources are targeted effectively and supports fair and consistent decision-making across all debt categories.
- 4.6. The Pathway platform, provided by Ascendant Solutions, uses Credit Reference Agency data and Open Banking insights to assess residents' financial circumstances based on spending patterns. Since December 2025, we have used this tool to categorise residents from financially stable through to those unable to pay priority bills. Using these insights, we have delivered targeted messaging to engage residents who may need support and proactively offered assistance. In addition, the platform provides updated contact address data, which enabled us to reverse £300k of previously written-off debt in 2025/26 by locating residents at new addresses.
- 4.7. Additionally, the Council has its local Council Tax Reduction Scheme (CTR) which enables those on low incomes to access assistance with their Council Tax payments. Alongside the scheme is an Exceptional Hardship Policy which enables residents to apply for additional assistance where a need is demonstrated.
- 4.8. The Vulnerability and Financial Difficulty policy now pulls all of those work streams together in one place to formally adopt these principles and set out expectations of the Council, taxpayers and our partners.

5. Options

5.1. Option 1 – Not adopt the policies

5.1.1. The Cabinet could decide not to adopt the new policies. If that decision is made, the teams within Finance would simply use the regulations and the powers of recovery given within them for the collection of Council Tax. The support listed would remain available however, it would not be collated in a clear format for all stakeholders.

5.1.2. The Corporate Debt policy sets out the approach across the Council. This enables a collaborative approach across all areas of debt which is vital when residents have more than one debt outstanding to the Council. Along with the Vulnerability and Financial Difficulty policy, this will enable early intervention, fair and proportionate recovery methods and provide the additional support that the council can provide.

5.2. Option 2 – Adopt the policies

5.2.1. The Vulnerability and Financial Difficulty policy pulls together all of the work strands within the Council to a formalised policy for Council Tax collection. This provides clarity for all stakeholders and most importantly taxpayers who are experiencing financial difficulty and/or vulnerability.

5.2.2. The Corporate Debt Policy establishes a standard approach to raising and collecting income due to the Council. It explains the principles that should be employed to deal with and prevent debt in the first instance. Further to this it covers how the Council should manage outstanding debt and the support it should provide for residents experiencing financial difficulty.

6. Advice and analysis

6.1. The Cabinet is advised to adopt both policies to support the collection of corporate debt whilst providing support to residents in Medway who are experiencing financial difficulty and/or vulnerability.

6.2. A diversity impact assessment has been completed for both policies and can be found at Appendices 3 and 4.

7. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Failure to identify and support vulnerable customers (leading to harm and regulatory breach)	If we do not undertake the actions within the policies, there is a risk that vulnerable customers	Using the data driven approach to collection alongside the support identified.	CIII

Risk	Description	Action to avoid or mitigate risk	Risk rating
	will not be adequately supported.		
Inadequate affordability assessment leading to unaffordable repayment plans	If we fail to fully assess personal circumstances, there is a risk of the debtor being left with repayments they cannot afford, thus causing further difficulty.	One assessment of income, based on data retrieved from the technology we have available and from the resident directly.	DIV
Harassment/undue pressure through excessive contact	Without a collaborative approach, the debtors could receive multiple notices from the Council.	Collaborative approach through the policies.	DIV
System issues	If the technology we are using fails, that could impact collection.	Regular maintenance, good contract management and a variety of resources used.	CII
Ineffective complaints handling and redress	If the customer feels they are not able to address concerns.	Corporate Complaints procedure, elements of Council Tax have appeal rights through the Valuation Tribunal and recovery through civil court processes.	CIV
Policy drift/unauthorised changes	The policy is not implemented properly or changed by officers.	Monitoring of arrangements to ensure policy is followed, cases coming to panel and learning from complaints.	CIII

Likelihood	Impact:
A Very likely B Likely C Unlikely D Rare	I Catastrophic II Major III Moderate IV Minor

8. Financial implications

- 8.1. Council Tax payments are a key of Medway's budget and therefore ensuring efficient collection is key to maximising income into the Council. However, it is important to support taxpayers who are struggling through support and guidance.
- 8.2. Careful calibration between enforcement intensity, support measures, write-off strategies, and budget provisions ensures debt policies enhance revenue without undermining fairness or financial stability of residents.

9. Legal implications

- 9.1. Council Tax is legislated for within the Local Government Finance Act 1992 and 2012. The Council Tax (Administration and Enforcement) Regulations 1992 governs billing, liability orders, enforcement procedures and penalties. These regulations must be followed when collecting Council Tax, the policies will complement the legal framework to ensure efficient and effective use of statutory powers.

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Appendices

Appendix 1 – Corporate Debt Policy

Appendix 2 – Medway Council Vulnerability and Financial Difficulty Policy

Appendix 3 – Diversity Impact Assessment – Corporate Debt Policy

Appendix 4 – Diversity Impact Assessment – Vulnerability and Financial Difficulty Policy

Background papers

None