

How might the Government more effectively manage the collection of public sector debt?

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Money owed to the UK Government in the form of unpaid tax, benefit overpayment, fines and so on currently stands at over £30 billion. The way in which government accounting operates means that the majority of this £30 billion is already committed through spending plans and, in order to provide cover for it, the Government must either bridge the deficit with further borrowing or make cuts elsewhere.

Therefore the question must be: with all the resource and information available to the government both nationally and locally, why is there such an issue in collecting debt?

A key issue is that debt is spread across government departments and local councils, and debtor data is not effectively shared. This is partly due to restrictions resulting from Data Protection legislation and also a fear that data will become "lost in transit" or leaked to a newspaper, as has happened in the past. Having spoken to many government departments over the past year, the risks – however small – are a significant reason why data is not shared. The impact is that there is no single government view of a debtor.

ID cards aside, one solution to this problem is a system that works as a cross-departmental clearing house for government debtors, providing a collaborated view of all known data about a debtor into a single profile. The effect would be the facilitation of debt collection from the point of view of the collection agency and a reduction in confusion for the customer as they are only contacted once for all their debts. In addition, a single government recoveries' centre would massively reduce the risk associated with transferring and sharing data.

Notwithstanding inevitable privacy issues, the system does have flaws: Who has the highest priority on debtors' money? How would this 'body' be funded? Under whose remit would it sit? However when done responsibly, creating a single view of customers is the logical and sensible step.

