



Government
Debt Management
Function

Government Debt Strategy 2023-26

For the management of
debt owed to government

July 2024 v2.0



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Introduction¹

This strategy has been developed using evidence gathered through the **Fairness in Government Debt Management** call for evidence, and sets out government's approach to addressing the key strategic issues raised.

Input from over **100 experts** across the debt management sector has also been coordinated to collaboratively develop this **Government Debt Strategy** which will be implemented from **2023-2026**.

Views have been brought together from **government** and the **wider debt sector** with the same aim – to further improve how debt owed to government is resolved, enabling **Fair Debt Outcomes for All**.

¹ This strategy applies to debt owning departments and arm's length bodies across government, however there may be some exceptions. Legislation sometimes dictates the way debt should be managed. When implementing this strategy it is assumed that legal and regulatory requirements are always met.



Context

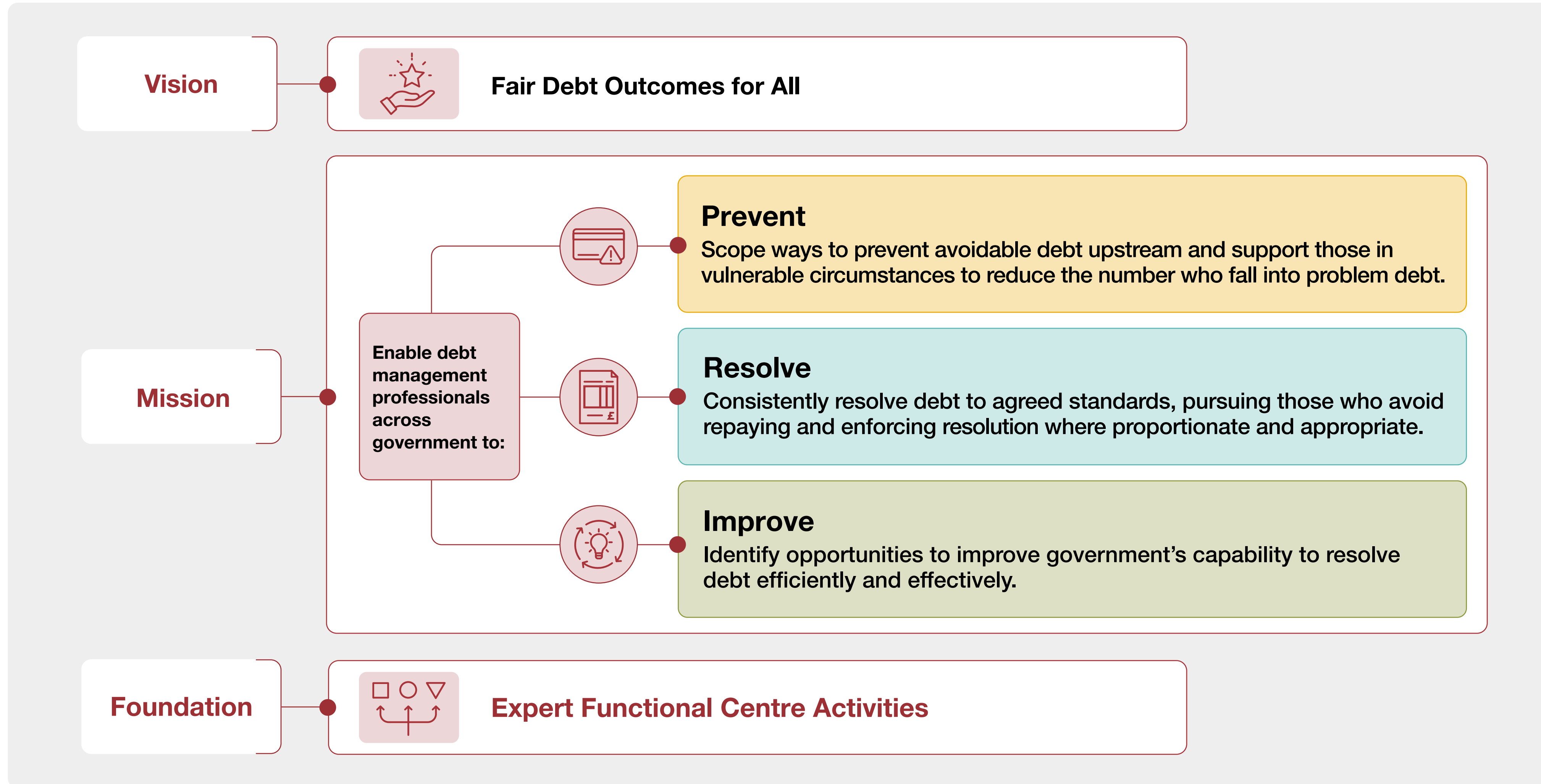
The **Government Debt Management Function (GDMF)** comprises **c8,000 public servants** who work across **20+ ministerial departments** and **Arms Length Bodies**. The function collects tens of billions every year which is used to pay for vital public services that UK citizens rely on, such as health, welfare and education.

The functional centre provides deep expertise and strategic leadership to **improve the management of debt** owed to the government.

The Vision, Mission and Aims set out within this strategy articulate government's ambition to enable debt management professionals across the whole of government to improve debt resolution practices and deliver the right outcomes for individuals, businesses, creditors and taxpayers across the UK.



🔍 Overview of the Strategy



Vision: Fair debt outcomes for all

Debt is important to the way government operates. **Fines** and **penalties** are key to administering justice, ensuring that the UK operates a justice system that works for everyone in society. Debt which has occurred through **fraud** indicates that fraud detection capabilities have been successfully deployed and that fraud has been discovered, calculated, quantified, and is ready to be resolved.

However **avoidable debt**, for example that has occurred through imperfect processes or policies, takes up valuable resources which could otherwise be used to support those with additional needs or to pursue those who willingly avoid repaying what they owe.

Similarly **problem debt**, where someone is unable to afford their debt repayments, can negatively impact an individual's health. This can lead to higher use of public services, such as the NHS, and impacts the public purse.



Mission: Prevent

PREVENT is the first fundamental component of this strategy.

We've set out our collective ambition to prevent avoidable debt through **cross government data sharing** and **improved policy design**. Ensuring the right expertise is sought as new policies and processes are being designed will ensure avoidable debt is minimised wherever possible.

We're also aiming to reduce the number who fall into problem debt by standardising government's approach to assessing affordability, improving the way we identify those with additional needs and ensuring debt communications can be easily understood by everyone.



Mission: Prevent

Scope ways to prevent avoidable debt upstream and support those in vulnerable circumstances to reduce the number who fall into problem debt.

1.1

Consistently assess vulnerability and affordability in line with industry standards.

1.2

Use the Digital Economy Act information sharing powers to identify and pilot data driven ways to prevent problem debt occurring.

1.3

Design avoidable debt out of the system, scoping where debt can be prevented upstream and involving debt experts as new policies and fiscal relief schemes are developed.

1.4

Issue clear and easy to understand communications, using terminology consistently both internally and externally.

Mission: Resolve

The second fundamental component of this strategy is **RESOLVE**.

Delivering the **right outcomes** for indebted individuals and businesses is critical if government is to maintain an effective debt management function in the face of rising economic challenges.

Fraud makes up a shocking **c.41%²** of all crime against individuals in England and Wales with fraudsters willfully and unlawfully creating debt that they have no intention of repaying. We will seek to **expedite resolution of this debt**, minimising the cost to the taxpayer and ensuring a **proportionate approach to criminality**.

It's commonly agreed that successful debt resolution is underpinned by **current, up-to-date data**. Therefore, over the strategy period, we will identify ways to improve data matching across government, leveraging the information already held to resolve debt more efficiently, effectively and fairly. Alongside this we will scope additional ideas for data sharing across **the sector** with the aim of improving the customer journey for both **individuals** and **businesses**.

² NAO report – Progress Combatting Fraud – <https://www.nao.org.uk/reports/progress-combatting-fraud/>

Mission: Resolve

Consistently resolve debt to agreed standards, pursuing those who avoid repaying and enforcing resolution where proportionate and appropriate.

2.1

Ensure steps are taken to identify and, where appropriate, expedite the resolution of debt which has occurred through fraud or other criminal activity.

2.2

Identify opportunities / blockers, and suggest ideas to overcome barriers to data sharing across government and the private sector.

2.3

Inform the deployment of common debt resolution solutions across the whole of government.

2.4

Ensure debt resolution practices, powers and legislation are relevant, fit for purpose and fair.

Mission: Improve

The third component of this debt strategy is **IMPROVE**.

Since the 2018 NAO report “**Tackling Problem Debt**” huge progress has been made in improving debt resolution practices and reducing silos in government debt management. But we can still do more; as the landscape changes practices also need to react, adapt and change.

Our vision is a professional, skilled and innovative Government Debt Management Function, equipped for the future and able to find new ways to solve problems and improve people’s lives. Over the period of the strategy we will help government **recruit, develop** and **retain** debt specialists, leading the sector in ensuring the delivery of high quality debt services.

We will seek to enhance the resolution of debt where the individual or business **sits outside of the UK**, working with international partners to identify and share common practice across government.

This will be underpinned by a comprehensive **review of debt metrics**, ensuring we are able monitor progress in driving the right outcomes for individuals and businesses.



Mission: Improve

Identify opportunities to improve government's capability to resolve debt efficiently and effectively.

3.1 Professionalise government debt management.

3.2 Review debt metrics to ensure they drive the right / appropriate behaviours.

3.3 Develop policies / tools to improve the resolution of debt where the individual or business sits outside of the UK.

3.4 Develop policies / tools to improve recruitment and retention of debt experts across government.

Foundation: Expert Functional Centre Activities

Expert Functional Centre Activities

The Vision, Mission and Aims set out this strategy will be delivered by the GDMF and the functional centre. The following ongoing activities which underpin the strategy will also be delivered by the functional centre:

- defining, establishing and maintaining the cross-government governance and management framework;
- preparing, agreeing and distributing the cross-government debt strategy;
- communicating recommended practice across government;
- developing, maintaining and providing assurance over the **debt functional standard**;
- facilitating debt knowledge networks and user groups;
- providing expert advice and support to organisations; and
- gathering, analysing and reporting key debt metrics.

Implementation

The Government Debt Strategy will be implemented from 2023-2026. Over the period of the strategy the GDMF will work with stakeholders across the sector to meet the aims set out in the strategy. Through this collaboration we can achieve our vision of **Fair Debt Outcomes for All**.

This strategy will be reviewed annually by the functional centre to ensure the vision, aims and objectives are still relevant and fit for purpose. Revised versions of the strategy will be published as required.



Contact details

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