

Tandridge District Council
Corporate Debt Recovery Policy
2020

1. Introduction

- 1.1 The Council raises a significant proportion of its total income through local taxes and charges. These sources of income provide core funding for the Councils services therefore we must adopt a policy to support the maximisation of debt recovery and income collection ensuring that billing, collection and recovery of all sums due are managed in a cost effective, consistent and sensitive manner.
- 1.2 Sums due to the Council can be a mixture of statutory and non-statutory charges. The methods for billing and recovery of statutory debts are tightly prescribed by statute and our practices must take these legislative requirements into account.
- 1.3 Due to differing legislative guidelines for some income streams, it is not possible to have one standard approach for the recovery of all types of debt, and specific arrangements are required to ensure that all client groups are dealt with fairly and appropriately.
- 1.4 This document sets out the general principles Tandridge District Council will apply to debt management across the services we provide.

2. Aims

- 2.1 The aim of this Corporate Debt Policy is to achieve the prompt collection of sums of money due to the Council. It seeks to maximise collection rates whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due. This policy seeks to identify cross over between individual income streams which will support debtors at appropriate recovery stages.

3. Objectives

- 3.1 The objectives of this policy are to;
 - Apply best practice to debt collection,
 - Ensure a professional and timely approach to recovery action,
 - Maximise levels of income collected by the Council,
 - Treat all debtors consistently and fairly
 - Promote a coordinated approach towards managing multiple debts owed to the Council,
 - Ensure that debtors in genuine financial difficulty are supported to claim any benefits they are entitled to and where appropriate are signposted towards free debt advice,
 - Ensure that vulnerable people are supported to manage their financial affairs effectively, including the payment of debt.

4. Guidelines and procedures

- 4.1 Good Practice

The Council's primary aim is to achieve best practice in the collection of debt. To achieve this, it will follow a three-step process as set out below;

1) Issue requests for payment promptly and accurately, providing clear bills, invoices, reminders and recovery notices which show what to pay, when to pay it, how to pay and the consequences of not paying. This first phase includes the issue of the original invoice and two reminders and other attempted contact methods.

2) Instigate legal proceedings promptly where sums due are not paid, ensuring recovery of the full cost of enforcement action from the debtor, avoiding imposing unnecessary or excessive charges.

3) Referral to collection agencies, enforcement agents and consider attachment of earnings/ benefits, special payment arrangements, bankruptcy, liquidation, charging order or Committal to Prison Proceedings. Any legal proceedings will be via the Magistrates Court system.

4.2 Procedure Timeline

4.2.1 The below table sets out the timeline for case escalation:

Action	Timescale
Reminder Letter one	14 days from original invoice
Reminder Letter two	28 days from original invoice
Refer case to Business and Income Team	40 days from original invoice
Business and Income Team to explore appropriate next steps (enforcement agent action or referral for legal enforcement)	50 days from original invoice

All debt collection will follow these timescales unless expressly stated in the contract.

4.2.2 In addition to the three-step process the following principles will also be followed;

- Ensure that all Services and Council Officers co-ordinate to manage multiple debts owed to the Council,
- Respond quickly to notifications of changes in circumstances and applications for exemptions, discounts or reliefs,
- Make it as easy as possible to pay outstanding debts by offering a wide choice of convenient payment options,
- Provide information about discounts, reliefs, reductions, exemptions and housing benefit and encourage the take-up of entitlement,
- Make it easy to contact the Council through a range of options including face to face, by telephone, by e-mail or in writing,
- Respond to all enquiries promptly and courteously,
- Signpost to free sources of independent money and debt advice as well as referrals to an outreach agency,
- Assist customers who have a legitimate dispute against their outstanding liability,

- Be proactive in identifying vulnerable people and provide them with advice and assistance to help them to meet their financial obligation to the Council,
- Wherever possible use the least severe method of recovering a debt (subject to the method realising payment in a suitable period),
- Respect the debtor's privacy by conducting enforcement activity as discretely as possible,
- Keep all procedure notes associated with this policy up to date and relevant.

5. Responsibilities of Debtors

5.1 The Council expects any person or organisation that owes a sum of money to the Council, or should have a liability to pay, to comply with any, and all legal obligations in respect of the liability or potential liability.

5.2 The Council's commitments to a fair debt collection process are set out in this Policy and it is the Council's expectations that those owing sums to the Council will contribute to this process by abiding with the following principles;

- Pay amounts due promptly to ensure receipt by the Council on or before the date that payment is due,
- Follow instructions provided regarding the making of payments to ensure payments are credited correctly against the amount due,
- Inform the Council promptly of any changes to their circumstances that may affect the amount to be paid or the ability to pay,
- Notify the Council promptly if their address changes,
- Contact the Council promptly if it is believed the amount charged is not correct, both where the amount may be too much or too little,
- Contact the Council promptly if they are unable to pay an amount that is due.

6. Arrangements for repayment of arrears

6.1 Anyone having trouble in making payment when it is due is encouraged to contact the Council at the earliest opportunity to discuss repayment options. Contact details can be found on all Council bills, invoices and recovery notices issued by the Council.

6.2 Where contact is made consideration will be given to entering into an individual repayment arrangement based on the debtor's personal circumstances. The Council's staff will seek to obtain as much information as possible about the debtor's circumstances, as considered necessary to make the best assessment of their ability to pay and to determine a realistic payment arrangement.

6.3 More detailed information is likely to be required where the debtor claims to be unable to pay the debt over a short space of time and where the debt will not be repaid in full by the end of the financial year.

6.4 Where a debtor refuses to divulge any information that is considered essential to assessing their ability to pay then it is unlikely that a payment agreement will be entered.

6.5 The Council collects a range of debts some of which have more serious consequences than others when there is non-payment. The following shows the consequences of certain debts. It is the Council's intention that customers should understand these consequences with a view to minimising the effects.

6.6 Priority debts as listed below will be taken into consideration when arranging. External priority debts, i.e., court fines will also be used when agreeing a payment plan with the debtor.

- **Rent arrears** – can result in eviction, removal from the Council's Housing Register and a Money Judgement Order granted by the Court
- **Council Tax** – can result in imprisonment
- **Business Rates** – can result in Business being liquidated, or Bankruptcy proceedings against Sole Traders
- **Housing Benefit Overpayment** – can result in a County Court Judgment (CCJ) being applied for and possible prosecution
- **Business Improvement District Levy (BID)** - can result in Business being liquidated, or Bankruptcy proceedings against Sole Traders
- **Sundry Debts** - can result in a County Court Judgment (CCJ) being applied for
- **Commercial Rent** – can result in loss of possession of the property, a County Court Judgment (CCJ) and/or the Business being liquidated

7. **Prioritisation of Debt Recovery**

7.1 Cases will be prioritised in order of oldest and largest debts. From the outset we will try and engage with the debtor by way of telephone, email, written correspondence or a site visit to structure a payment plan in line with the council's prioritisation of debts in the best interest of the debtor. This may include withholding further recovery action against other debt streams for an interim period.

7.2 Prior legal action being taken to recover a debt, council officers will identify all debts currently outstanding with the council across its databases.

8. **Enforcement Action**

8.1 The appropriate recovery action ensures that the debtor is reminded of the requirement to make a payment as early as possible; allowing them the opportunity to bring payments up to date before the debt increases or more severe action to recover payment is commenced.

8.2 The Council will contact in the appropriate legislative timeline in writing, within the appropriate legislative timescale, any person or organisation that fails to make a payment to inform that the payment is overdue, the payment options available and the consequences of failing to pay. If payment or an arrangement for payment is not made enforcement action will be taken. Debts are covered by different statutory enforcement regulations and different processes are followed, these include but are not limited to, The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989, The Council Tax (Administration and Enforcement) (Amendment) (Wales) Regulations 2014 and DWP Benefit Overpayment Recovery guidelines.

8.3 The legislative guidelines and policy procedures in question are;

- Housing Rents including Former Tenant Arrears
- Council Tax
- Housing Benefit Overpayments
- National Non-Domestic Rates better known as Business Rates
- Business Improvement District Levy better known as BID levy
- Commercial Rents
- Other Sundry Debts owed to the Council

8.4 Debts will be referred to collection agencies where appropriate to do so. The debtor will be made aware of the referral to the collection agency in writing, any further communication will be between the debtor and the collection agency.

8.5 A dedicated webpage will be designed to ensure that debtors have clear and easy access to the information they need when dealing with a bill, invoice or recovery.

9. Vulnerable People

9.1 In general and for the purpose of this policy, a vulnerable person is either a minor or someone who, for physical or mental reasons, is unable to look after themselves or their finances.

9.2 The Council recognises that some members of the community may be vulnerable and therefore may require additional support in dealing with their financial affairs.

9.3 Vulnerability does not mean that a person will not be required to pay amounts they are legally obliged to pay. However, where a person is recognised to be vulnerable consideration should be given to;

- Allowing longer to pay,
- Postponing enforcement action,
- Assisting the person to claim benefits, discounts or other entitlements,
- Referring the person to sources of independent debt advice,
- Providing information in an accessible format,

- A temporary payment arrangement with lower repayment than would normally be agreed.

9.4 The cause of vulnerability may be temporary or may be permanent in nature and the degree of vulnerability will vary widely.

11. Reporting

11.1 No less than monthly aged debt profiles will be provided for review by the Executive Leadership Team and similar debt profiling reports provided to Members on no less than a quarterly basis. Monthly or if necessary more frequent reports are provided to the Finance Business Partners.

12. Roles and responsibilities

12.1 The Business and Income Lead Specialist will have overall responsibility for the implementation, monitoring and review of the Policy.

12.2 The Council's Business and Income Service is responsible for the operational delivery of policy and will assess each case against the relevant criteria. The Council's Business and Income Service will work with customers to resolve matters prior to any enforcement action being taken, this may include but is not limited to payment arrangements, signposting and money advice where appropriate.

12.3 All enforcement proceedings will be confirmed to the customer in writing.

13. Links to other Policies and relevant legislation

13.1 This policy is conducted in conjunction with other Council policies and legislation as listed below:

Income Collection Policy

Write Off Policy

The Council Tax (Administration and Enforcement) Regulations 1992

The Local Government Finance Act 1988

The Housing Act 1985

14. Monitoring, review and evaluation

14.1 Regular monitoring will take place to ensure that the Council is dealing with cases of debt in line with this policy. This policy will be reviewed every two years or in line with legislative or regulatory changes.