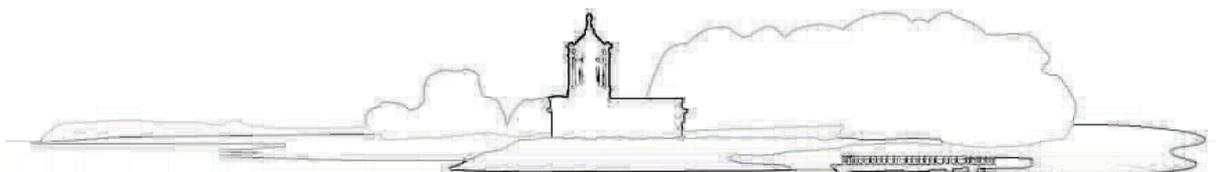


Rutland County Council

CORPORATE DEBT POLICY

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Guardian	Andrea Grinney, Revenues & Benefits Manager, 01572 758 227
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Summary of document

This policy sets out how we will work with customers to collect debt. It details our approach and action we will take to recover debt.

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1.0 Purpose of the Corporate Debt Policy

- 1.1 We have a duty to all residents and businesses to collect all sums due to the Council promptly and efficiently. Delays in collection or non-recovery of debts can lead to higher administrative costs, increased borrowing and potentially reduced resources for the provision of essential services.
- 1.2 We have developed this policy to support the maximisation of debt collection through adopting a fair, proportionate and consistent approach coupled with a firm and efficient manner taking personal circumstances into account.

2.0 Key Principles

- 2.1 We aim to adhere to the following key principles when raising and collecting debt:
 - We will raise debt and collect those due to us in a timely manner
 - We will recover and enforce debts in accordance with relevant legislation and guidance
 - We will make it easy for customers to pay
 - We will encourage customers to contact us as soon as they have a problem with paying a debt
 - We will encourage self-help by signposting customers to advice and support agencies such as Citizens Advice Bureau and online services
 - We will work with customers in debt to set payment plans that they can afford and review payment plans as and when their circumstances change
 - We will explain the recovery process to ensure that customers understand their obligations and what could happen if they don't pay their debt
 - We will take a firm stance when customers evade paying their debt

3.0 Scope

- 3.1 This policy relates to all debts owed to us including:
 - Council Tax
 - Non-Domestic Rates (Business Rates)
 - Overpaid Housing Benefit
 - Accounts Receivable (Sundry Debt Invoices)
 - Commercial Income
 - Ground rent and all other rent
 - Penalty Charge Notices (Parking Contraventions)
 - Adult Social Care charges
 - Green waste collection service
 - Planning and Building Control fees

- Miscellaneous fees and charges

4.0 Definitions

4.1 The following definitions apply to this policy:

- **Debt/Arrears** – a sum that is due to be paid to us, has not been paid and the date on which payment was due has passed
- **Customer/Debtor** – a person(s), organisation or other legal entity that owes a debt to us
- **Recovery Action** – a process that prompts payment; as recovery action escalates it allows us to apply a number of remedies to recover the debt if it remains unpaid. Costs incurred can also be added to the debt
- **Enforcement Action** – An enforcement agent may take control of goods and charge fees that are set out in legislation (previous remedy was known as bailiffs and levying distress)
- **Vulnerable Person** – a customer who has difficulty in paying or dealing with their debt(s) because of their personal circumstances and they require assistance to help them. Further details regarding vulnerability are provided at Section 7.0

5.0 Prioritising debts

- 5.1 There are many types of debt, but those considered as a priority are those owed to creditors who can take the strongest recovery action against debtors who do not pay.
- 5.2 We expect customers to pay their priority debts first in preference to other debts. For example, we do not want debtors to pay off Council debts but leave themselves vulnerable to eviction. We would rather work with customers to see how we can help them to resolve their situation.
- 5.3 Customers who indicate that they have a problem with managing or paying their debts will be signposted to seek debt advice from agencies such as Citizens Advice Bureau.
- 5.4 The table below details the order of priority debt and the seriousness of the recovery action that can be taken. In addition to recovery action, court costs and legal fees can also be added which can increase the debt owed.

Priority	Debt type	Ultimate recovery action
1	Rent arrears	Eviction
1	Mortgage arrears	Repossession and Eviction
2	Council Tax	Imprisonment
3	Business Rates	Imprisonment / Bankruptcy
3	Secured loans	Repossession / Imprisonment

3	Income Tax and VAT	Imprisonment / Bankruptcy
3	Maintenance / Child support	Imprisonment
4	Fines / Compensation	Imprisonment
4	County Court Judgement (CCJ)	Bankruptcy / Enforcement Action
5	Overpaid Housing Benefit	Deduction from ongoing entitlement / CCJ
5	Fuel / Water rates	Disconnection / Enforcement action
5	Hire Purchase	Repossession of item
5	Penalty Charge Notices	Enforcement action
5	Other Council debts	CCJ

5.5 The table below details some non-priority debts:

Debt type	Debt type
Bank overdraft	Money borrowed from family or friends
Store card	Interest free Hire Purchase agreements
Credit card	Mail Order/Catalogue
Unsecured personal loans	Any other debt

6.0 Customer Care

6.1 We recognises that customers can and do experience financial difficulties from time to time and may need additional support or advice.

In order to help customers we will:

- Ask for payment before the service is delivered when possible
- Issue requests for payment promptly and accurately
- Provide bills and recovery action letters in plain language which clearly show what to pay, when and how
- Take recovery action promptly to avoid debts building up quickly
- Make it easy to pay by providing a range of payment methods
- Make it easy to contact us through a range of options including face to face, telephone, email or in writing
- Explain what could happen if the debt isn't paid including costs/fees that may be added to the debt
- Signpost customers to seek debt advice if appropriate
- Respond to enquiries promptly and efficiently in a sensitive and professional way

Customers will be expected to:

- Pay amounts due promptly on or before the date that the payment is due
- Follow payment instructions to make sure that the payment is allocated correctly

- Contact us promptly if a payment can't be made and be able explain why
- Seek advice when signposted to do so
- Be courteous to us
- Be honest
- Be realistic about expectations and what you can afford to pay

7.0 Vulnerability

7.1 We are committed to helping vulnerable customers who are in debt. For the purpose of this policy a vulnerable customer is defined at 4.1 above.

7.2 Vulnerability may be temporary or permanent and the reasons can be wide and varied. The list below is not exhaustive but it describes some characteristics or situations where a customer may be considered to be vulnerable:

Vulnerability	Brief description
Disability	a customer with a physical or mental disability
Learning Disability	a customer with a recognised learning disability
Mental Impairment	a customer with a recognised mental health impairment
Serious illness	a customer who has a serious and debilitating long term illness or medical condition
Terminal illness	a customer who is terminally ill
Low income	a customer who is on a low benefit income or low wage i.e. living in or close to poverty
Recent unemployment	a customer who has been made redundant and has immediate financial pressures and are unfamiliar with claiming benefit
Communication difficulties	a customer who has communication barriers and needs to be supported by translation services i.e. difficulty in understanding English Language
Limited literacy and numeracy skills	a customer who has difficulty in reading/writing and understanding bills and letters
Carers	customers with responsibility for caring for other family members over the age of 18
Care leavers	a young customer under the age of 25 who has left care and is establishing themselves in the community
Domestic abuse	a customer who are experiencing or have recently relocated due to physical, sexual, emotional or violent abuse
Lone parents	a customer who is the sole adult in the household and has a child or children who have difficulty in taking up employment due to their child care commitments

Pregnancy	a woman who is in the late stage of pregnancy (6-9 months) or has recently given birth (birth – 3 months) and is not being supported by a partner
Recently bereaved	a customer who has lost a close relative (spouse, child, parent) within the last 6 months
Older person	a customer who has reached their state retirement age and living on a fixed and limited income
Recently release from prison	a customer who has been released from prison within the last 12 months and is establishing themselves in the community
Addiction/substance misuse	a customer who has an addiction or substance misuse including recovering drug and alcohol users
Indebtedness	a customer with multiple debts and cannot meet their repayment obligations

7.3 Some customers may fall into the above categories and not be vulnerable i.e. an older person may not be vulnerable if they are fit, active, independent and financially secure.

7.4 Vulnerability doesn't mean that we will not collect the debt but we will have particular regard to:

- How vulnerability affects a customer's ability to pay
- If additional help is needed e.g. support to apply for benefits
- Signposting or referral to help and advice
- Offering flexible or lower payment plans whilst help and advice is sought
- The method of recovery action that may be used if it becomes necessary to do so
- Allowing extra time to seek advice and support by postponing recovery action if necessary

7.5 We will work with colleagues (internally) using their professional expertise and experience to tailor any action accordingly or determine whether individuals need further help.

8.0 Help and advice

8.1 We will signpost or refer customers to help and advice services when they indicate that they are experiencing problems with; ongoing benefit entitlement, complex benefit issues, a large debt, multiple debts, tenancy or mortgage debt, inability or lack of knowledge of budgeting.

8.2 In the majority of cases customers will be signposted or referred to Rutland Citizens Advice Bureau. There may be occasions when a customer expresses a preference for a different help and advice service

is another service is more appropriate i.e. Money Advice Service, Christians Against Poverty, Business Debt Line etc. in which case those details will be provided.

- 8.3 Officers will use the Standard Financial Statement; which is a tool used to summarise a person's income and outgoings along with any debts they owe, when assessing a customer's financial circumstances, as this is widely used by advice organisations and will ensure a consistent approach. Further information is available at <https://sfs.moneyadviceservice.org.uk/en/>

9.0 Recovery of Council Tax and Business Rates

- 9.1 This section covers billing, collection, recovery action and enforcement action for Council Tax and Business Rates.
- 9.2 The Council, Rutland Citizens Advice Bureau and our civil enforcement agents will sign up to the 'Collection of Council Tax arrears good practice protocol' - updated and published by Citizens Advice Bureau in 2017 at Appendix A.
- 9.3 We will follow the statutory process for billing and collection of Council Tax and Business Rates and any relevant guidance from central government. Appendix B provides a simple flow chart of the Council Tax recovery process.
- 9.4 We will consider customers vulnerability, if support and advice is needed and the option of payment plans when considering what recovery action to take.
- 9.5 We will consider taking the most appropriate recovery action that ensures the debt is paid in a timely way. We will refer the debt to enforcement agents if we are not able to pursue other options. We will consider:
- what we know about the customer. i.e. if we don't know where the customer works we can't apply for an Attachment to their Earnings
 - their previous payment history, i.e. if we have agreed payment plans in the past and whether or not this has been successful or adhered to
 - their level of communication and cooperation with us i.e. if this has been infrequent or non-existent
 - if the customer has evaded paying or committed fraud
 - their personal circumstances e.g. they are about to start work shortly

- 9.6 We may commence bankruptcy petition or obtaining a charging order on the property, if either of these are suitable. In considering these options we will consider:
- The likely outcome and success of pursuing this course of action
 - The costs for both the Council and the customer
- 9.7 If other options are unsuccessful, we will take action that could lead to imprisonment of the debtor. , At every opportunity the debtor will be encouraged to make a reasonable payment plan with us to avoid committal to prison proceedings continuing.
- 9.8 If a customer is committed to prison the debt outstanding; which is the subject of the committal order, will be written off as it is irrecoverable.
- 9.9 Recovery action can be taken against the person who is liable to pay the bill or anyone who is 'jointly and severally liable' to pay e.g. in the case of joint tenants we could attach the earnings of either debtor, in the case of a business partnership we could petition for insolvency of either partner.

10.0 Recovery of Sundry Debt, Overpaid Housing Benefit and other miscellaneous income

- 10.1 This section covers the billing collection and recovery of all sundry debts, housing benefit overpayments and miscellaneous income.
- 10.2 We will ask for payment 'up front' whenever possible to avoid a debt being created in the first place. e.g. bulky waste collection, green bin collection, room hire etc.
- 10.3 We will follow the legal debt recovery process and any other relevant guidance. Appendix C provides a simple flow chart of the Sundry Debt recovery process and Appendix D provides a simple flow chart of the Overpaid Housing Benefit recovery process.
- 10.4 Payments must be made upfront, where it is deemed uneconomical to raise and invoice for services, due to the low value.
- 10.5 The Budget Manager of the department raising the invoice is responsible for addressing any enquiries relating to the invoice and settling any disputes regarding the invoice. Sufficient evidence and supporting documents must be available to support the validity of the invoice.
- 10.6 In cases of non-payment where services continue to be provided, consideration will be given to suspending or cancelling the service until the debt is paid.

- 10.7 The debt may be referred to a debt collection agency for collection if other options have been unsuccessful or are not suitable.
- 10.7 When recovering overpaid Housing Benefit we will always make deductions from ongoing entitlement when possible and in certain circumstances we can also recover from the landlord.

11.0 Recovery of Commercial Income

- 11.1 This section covers what we call 'Commercial Income' e.g. commercial rents, service charges levied from tenants who rent/lease business units or space from the Council.
- 11.2 We aim to:
- Collect income in the most efficient way
 - Minimise the risk of debt accruing on an account
- 11.3 To achieve these objectives, we will operate as follows:
- Deposits - tenants will be required to provide 3 months deposit in advance which will be non-refundable in the event of damage or unpaid debts
 - Direct Debit - tenants will be required to pay by Direct Debit covering the rent, service charges and all other charges as a condition of their lease
 - Arrears - in the event of an unpaid or recalled Direct Debit, tenants may be evicted in line with their lease conditions
- 11.4 We are committed to supporting local businesses. If a local business is experiencing financial difficulty, we will consider how it can work with the business where possible. Any variation to the usual recovery action must be approved by the Strategic Director for Resources.

12.0 Recovery of Penalty Charge Notices to complete

- 12.1 This section covers Penalty Charge Notices (PCN)
- 12.2 We will follow the statutory process and operational guidance for recovering unpaid PCN's. Appendix E provides a simple flow chart of the recovery process.
- 12.3 The Parking Services Manager may consider representation from debtors who present extenuating circumstances. The Parking Services Manager will consider the circumstances and if upheld then the debt may be reduced or remitted in full. Each case is considered on its own merits. The debtor will be expected to co-operate and provide evidence when requested.

- 12.4 In some cases debtors do not make their representation within the statutory timescales. Again these representations will only be considered if there are extenuation circumstances or the representation is approved by senior management.

13.0 Payment Plans

- 13.1 Wherever possible customers are encouraged to contact us at the earliest opportunity to discuss payment of their debt. We can then consider the customers circumstances with an aim to agreeing a payment plan that avoids further recovery action being taken.
- 13.2 Customers will be required to fully co-operate with us and provide information when requested and to seek debt advice if signposted to do so.
- 13.3 When considering payment plans the following will be taken into account:
- Full payment will always be requested. However, if full payment is not possible a payment plan may be agreed, in most cases the debt should be fully paid up before the end of the financial year to which it relates.
 - Payment plans that go beyond the end of the financial year will only be made in exceptional circumstances, i.e. if the customer is vulnerable and an assessment of the customer's ability to pay has been undertaken by a debt advice agency or an officer using a Standard Financial Statement (SFS) provided by the Money Advice Service.
 - Payment plans should start with an initial payment being made within one month of the date of the agreement.
 - Payment plans may be conditional i.e. the customer will be expected to seek debt advice and provide evidence of this upon request.
 - Payment plans will be reviewed regularly (i.e. every 3,6,12 months) with an expectation that the customer is able to increase their payments as their personal circumstances improve.
 - Payment plans will not automatically prevent us from taking further recovery action to secure the ongoing recovery of the debt or prevent us from adding costs i.e. to obtain a Liability Order or CCJ.
 - Payment plans may be refused if we are likely to obtain a higher repayment from an attachment of earnings or benefits.
 - Payment plans may be refused if we have reason to believe that it will not be adhered to. i.e. the customer has a history of failed payment plans, the payment plan is unrealistic and will not clear the debt in a reasonable time.
 - Payment plans may be refused if the customer has sufficient assets which could be used to pay the debt but the customer is unwilling to do so i.e. savings or investments.

- Payment plans will usually be confirmed in writing so that the customer clearly understands, how much to pay, when payment is due, how to pay, the review date, and if there are any conditions attached.
- The customer is responsible for making their payments on time, reminders will not be issued.
- If the customer has an unexpected change of circumstances and can't make a payment on time, they should contact us immediately to explain the reason why. We will consider the customer's circumstances and may review or cancel the payment plan depending on; the reason, previous payment history, the amount of debt owed, any conditions attached being met.
- In the event of failure to pay, the payment plan will be cancelled and recovery action will commence or continue as previously notified without any further notice.

14.0 Omission, Evasion and fraud

- 14.1 Occasionally customers don't tell us about a change in their circumstances promptly i.e. an omission e.g. an award of Attendance Allowance that affects the financial assessment for care fees or another adult moves into a taxpayer's property that removes the single person discount for council tax. In such cases we will backdate the change to the actual date of the change which can increase the amount of a debt or create a new debt. We will consider how we recover the debt having regard to the individual's circumstances and why the omission occurred.
- 14.2 Evasion of payment and fraud reduces the financial resources available to us and has a direct impact on all residents and businesses that rely on us for their services. Evasion and fraud will not be tolerated and where identified we will take robust enforcement action to recover the debt as quickly as possible and may seek to impose further penalties or sanctions as the law allows.
- 14.3 If a customer vacates and doesn't provide us with a forwarding address we will try to trace them which may include the use of external specialist tracing agencies. If we are not able to trace debtors we will continue to take recovery action by issuing documents to their last known address.

15.0 Review and continuous improvement

- 15.1 We will follow best practice when recovering debt and have regard to good practice guidance issued by central government and other recognised organisations, e.g. Chartered Institute of Public Finance and Accountancy, Institute of Revenues, Rating and Valuation, Ministry of Justice, Local Government Ombudsman.

- 15.2 The Policy may be reviewed from time to time and refreshed as appropriate. Minor changes will be approved by the Assistant Director-Finance in conjunction with the Portfolio Holder for Resources.

16.0 Measuring Performance

- 16.1 We aims to collect debts in a timely and efficient manner, this is essential to enable us to deliver services to residents and businesses. We will measure our performance using performance indicators. Key performance indicators are reported to Members quarterly and published on our website.
- 16.2 Collection rates and levels of debt will be reported to members annually.

17.0 Complaints, disputes and mistakes

- 17.1 We recognises that mistakes in the billing, collection and recovery of debts can cause distress to customers and our aim is to get it right first time. If a genuine mistake is made and brought to our attention we will put it right and apologise. We will look at our processes to see if we can prevent the same mistake happening again.
- 17.2 Disputes raised by customers about matters covered in this policy will be investigated and responded to by a senior officer.
- 17.3 Complaints raised by customers about matters covered in this policy will be dealt with in accordance with the Councils Compliments, Comments and Complaints Policy.

18.0 Provision for Write off

- 18.1 Every effort will be made to collect debts, however in some circumstances it may be necessary to write off a debt if it becomes irrecoverable. e.g. the debtor is made bankrupt or small balances that are uneconomical to pursue.
- 18.2 Our Financial Standing Orders make provision for the Section 151 Officer to write off debts to a specified level, debts above this level require approval by Cabinet. A report detailing such debts is taken to Cabinet annually.

19.0 Data Protection

- 19.1 The Council will comply with the General Data Protection Regulations, further details are available on our website.

**A large print version of this document is
available on request**



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