



Corporate Debt Policy

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1. Policy Vision & Objectives

1.1 The vision of corporate debt management for the Council is:

“To maximise the amount of collectible debt through the efficient collection of income within a framework of customer care and client sensitivity.”

1.2 The policy encompasses the following objectives:

To balance the effective collection of monies owed to the Council by adopting a holistic approach to the recovery of debts. The framework recognises the importance of helping people in debt to maximise their income and manage their financial affairs through both internal officer support and independent external partners and agencies.

2. Policy Aims

2.1 The key aims of this policy are to:

- Ensure a professional, consistent, and timely approach to recovery action for all the different types of debt owed to the Council.
- Fully consider the customer’s circumstances and ability to pay and so distinguish between those who won’t pay and those who genuinely can’t pay.
- Cost effectively pursue all debts ensuring that those with the means to pay do so.
- Promote a coordinated approach towards sharing debtor information (in line with relevant Data Protection legislation and GDPR) and managing multiple debts owed to the Council effectively.
- To administer an efficient debt collection process that is organised such that responsibilities are clearly defined, and processes are well understood and documented.
- To ensure that all amounts due are collected according to the agreed payment criteria and encourage payment by the most efficient method.
- To identify high risk customers e.g., those impacted by welfare reform changes, who are most likely to get into financial difficulties and to take proactive action to safeguard future revenue income and establish satisfactory payment arrangements.

- To treat individuals consistently and regardless of age, gender, disability, or sexual orientation and that an individual's rights under Data Protection and Human Rights legislation are protected.
- Notwithstanding the above, consider each individual's circumstances particularly if they are vulnerable, when deciding on the next course of action

Defining vulnerable

There is no legal definition of a vulnerable person, but the National Standards for taking control of goods says this could include:

- older people
- mental health issues
- disabled people
- the seriously ill
- the recently bereaved.
- single parent families
- pregnant women
- unemployed people
- those who have obvious difficulty in understanding, speaking, or reading English.

The list is not exhaustive, and cases will be considered on a case-by-case basis.

3. Responsibilities

3.1 The Strategic Director of Finance and Governance has a statutory responsibility for the efficient administration of the Council's financial affairs and to protect the Council's financial position. Consequently, all officers must comply with this policy. The policy principles set out below represent the standards that shall apply to all income collection systems throughout the Council.

3.2 Strategic Directors, Assistant Directors, Managers and Team Leaders who deal with the recovery of debts owed to the Council are all responsible for the operational delivery of this policy and the associated procedures. This includes responsibility for monitoring and reviewing, staff awareness and training, policy development and communication.

4. Legal Framework for Recovery

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| Council Tax: | Local Government Finance Act 1992 The Council Tax (Administration and Enforcement) Regulations 1992 (as amended) |
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|---------------------------------|---|
| Housing Rents: | Housing Acts Landlord and Tenant Acts |
| Housing Benefit: Overpayment | Social Security Administration Act 1992 (Housing Benefits) Local Authority Financial Regulations The Housing Benefit and Council Tax Benefit (Decisions and Appeals and Discretionary Financial Assistance) (Consequential Amendments and Revocations) Regulations 2001. Section 123 of the Social Security Administration Act 1992. Section 134 of the Social Security Administration Act 1992 (Housing Benefit) Section 139 of the Social Security Administration Act 1992 (Council Tax Benefit) Sections 130, 131 of the Social Security Contributions and Benefits Act 1992 The Housing Benefit (General) Regulations 1987 – and subsequent varying regulations The Council Tax Benefit (General) Regulations 1992 – and subsequent varying regulations Housing Benefit (Recovery of Overpayments) Regulations 1997 Social Security (Overpayment and Recovery) Regulations 2013 |
| NNDR: | Local Government Finance Act 1988 The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 |
| Sundry Income: | Local Government Act 1972 Accounts and Audit Regulations 1996 |
| Penalty Charge Notices: | The Traffic Management Act 2004 The Road Traffic Regulations Act 1984 The Nuneaton & Bedworth Off-Street Parking Places (No 2 Order) 2011 |
| All Services: | The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 Insolvency Act 1986 |

5. Corporate Debt Framework

- 5.1 The Council has a duty to recover outstanding debts but must ensure that its policies and procedures are fair to everyone. The Council has, in line with best practice, developed a corporate framework for debt recovery that provides a consistent approach across the Council.
- 5.2 With the changing situation of more people having to pay council tax and more customers finding themselves in a multiple debt situation (either to the Council or other creditors) due to the impact of welfare reforms and/or low income, the Council regularly reviews how we need or can better support those customers in debt in terms of delivering and/or facilitating real “hands on” support.
- 5.3 This updated framework relates to the following types of debt (although this list is not exhaustive):
- Council Tax – the charge payable on all domestic properties.
 - Business Rates – the charge payable on all commercial properties.
 - Housing Rents and Former Tenants Arrears – the charges levied on Council owned properties and garages.
 - Temporary Housing costs
 - Overpayment of Housing Benefit – this occurs when benefit is paid, and the claimant is not entitled to some or all the Housing Benefit that has been given.
 - Sundry Debts – the fees and charges made for a wide and varying range of Council services including leaseholder service charges, rechargeable repairs, and court costs.
 - Penalty Charge Notices.
- 5.4 Any money due to the Council contributes to services delivered by the Council for residents of the Borough and Warwickshire.
- 5.5 This framework will help us to achieve the collection of these monies and align to the Councils wider financial inclusion commitments to improve the help and advice available for residents to manage their Council bills, including access to services, money management information and digital support.
- 5.6 This document is supported by more detailed procedural guidance for staff, which are regularly reviewed and monitored to ensure they are consistent and timely in application for recovering monies.

6. The principles of good practice

- 6.1 It is recognised that people do not pay their Council bills in a timely way for a variety

of reasons. Some people will have genuine difficulty in paying and if this is the case, we will make every effort to help those who engage with the Authority to minimise the impact of debt on them by referring them to the Financial Inclusion Support or Tenancy Support Officers. Others may deliberately set out to delay or not make payments. In all cases appropriate methods of enforcement will be used to secure payment.

6.2 The Council is committed to following these good practice principles to assist the statutory debt recovery processes:

- Accurate and prompt billing will take place.
- A range of payment options will be available.
- Agreement of affordable repayment arrangements for those customers experiencing financial difficulties.
- Advice on ways to reduce bills and maximise income such as applying for a Hardship Payment or Discretionary Housing Payment.
- Referral to the Citizens Advice Bureau for advice on other benefits, e.g. Universal Credit
- Access to advice and information will be provided at every stage of the collection and recovery process and will be available online.
- Appropriate and proportionate recovery action will be taken.
- There will be a regular and realistic review of doubtful debts.
- Good customer care is a minimum expectation.
- Efficiency and cost effectiveness must be demonstrated.
- Partnership arrangements and secure referral systems will be in place.
- Timely monitoring and reporting of performance will be undertaken.

How we will deliver on these commitments is outlined in the remainder of this document.

7. Accurate and prompt billing

7.1 For the policy to be effective we will ensure that:

- accurate and clear bills are produced promptly, and e-bills will be available where requested.
- a prompt response is made to changes in circumstances and applications (for example exemptions, discounts, and reliefs).
- prompt and accurate delivery of benefit award entitlements is in place.

7.2 The information provided on the bill will be clearly written, without the use of jargon (except where statutory wording is prescribed) and will show:

- what the bill or liability is for.
- the amount due and, where appropriate, the instalment amounts and payment due dates.
- how to make a payment with bar codes used where possible on letters.
- a contact point for enquiries - including e-mail and website details.

In the case of Housing Benefit Overpayments, we will also provide:

- the amount of deduction from future benefit – if the overpayment is to be recovered this way.
- the person's right to request a written statement and the timescale for this.
- confirmation that Underlying Entitlement has been discussed (a method in which to reduce the overpayment)
- the person's right to appeal and the timescale for this.

8. A range of payment options

8.1 It is acknowledged that the easier it is to pay, the more likely it is that payment will be made. We will provide a choice of convenient methods of payment for bills and invoices and details of these options will be advised on each bill.

8.2 The range of payment options, dependent on debt type, currently includes direct debit on a variety of dates, cash at post offices, banks, Pay Zone outlets, or debit/credit card (which can be made 24 hours a day, 7 days a week using the automated telephone line or website).

8.3 We will provide information on outlets where payments can be made via our website and documentation. Wherever possible, Housing Benefit Overpayments will be recovered from ongoing benefit entitlement.

8.4 In all cases we will actively encourage people to contact us early if they are in arrears.

9. Affordable repayment arrangements

9.1 We recognise that people do not pay their debts for a variety of reasons. Some customers will have difficulty in paying and we recognise the need to agree payment arrangements that reflect the ability to pay as well as the level of debt owed.

- 9.2 By enabling people who fall into arrears to come to payment arrangements appropriate to their circumstances, we can help to reduce the risk of further action and unnecessary additional costs becoming payable. For example, making Council Taxpayers aware of their statutory right to pay over 12 monthly instalments as opposed to 10 with no penalty added.
- 9.3 We may require customers to complete an income and expenditure form and to provide documentary evidence to help us to assess their circumstances and confirm details before we can agree an arrangement especially where additional time to pay beyond the statutory period allowed is made, or payment will exceed a financial year end.
- 9.4 Where customers fail to make contact or fail to maintain arrangements, recovery action will escalate accordingly.
- 9.5 Computer systems, processing and information about outstanding debts will be available to all members of the Revenues and Benefits Services, Housing Services and Customer Services Team, in order that we can adopt a coordinated approach to payment arrangements, particularly for multiple debts.
- 9.6 If it is identified as part of this process that a resident requires additional support to pay their Council bills then a referral will be made to the Financial Inclusion Support Officers (or Tenancy Support Officer if a Council Tenant), to assess what support, if any, can be offered.

10. Advice on ways to reduce bills and maximise income.

- 10.1 We welcome the involvement of welfare agencies in connection with recovery of debts and recognise the benefits that these organisations can offer both the customer and the Council in helping customers prioritise debts and maximise income. We will continue to work with such agencies whenever possible.
- 10.2 We also recognise the importance of providing financial inclusion awareness training to all our staff involved in the recovery of debts as well as having dedicated officers to assist residents with money management help and support.

This enables us to:

- provide 1-2-1 help and guidance to those customers identified as requiring urgent assistance with their money issues.
- inform customers of their entitlement to Housing Benefit and council tax support, discounts, reliefs, and exemptions.
- inform customers of the general availability of other income related benefits such as Job Seeker's Allowance, Child Tax Credits, Working Tax Credits,

Pension Credit or Universal Credit.

- direct customers for help and advice on all potential state benefit entitlements
- direct customers who need help and advice on money management matters to Citizen's Advice Bureau or online Government sponsored support sites.
- inform customers who are at a serious stage of recovery to seek independent help and advice from appropriate organisations.

11. Access to advice and information at every stage of the collection and recovery process

11.1 Keeping our customers informed about the recovery process, the consequences of not making payments and where they should go for help and advice if they do not wish to discuss the matter directly with the Council is important.

We will:

- invite and encourage customers to contact us as soon as they begin experiencing difficulties paying their accounts.
- ensure that advice and information given to customers by members of staff is consistent and that customers are treated fairly and equally.
- keep customers informed of the action being taken at each stage of the recovery process and of the sanctions that will apply if non-payment continues.
- provide documents in large print when requested.
- assist customers with language difficulties by offering a translation service where appropriate.
- ensure that all documents use plain English.
- provide clear information on payment methods on all documentation.
- advise customers where to get help and advice about benefit and money matters via letters and links to our website.
- ensure that members of staff providing advice at the Magistrates' Court have access to account information.
- maximise personal phone contact with customers by experienced Council officers during normal office hours.
- provide facilities to enable customers to discuss their debts in a confidential manner.
- make notes on our online systems of all contacts made.

11.2 In addition to the information shown on bills and invoices, we will also provide the

following information via the Council's website:

- a system to enable customers to receive council tax and business rate bills electronically.
- on-line forms (for example applying for benefits, notifying of change of circumstances, etc.) and links to benefit information.
- general information about debt recovery, housing benefit, council tax, business rates and sundry debts
- access and signposting to appropriate help and advice

11.2.1 Where possible we will also periodically update our records from information held by the CRM or Enforcement Agents website of contact details such as telephone numbers and email addresses to provide as many ways as possible to contact customers direct.

12. Appropriate recovery action is taken.

12.1 We will follow the principles of enforcement outlined below:

- our action will be **proportional** – we will strike a balance between the potential loss of income to the Council and the costs of taking a course of action.
- our approach will be **consistent** – with the aim of achieving consistency in the advice we give, the use of our powers and in the recovery procedures we use.
- our actions will be **transparent** – to help customers to understand what is expected of them and to explain the reasons for taking any recovery/enforcement action.

12.2 We will always seek to make realistic arrangements for customers to clear outstanding debts by regular payments wherever possible.

12.3 Provided an offer of payment is reasonable (this will have regard to the permitted deduction level possible under an attachment of earnings order or attachment of benefits) and fairly reflects the individual's income and expenditure, the mutually agreed arrangement will be accepted, and further enforcement action will be suspended. The exception to this approach will be when the case has been referred to our Enforcement Agents or if the debt is subject to a Court Order.

12.3.1 The arrangement where possible will seek to recover all monies within the financial year in question. An early review date of the arrangement will be agreed to review

the situation if this is deemed appropriate.

- 12.5 This policy is in the spirit of a “firm but fair” approach to debt recovery and helps distinguish the genuine “can’t pay” customers who the Council is keen to help manage their debt from the “won’t pay”. The success of this framework is dependent upon the commitment of those who “can’t pay” maintaining contact with the Council and advising of any unexpected situations that will prevent them from meeting their agreed repayments.
- 12.6 Any reminders we issue will convey a willingness to discuss matters with customers and encourage them to make contact if they cannot pay as advised. They will also make the customer aware of the consequences of failing to pay or keeping to arrangements.
- 12.7 If a customer fails to make contact or maintain arrangements, we have a duty to collect what is due and will use all legal means available to recover debts. This includes:
- attachment of earnings
 - deduction from benefits
 - enforcement agent action
 - debt collection action
 - blameless tenant recovery
 - possession proceedings
 - county court proceedings
 - charging orders
 - Insolvency proceedings including bankruptcy and winding up
 - committal to prison proceedings
- 12.8 Some of these methods of recovery may incur additional costs that will need to be passed on to the debtor.
- 12.9 Whilst we will seek to recover monies due within the financial year in question, in cases of genuine financial hardship, this may be unrealistic and therefore the Council will negotiate repayment levels that consider individual financial circumstances and accept that for appropriate cases payment arrangements may fall into the next financial year. This will involve completion of an income and expenditure form and will require the debtor to agree to be referred for money management advice and assistance were considered appropriate. Use of a common income and expenditure form with standard thresholds, for money spent on housekeeping, utility bills etc., according to family size, will be used wherever possible by internal Council Departments.

12.10 The authorisation levels for write off are:

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| • Up to £10.00 | Revenues and Benefits/Housing Team Leaders |
| • Up to £1,000.00 | Revenues and Benefits/Housing Managers |
| • Up to £5,000.00 | Assistant Director of Finance/Housing |
| • Up to £7,500.00 | Strategic Director of Finance & Governance |
| • £7,500.01 and above | Single Member Decision |
| • Any Insolvent | Assistant Director of Finance/Housing |
| • Deceased | Assistant Director of Finance/Housing |
| • Statute Barred | Assistant Director of Finance/Housing |

12.10 Where there is insufficient income available to clear all debts, payment will be appropriated in the following order except in exceptional circumstances: -

- Housing Rent.
- Housing Benefit Overpayments
- Sundry Income
- Council Tax
- NNDR

12.11 Where contact or payments are not made for sundry debts, we will suspend any non-statutory services.

12.12 Despite our procedures for recovering debts, there are always cases that may be deemed impossible or not cost effective to pursue. There are a variety of reasons this might happen, these include:

- The amount outstanding is below an agreed lower limit.
- The customer has left an address and we are unable to trace them.
- The customer has died and there are not sufficient funds from their estate to pay the amount owed.
- The customer is bankrupt or if the company is insolvent (however we do submit a claim in bankruptcy and any payments received from the receiver are credited to the account accordingly)
- It is uneconomical to pursue the debt due to health, or financial reasons. In determining “uneconomic”, account must be taken of the overall impact on the Council of non-pursuit of that debt including the likelihood that other customers may then also choose not to pay their outstanding debts. We will use write off as a final option where there is no realistic chance of recovery, and it is considered inappropriate to use other methods of recovery.
- Statute barred – An invoice is irrecoverable if six years have elapsed from

the date of the invoice, date of service or last payment date, whichever is the later. If the debtor acknowledges the debt the six years runs from this date. All debts, which are statute barred, will be processed through the agreed write off procedures as irrecoverable.

- Inability to pay – if after all attempts to help a customer meet their payment obligations such as through providing budgeting advice there is still an inability to pay some, or all their debt then write off may be considered. However, this will be the extreme exception and will only be made after working with the customer to find an alternative solution.

12.13 We will monitor all outstanding debts to ensure that they are recoverable and will take prompt action when irrecoverable debts are identified to write them off in accordance with our financial regulations. This includes an appropriate level of authority that has been delegated to officers for write off purposes and will ensure recovery action is proportionate to the level of the debt due.

12.14 The formal 'writing off' of any debts will not rule out recovery action being taken in the event that a customer's circumstances change.

13. Customer Care

13.1 In order to provide good customer care we will:

- ensure that debts are collected in an efficient and empathetic way.
- provide advice and guidance on ways to reduce bills and maximise income.
- advise customers on how to complain/appeal if they are unhappy with the service they have received.
- encourage constructive comments from customers about how we can improve our services.
- ensure that services are accessible, including making services physically accessible to people with disabilities.

13.2 Customers will be provided with the contact details of the originating department on any invoices, recovery notices or letters issued in order that they have access to officers with detailed and specific knowledge of the goods and/or services always provided.

13.3 Offices will be available to take customer queries by telephone between 9.00am to 5.00pm Monday to Friday, and a face-to-face appointment can be arranged if required. Email contact and relevant information will be available at all times via the Councils website.

- 13.4 All customers will be encouraged to take ownership of their financial affairs. Whilst it is not the role of the Council to provide a debt counseling service, where customers are facing clear financial hardship, a referral may be made to the Council's Financial Inclusion Support Officers, or they will be made aware of external debt counseling services provided by the Citizens Advice Bureau and other information on how customers can get help and advice with debt online. This will also include information on help that can be received from utility companies in paying their debts to those companies.

14. Efficiency and cost effectiveness

- 14.1 We will seek to ensure that our recovery and enforcement activities are delivered in the most efficient and cost-effective manner. This will include the use of external suppliers of services such as civil enforcement agents and the use of specialist suppliers of other recovery and legal services such as instigating insolvency proceedings and charging orders.
- 14.2 The use of civil enforcement agents and any other debt collection agency will be conducted in accordance with the Council's procurement policy, and they will adopt practices and policies that reflect the total value of debts owed and collect monies in line with agreed protocols with the Council.
- 14.3 We will seek to maximise the use of technology to improve efficiency and ensure the most up-to-date information is available online where possible to both the Council and our external agents.

15. Partnership Arrangements

- 15.1 Relationships with partner organisations are a key component in any Corporate Debt Framework. The Council's resources and debt counseling skills are limited, and it is unable to assist all individuals who have significant and complex multiple debt problems. In response to this, the Council has a relationship with the Citizen's Advice Bureau as well as other complimentary partners coordinated via its involvement with the Northern Financial Inclusion Partnership and will introduce procedures for referring customers for debt counseling and wider personal support in these situations.

This will involve:

- Developing a comprehensive online referral claim form, improved income and expenditure form, a multiple debt referral form and comprehensive website that includes signposting to other debt related sites and charities. This is used by front line staff to advise and refer customers for help and advice and has recently been developed to enable self-referral.

- Working with Act on Energy to help address fuel poverty and Severn Trent to promote greater awareness of water schemes available to people.
 - The Councils Financial Inclusion Support Officers undertaking targeted campaigns with those affected by some of the welfare reforms i.e., Benefit Cap.
 - Shared management arrangement with North Warwickshire BC to share key officers, and Financial Inclusion expertise to maximize capacity and to develop common approaches and policies.
- 15.2 In a more proactive way, the Council also works closely with its Civil Enforcement Agents ensuring that they operate within the Council's Code of Practice and deal with cases sympathetically, including returning sensitive cases to the Council for action.
- 15.3 Civil Enforcement action will continue to be monitored to ensure compliance to the contract. Our relationships with both our Enforcement Agencies Bristow and Sutor and Jacobs are continually developing to ensure close working partnerships.
- 15.4 The introduction of a new contract and the development of these partnerships has drawn on best practice and procedures implemented over several years and compliments other Council policies such as the Rent Arrears Policy and Discretionary Council Tax Policy ensuring customers are dealt with in a fair and consistent way.
- 15.5 Our ongoing activities help to promote positive engagement with the public around providing advice on all types of welfare benefits, improving access to benefits information, and promoting more effective and joined up working relationships with external advice agencies. Work also continues alongside the Job Centre Plus to prepare those impacted by universal credit as well as other Councils across Warwickshire.

16. Monitoring and Reporting

- 16.1 We will monitor our policies and procedures to ensure that they are effective. Monitoring will include:
- quality checks on work processes to ensure fairness and consistency.
 - audit and quality checks on work processed by individuals.
 - rate of collection – to identify our performance against the monetary measures set for the collection of debts.
 - regular benchmarking with other Councils

- number of cases at each stage of the recovery process
- a review of trends and changes in recovery action
- complaints received – to assist us with making service improvements.
- Regular reporting to the Councils Management Team and Members regarding collection performance.

17. Review of this framework

17.1 The Council is committed to continuous improvement and so it is inevitable that new approaches and ways of working will be introduced. This framework will be reviewed as appropriate (no longer than every 2 years) to enable it to be updated where necessary and to consider any service improvements or changes.