

# WILTSHIRE COUNCIL

## CORPORATE DEBT RECOVERY POLICY

### 1. Introduction

The Council raises a significant proportion of its total incomes through local taxes and charges, and it is essential that every effort is made to recover all amounts due to it.

The Council will always seek to recover monies outstanding in respect of debts owed through the use of the most cost effective and efficient methods, and will attempt to recover amounts due as quickly as is practicably possible in order to minimise the risk to the reputation of the Council and its financial well being and avoid the potential for “bad debts”.

However, the Council also has wide ranging social responsibilities. 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.

In some cases more than one debt may be owed to the council by an individual or a number of individuals within a household. This policy sets out how the council will approach debt recovery, having regard to minimise arrears and at the same time not cause undue hardship or consequences to the debtor as a result of the overall approach to a multiple debt. The policy sets out the way in which the council prioritises one debt over another.

### 2. Categories of debt

There are a number of themed areas for which the Council has responsibility, and each of these is likely to generate debts of a specific type:

- Council tax
- Business rates (NNDR)
- Housing benefit (overpayments)
  
- Council House rents
- Service charges
- Recharged costs for repairs to council housing
- Leases
  
- Adult social care
- Homelessness (cost recovery)
- Rents for temporary accommodation
- Care connect charges
- Housing related support

- Car park incomes and fines
- Leisure and cultural service incomes
- Library services
- Education (schools and adult education)
- Trade waste
- Passenger services
- Licensing fees
- Leases on mobile home parks and gypsy and traveller sites
- Property lettings
- Other miscellaneous debts

Clearly each of these services have specific characteristics, and incomes generated through their provision may arise from either statutory or discretionary powers. Advice will be taken from the departments raising each specific type of debt, where appropriate.

The approach to debt recovery also differs and for council tax and non-domestic rate recovery and rent arrears the process is determined by statute. Furthermore debt types are also clearly differentiated by other factors such as the Council's social responsibilities towards the vulnerable or disadvantaged groups; and so this guidance has been developed to ensure that all staff involved in recovery action have clearly defined procedures to follow for each debt type.

The guidance outlines procedures and anticipated recovery cycles to ensure that a consistent approach to debt recovery is taken across the Council's area of operation.

It is also designed to provide a clear framework for recovery staff, and information to both debtors, and to any advisory agencies acting on their behalf.

### **3. Initial recovery**

As stated above, the Council has a number of varying "themed" income streams and the debt recovery process is different for each. Each is subject to its own policies and guidelines set out in other documents, however, as a general guide the miscellaneous (non-statutory) income streams will follow time lines set out below:

- The first reminder will be issued 30 days after the invoice.
- A final notice warning of court action will be issued after a further 14 days have elapsed.
- Accounts Receivable will then seek clarification from the initiating department whether there are valid reasons for non escalation of recovery action, requiring a response within 14 days.
- Contact may be made by telephone
- If there are no valid reasons for non payment, escalation to legal proceedings will then commence

Recovery action should only be escalated where it is reasonable for the Council to take such action, as levying additional unnecessary costs upon debtors who have limited means potentially increases the financial pressure on those who can least afford it.

#### **4. Methods of payment**

The Council will always seek to minimise the costs associated with collection but the following methods of payments are acceptable in most circumstances (see note 1):

- Direct debit
- Bank standing order
- BACS
- Cheque
- Cash
- Postal Orders
- Credit cards
- Debit Cards
- Internet Banking
- Automated telephone payments

Note 1:

Payments will not be accepted for debts that are due to be considered by a Magistrates Court on the day of a hearing, unless agreed with the Council in advance.

Note 2:

Not all methods of payment are available in all circumstances.

#### **5. Other considerations**

The Council may in cases of financial hardship, agree to special arrangements for payment of debts owed. All amounts due to the Council from an individual debtor should be considered, and close working between all Council services is imperative. This liaison, through a Debt Management Assessment Group, consisting of representatives from each service responsible for raising charges should then ensure that the reasonable welfare interests of the debtor are safeguarded as well as those of the Council.

Any arrangement whereby payment arrangements are negotiated with a debtor should be both in the interests of the Council, and affordable and sustainable for the person or persons involved.

The Council encourages its recovery staff to exercise a degree of flexibility in their approach to debt recovery to help reduce the need for escalated recovery action, and for the potential levying of unnecessary additional costs on the debtor concerned.

The priority should be to establish and maintain a regular schedule of repayments, which will reduce the amount outstanding, and also help to maintain the Council's recovery and collection rates.

The Council's Debt Management Assessment Group will comprise of representatives, from Housing, Revenues and Benefits and, Accounts Receivable (AR).

## **6. The Council's approach to debt recovery**

The Council's policy towards the collection and recovery of amounts due will at all times ensure:

- that it is fair and consistent;
- that staff are courteous and professional in their approach and dealings with debtors;
- the maximisation of incomes received, and of collection and recovery rates;
- that during the billing and recovery process all legislative requirements and Council policies are fully complied with;
- that accurate invoices, bills and notices of rent are issued promptly, and that full account is taken of any reliefs that may be applicable;
- that all accounts clearly detail payment terms;
- that sympathetic advice is offered to members of the public or businesses who may be experiencing difficulties in meeting their financial obligations to the Council;
- that debtors who can demonstrate genuine financial hardship are provided with an opportunity to agree alternative affordable payment terms;
- that in the event of a default in payment prompt action to identify and assist debtors who may be in financial difficulty;
- that advice and information are provided to debtors at every stage of the recovery process;

- that advice is made available in respect of available support e.g. Credit Unions and the Citizens Advice Bureau;
- that advice is made available in respect of benefits and/or other sources of financial assistance that may be available, and that individuals are encouraged to seek and take-up such support as they are entitled to.
- For the purpose of providing good customer service and appropriate responses to debt the council will endeavour, through the Debt Management Panel to gather and profile information about customers and those who fall due to pay charges to the council. This information will include details of how they prefer to access services, e.g. phone, letter internet; any relevant information about personal circumstances such as disability, need to involve a support worker or family member. This information may then be shared with council staff involved in debt collection to ensure that the debtor is dealt with in an appropriate way, receives the right support and the right approach. This will be particularly important in safeguarding the most vulnerable people.

## **7. Process and procedures**

The Council's debt recovery procedures will incorporate the following essential principles:

- they must be effective and ensure that debtors fulfil their obligations to the Council by paying their debts, if they have the means to do so;
- they should allow for a full appraisal of individual debtor's financial status and circumstances, any disadvantages and minority, and take account of their obligations to dependants;
- the procedures should identify and allow for the early engagement with debtors who are experiencing payment difficulties;
- debt collection should be on going and pro-active to avoid escalation of the recovery process whenever possible;
- the procedures must allow for a full appraisal of individual circumstances; and effectively distinguish between the debtors who cannot pay, and those who will not pay;
- Procedures should allow for the early identification of instances multiple debts due to the Council from an individual or business. As it may not be immediately evident that a debtor has multiple debts, at the point when a debt is likely to be escalated to either court action or referral to solicitors or bailiffs who may take enforcement action or incur further charges the case officer dealing with the debt will ask the debtor

if they have any other debts to the council and will ask for their authority for the relevant council departments to share information with one another about live debts, through the Debt Management Panel. In cases that involve Council tax, HB overpayment or rent, before formal action is taken the case officer will instigate a panel hearing with other services to check if action is being taken in that area.

- procedures should provide for a referral to either the councils own internal debt and money advice or specialist advice centres such as the Citizens Advice Bureau;
- invoices issued by the Council should clearly state the standard acceptable settlement period allowed e.g. within 28 days of invoice date;
- recovery procedures must be efficient and cost effective and should ensure that the risk of “bad debts” is minimised;
- recovery procedures should be flexible to allow for not just the payment of current debts, but also for the allocation of amounts received against outstanding arrears when appropriate.
- bailiff services and eviction should only be employed as a last resort.,

## **8. Practical application**

The Council’s recovery processes are designed to ensure that the majority of debts due are paid promptly.

However the following specific procedures will apply in instances where debt recovery is less straight forward:

- Where a debtor is experiencing payment difficulties, all circumstances will be evaluated.
- All reasonable offers of debt repayment will be considered accepted.
- Where an individual is experiencing payment difficulties full consideration should be given to all debts due to the Council.
- Priorities or rather the distribution of any payment will be agreed by the Assessment Group, as the priority may vary depending on the situation of the debtor.

Where there are multiple debts and these have a significant possibility of giving rise to court action then the Assessment Group Panel will consider all

debts together and will seek to recover against multiple debts to avoid homelessness, committal, repossession and bankruptcy proceedings.

## 9. Escalation and enforcement procedures

If normal recovery procedures fail to recover amounts due, despite the action or intervention of the Panel, the following process and principles of escalation should be applied:

- Consideration should be given to the termination of the service being provided to the individual or business concerned, unless there is a statutory obligation to continue that provision;
- Any external costs incurred by the Council in pursuit of debt recovery are the responsibility of the debtor e.g. court costs. The Council will however, endeavour to keep such costs to a minimum;
- Payment orders made by the court will take precedence over any informal payment arrangements that have previously been agreed;
- Where bailiffs and/or debt collection agencies are instructed, they will be required to work within agreed guidelines and relevant industry Codes of Practice at all times. The performance and use of bailiff services will be monitored and reviewed on a regular basis.
- the Council will use all reasonable legal means available to recover debts including;
  - County Court Judgements
  - attachment of earnings
  - deduction from benefits
  - bailiffs services
  - debt collection agencies
  - possession proceedings
  - bankruptcy
  - liquidation
  - Committal to prison proceedings.
  - eviction

## 10. Bad Debts and write- offs

The Council will only write-off debts as a last resort, and only when all reasonable avenues of recovery have been explored and it has become clear that further attempts to settle amounts outstanding have become impracticable, or uneconomic.

In such circumstances the Council's **Corporate Debt Write –Off policy** should be followed in all cases.