



Chichester District Council

Corporate Debt Recovery Policy

(Updated June 2017)

1. Introduction

The Council raises a significant proportion of its total income through local taxes and charges. These sources of income provide core funding for the Council's 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.

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.

The Council also has wide ranging social responsibilities covering its various services so 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.

This document sets out the general principles Chichester District Council will apply to debt management across the services we provide.

2. Aims

The aim of this Corporate Debt Policy is to achieve the prompt collection of sums of money due to the Council and 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 with the aim to avoid increased indebtedness.

3. Objectives

The objectives of this policy are to;

- Apply best practice and transparency to debt collection,
- Ensure a professional and timely approach to recovery action,
- Maximise levels of income collected by the Council,
- Treat individuals consistently and fairly and in accordance with the Council's Equalities Strategy,
- Promote a coordinated approach towards managing multiple debts owed to the Council,
- Ensure that people in genuine financial difficulty are supported to claim any benefits they are entitled to and where appropriate are signposted towards free debt advice,
- Acknowledge that some people struggle to pay their bills and to adopt a more preventative approach to indebtedness where appropriate
- Ensure that vulnerable people are supported to manage their financial affairs effectively, including the payment of debt.

4. Guidelines and procedures

Good Practice

The Council's primary aim is to achieve best practice in the collection of debt. To achieve this it will follow the principles set out below under four key themes;

Timely Dealings

- Issue requests for payment promptly and accurately,
- Respond to all enquiries promptly and courteously,
- Respond quickly to notifications of changes in circumstances and applications for exemptions, discounts and reliefs,
- Open communications promptly with customers to resolve difficulties with paying sums due
- Commence action to recover unpaid amounts promptly to avoid the accumulation of arrears,
- Instigate statutory and legal proceedings promptly in a timely manner where sums due are not paid, to avoid debts mounting, and when other efforts of support have failed,

Effective & Efficient Processes

- Provide clear bills, invoices, reminders and recovery notices in plain English which show clearly what to pay, when to pay it and how to pay,
- Make it as easy as possible to pay bills by offering a wide choice of convenient payment options,
- Ensure that all debt recovery documents are clear and inform the debtor of the consequences of not paying,
- Publish clear information detailing recovery procedures, consequences of not paying and the options available to the Council to recover unpaid debts,
- Provide information about discounts, reliefs, council tax reductions, exemptions, discretionary housing payments and housing benefit and encourage the take-up of entitlement,
- Make it easy to contact the Council through a range of options including, by telephone, by e-mail, in writing and face to face at the Council's offices,
- Signpost to free sources of independent money and debt advice,
- Keep all procedure notes associated with this policy up to date and relevant.

Co-ordinated Approach

- Ensure that all departments co-ordinate to manage multiple debts owed to the Council,
- Assist customers who have a legitimate dispute against the liability through to resolution,
- The Council will provide assistance to Enforcement Agents relating to any queries to confirm that the correct action has been taken,
- Monitor enforcement action – through our quality control and expectations of Enforcement Agents,

Fairness

- Recover the full cost of enforcement action from the debtor, but avoid imposing unnecessary or excessive charges,
- Respect the debtor's privacy by conducting enforcement activity as discretely as possible,
- Wherever possible use the least severe method of recovering a debt (subject to the method realising payment in a suitable period of time),
- Be proactive in identifying vulnerable people (see appendix A) and provide them with advice and assistance to help them to meet their financial obligation to the Council,

Responsibilities of Debtors

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. 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 or the Enforcement Agent 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.
- Where possible to produce evidence of proof if requested to enable appropriate action to be taken.

Arrangements for repayment of arrears

Anyone experiencing difficulty 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 of the bills, invoices and recovery notices issued by the Council. 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, including their engagement with any third party debt advice support, in order to make the best assessment of their ability to pay and to determine a realistic payment arrangement. 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.

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 into.

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 the se potential consequences of non-payment of the debt, ~~with a view to minimising the effects.~~

- Council Tax – can result in imprisonment.
- ~~Fuel debts – can result in disconnection.~~
- ~~Mortgage arrears – can result in repossession.~~
- ~~Income Tax and VAT – can result in bankruptcy or imprisonment.~~
- Court Fines (e.g. for traffic offences) can result in possession of goods or imprisonment.
- Residential Rent arrears – can result in eviction and removal from the Housing Register.

- Hire Purchase – can result in repossession of e.g. a car – which may be considered essential if needed for work.
- Commercial rent arrears – can result in the loss of business premises.
- Services provided by the Council – can result in the withdrawal of the service.

Priority debts such as mortgage arrears and income tax arrears will be taken into consideration when making an arrangement to pay and other debts will be taken into consideration after priority debts have been considered.

Vulnerable People

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

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,
- Supporting people to access ~~Referring the person to~~ sources of independent advice,
- Providing information in an accessible format,
- A temporary payment arrangement with lower repayment than would normally be agreed.
- Where appropriate engagement with third parties in order to assist the debtor with their financial affairs
- Returning debt to Chichester District Council

The cause of vulnerability may be temporary or may be permanent in nature and the degree of vulnerability will vary widely. In some circumstances it will be appropriate to liaise with or seek further advice from other agencies that may be involved in working with the customer.

The definition of vulnerability can be found in the appendix A to this document.

Enforcement Action

Any Enforcement Action will be undertaken in a manner which is consistent with the requirements of the Taking Control of Goods Regulations 2014 or any other applicable legislation relevant to the type or debt or arrears. Commencing recovery action promptly 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.

The Council will contact promptly 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.

The scope and delivery of this policy

The scope of this policy applies to a diverse range of statutory and non-statutory charges. The methods for billing and recovery of statutory debts are tightly prescribed and this policy and our practice must take these legislative requirements into account. To meet these needs ~~our existing up to date~~ procedure notes are ~~being reviewed~~ kept to ensure that they underpin this policy. The procedures in question are;

- Council Tax
- National Non Domestic Rates better known as Business Rates
- Business Improvement District Levy better known as BID levy
- Housing Rents
- Housing Benefit Overpayments
- Other sundry debts owed to the Council, which include but are not limited to invoices for trade refuse collection services, commercial property rents, building control fees, Homefinder rent in advance and deposit bonds and annual licencing fees
- Car Parking Enforcement Debts

~~A series of flow charts will be developed to provide transparent and accurate information in support of this policy.~~

A dedicated web-page ~~has been~~ will be designed and will continue to be developed to ensure that customers have clear and easy access to the information they need when dealing with a bill, invoice or recovery notice. This will include signposting to free sources of independent money and debt advice for those customers who may need further assistance.

Vulnerable Customers

Whilst the Council accepts that vulnerability is not in its self a cause of debt, but can mean an inability, temporary or otherwise, for people to manage their liabilities due to lack of funds or the ability to manage their financial affairs.

So the ~~The~~ Council will be vigilant for the signs and symptoms of “vulnerability” to safeguard our most vulnerable customers and reassure them.

Customer who may be considered vulnerable may fall into one or more of the following categories:

- The elderly
- People with a disability
- The seriously ill
- People who may have ~~with~~ mental health issues including dementia
- The recently bereaved
- Single parent families
- Pregnant women
- Unemployed people or those experiencing uncertainty in the short term employment status or benefit receipt
- Those who have obvious difficulty in understanding, speaking or reading English
- Addiction issues (drugs, alcohol, gambling).
- A person who has recently experienced changes in their lifestyle that means they are temporarily unable to deal with their financial affairs (e.g. fleeing domestic violence, leaving prison, leaving care etc.). Such cases will be reviewed periodically.

This list is not exhaustive; it has been drawn up to promote fairness and a consistent approach but it is acknowledged that there may be many other causes of vulnerability. Decisions regarding vulnerability should remain unfettered by laid down policy and each case should be considered on its own merits.

When considering how a debt should be repaid by a ‘vulnerable’ customer, individual circumstances will be taken into account and greater flexibility will be considered.