

Debt Management Policy

East Lindsey District Council

Debt Management Policy

- 1. Introduction**
- 2. Legislation**
- 3. Policy Aims**
- 4. Policy Objectives**
- 5. Communication**
- 6. Recovery of Money Due**
- 7. Our Approach to Enforcement of Debt**
- 8. Multiple Debts**
- 9. Advice and Assistance**
- 10. Vulnerability**
- 11. Complaints**
- 12. Equality Statement**

1. Introduction

East Lindsey District Council has a duty to ensure cost effective billing, collection and recovery of all sums due to the Council.

This policy covers debt recovery activities in respect of: -

- Council Tax
- Non Domestic Rates
- Overpaid Housing Benefit
- Sundry Debts

Efficient and well administered debt management is crucial to the council. A consistent and fair approach to debt management will be taken to ensure the council's interests are protected whilst residents who are struggling financially are supported to pay through the provision of appropriate advice and early intervention.

Whilst the majority of income due to the council is collected in a routine manner, unpaid charges and debts arise for a variety of reasons. This policy sets out the principles that will apply in the recovery and enforcement of debts.

2. Legislation

We will act in accordance with relevant legislation and policy including: -

Council Tax	Council Tax Local Government Finance Act 1992 Local Government Finance Act 2012 The Council Tax (Administration and Enforcement) Regulations 1992 (as amended) East Lindsey District Council, Council Tax Support Scheme
Non Domestic Rates	NNDR Local Government Finance Act 1988 Local Government Finance Act 2012 The Non-Domestic Rating (Collection & Enforcement) (Local Lists) Regulations 1989 (as amended)
Housing Benefit Overpayments	Housing Benefit Overpayments Housing Benefit Regulations 2006 Housing Benefit (Pension Credit) Regulations Council Tax Benefit Regulations 2006 (up to 31.03.13)
Sundry Debt	The Late Payment of Commercial Debts Regulations 2002 The Late Payment of Commercial Debts Regulations 2013 The Late Payment of Commercial Debts (Interest) Act 1998 Sundry debts are collected within the relevant framework up to the point that legal action is required, and the debt may be passed to legal representative for further recovery action

East Lindsey District Council appoints Enforcement Agents to recover Council Tax and Non-Domestic Rate arrears when a debt reaches a certain point in the recovery process. These arrangements are governed by: -

- The Tribunal Courts and Enforcement Act 2007
- The Taking Control of Goods Regulations 2013 and
- The Taking Control of Goods (Fees) Regulations 2014.

3. Policy Aims

It is essential that the council undertakes the administration and recovery of all debt in an efficient and effective manner. We have a legal duty to ensure cost effective billing, collection and recovery of all sums due to the authority.

As such, we will: -

- Ensure a professional, consistent and timely approach to recovery action.
- Take enforcement action against deliberate non-payers or late payers.
- Take positive action to prevent arrears occurring, for example by maximising income and providing a range of payment methods.
- Promote a co-ordinated approach towards sharing debtor information and managing multiple debts owed to the council.
- Ensure that debts are managed in accordance with legislative provisions and best practice.

This policy will: -

- Be a guide to all officers involved in the recovery of monies.
- Set out clear strategy
- Demonstrate commitment to the delivery of quality services to our customers
- Provide revenue to the council and help reduce the loss from eventual write off of debt
- Fulfil the Councils statutory obligations to collect Council Tax, Non Domestic Rates and excess Housing and Council Tax Benefit/Support.

4. Policy Objectives

To ensure that all income due to the council is collected, with minimum avoidance and in the interest of residents and businesses in the district.

To achieve our objectives, we will ensure the following principles are adhered to: -

- Consider that customers have a responsibility to pay.

- Aim to identify those who can pay but won't or who deliberately delay payment, so that recovery action can be taken accordingly.
- Actively encourage customers to engage at every stage of the collection and recovery process.
- Aim to help individuals to maximise their income.
- Acknowledge the need to provide a service that is effective but when necessary sensitive to individual's needs.
- Ensure that payment arrangements reflect the level of debt owed as well as the ability to pay.
- Expect 'priority' debts to be given priority over other debt owed.
- Acknowledge the role of recognised advice agencies and encourage contact with such agencies where appropriate.

5. Communication

We will provide our customers with clear and prompt information about the amounts they are being asked to pay. Our correspondence and information will show: -

- What the bill or invoice is for
- The total amount due
- The date by which payment is due
- How and where to make payments
- Contact details for enquiries
- Correspondence clearly written, without the use of jargon where possible
- Any penalty charges applicable for late payment

Full names, contact address and a telephone number will be established wherever possible prior to billing.

We will advise Debtors promptly about the existence of their debt and where appropriate they will be advised of their right to appeal in line with legislation.

We will deal with all debtors in a courteous, yet firm and fair manner.

Appropriate support such as the use of the Language Line facility is available as an aid to improving verbal communications with those customers for whom English is not their first language.

6. Recovery of money due

Whilst there are set processes and steps to follow in the collection and recovery of monies owed to the councils, each case is treated individually to take into account various factors such as the circumstances of the debtor.

We will levy and seek to recover any and all costs/fees that are legitimately due from the debtor. Only in exceptional circumstances will consideration be given to costs/fees being waived.

Any requests for cancelling or writing off debts will be dealt with in accordance with the Council's financial regulations.

All debtors will be advised of the consequences of non-payment and the courses of action that could result from non-payment. This includes: -

Council Tax (including excess Council Tax Support)	
Possible Action	Final Sanction
Summons Magistrates Court hearing Liability Order Payment Arrangement Attachment of Benefit Attachment of Earnings	Enforcement Agent Action Bankruptcy / Insolvency Charging Order Committal to Prison
National Non Domestic Rates	
Possible Action	Final Sanction
Summons Magistrates Court hearing Liability Order Payment Arrangement	Enforcement Agent Action Bankruptcy / Insolvency Liquidation Charging Order Committal to Prison
Housing Benefit Overpayments	
Possible Action	Final Sanction
Direct deductions from on-going benefit entitlement Payment Arrangement	County Court Judgement Attachment of Earnings Order Charging Order Removal of good through County Court Enforcement Agent Debt Collection Agency
Sundry Debt	
Possible Action	Final Sanction
Payment Arrangement Cessation of service	County Court Judgement Attachment of Earnings Order Charging Order Removal of good through County Court Enforcement Agent Debt collection Agency Bankruptcy / Insolvency

Some enforcement actions will incur additional costs, which are payable by the debtor. In all appropriate cases, we will seek to recover from the debtor any reasonable costs incurred in the recovery of unpaid money.

Where liability is continuous, (for example Council Tax) any arrangement made will normally require payments to be over and above the on-going monthly liability. Future instalments must be paid when due as a condition of the arrangement.

Where a debtor is not able to repay the debt completely, either immediately or within a reasonable timescale, then each case will be treated individually in respect of an arrangement for repayment over a specific period of time. In such circumstances, a review of the person's income and expenditure will be made to help establish that the proposed level of repayment is appropriate given the debtors financial circumstances.

Where a payment arrangement is made, failure to make regular payments in a timely manner will result in further recovery action and reasonable costs will be added to the debt.

7. Our Approach to Enforcement of Debt

We will follow the principles outlined below: -

Our action will be proportionate

We will consider the balance to be struck between the potential loss of income and the cost of collecting the debt.

Our action will be consistent

We will take a similar approach in similar circumstances to achieve similar ends. This relates to: -

- The advice we provide.
- The use of legislative powers.
- The recovery procedures used.

We recognise that consistency does not mean simple uniformity in its treatment of debt. Consideration will be given to the individual's personal circumstances and will take account of factors such as: -

- The social circumstances of the debtor.
- The debtor's payment history.
- The debtor's ability to pay.

Our action will be transparent

We recognise it is important to maintain public confidence. We will help people to understand what is expected of them and what they should expect from us. It also means explaining clearly the reasons and justification for taking recovery/enforcement action.

If action is required, we will:

- clearly explain the reasons why,
- clearly state the time scales
- Ensure the distinction is made between advice being provided and actual legal requirements.

We will advise debtors of the consequences of non-payment and the courses of action that could result from non-payment.

8. Multiple Debts

Where we know that a person has more than one debt, we will: -

- Identify and have consideration to the action being taken against the debtor and
- Establish which debt should have the greatest priority for repayment,
- Ensure that repayments plans are realistic in light of other debts owed.

We will consider: -

- The amount involved.
- The length of time that the debt has been outstanding.
- Whether there is a court order in place to enforce the debt.

9. Advice and Assistance

We welcome the involvement of welfare and advice agencies in connection with debts due to the Council and recognise the benefits that such agencies can offer both to the debtor and to the Council in prioritising repayments to creditors and maximising income for the debtor.

We will encourage debtors to obtain specialist advice and help where it is apparent they are in severe financial difficulty. This will include signposting to local and national free debt and money advice agencies such as the Citizens Advice Bureau and National Debtline.

Where the potential for a statutory benefit or discount exists in relation to a particular debt, efforts will be made to make the debtor aware of such opportunities and they will be encouraged to apply for these.

Debtors will be advised of the importance of paying priority debts before non-priority debts.

10. Vulnerability

We recognise that the Council, our staff, contractors and agents each have a role in ensuring that the vulnerable and socially excluded are protected.

We will support individuals to seek appropriate advice and guidance where we recognise possible vulnerability.

The appropriate use of discretion is essential in every case.

11. Complaints

We aim to provide high service standards.

However if someone is not satisfied with the service provided, they have the right to make a complaint in line with our complaint procedure. We will provide a response to any complaint, in accordance with the Council's Corporate Feedback Policy which can be found on our website at www.e-lindsey.gov.uk, or from our Customer Services team on 01507 601111.

12. Equality Statement

East Lindsey District Council is committed to equality and fairness. Equality is about ensuring people are treated fairly and given fair chances. It is also about ensuring that people receive fair outcomes in the standard of service they receive from the Council. This includes everyone, regardless of their race, gender, age, religion or belief, sexual orientation and/or disability.

If you would like a copy of this document in another language, large print or braille please contact Customer Services on 01507 601111.