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CITY OF  
WOLVERHAMPTON  
C O U N C I L

# Collection and Debt Strategy

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## What's in the strategy

page

Introduction .....	1
Purpose and principles of the Strategy .....	1
Legislative Framework .....	2
Effective Revenue Collection .....	2
Arrangements for repayment .....	3
Debt Recovery .....	4
Vulnerable People .....	5
Working with Advice Agencies .....	5
Options for recovery exhausted .....	6
Links to other policies .....	6

## **1.0 Introduction**

- 1.1. The City of Wolverhampton Council has a duty to ensure that all revenue owed is collected efficiently and effectively for the benefit of all council taxpayers. Whilst striving to continually improve collection and recovery performance, we recognise that some people do not pay their debts for a variety of reasons. This may include poverty or other financial hardship, which we will endeavour to balance against our duty to collect.
- 1.2. This strategy aligns to the corporate priority to be a confident, capable council, ensuring we have efficient processes for a customer service focussed organisation. In terms of collecting and recovering income our approach is to be firm but fair with our customers.
- 1.3. Whilst we will encourage customer contact and provide support where possible, we will also be proactive in our attempts to collect debts and take relevant enforcement action.

## **2.0 Purpose and principles of the Strategy**

- 2.1. The purpose of this strategy is:
  - to use cost effective and fair collection and recovery practices in the pursuance of all debts, ensuring that those with the means to pay do;
  - to have a single approach to managing multiple debts;
  - to provide a professional, consistent and timely approach to recovery action;
  - to fully consider our customers' circumstances and their ability to pay; so we can distinguish between the customer who won't pay and the customer who genuinely can't pay.
  - to improve the levels of income collected and reduce levels of arrears, bad debt provision and write offs.
  - to ensure that debts are managed in accordance with legislative provisions and best practice.
- 2.2. The principle of this strategy is to ensure:
  - we obtain advance payments for services to reduce invoices being raised;
  - we are more effective and responsive to our customers to avoid enforcement action being necessary;
  - we are approachable, so that customers will be more willing to make contact at an early stage when they first face difficulties;
  - we identify deliberate non-payers or customers who delay payment;
  - we enable customers to come to realistic payment agreements appropriate to their circumstances;
  - we only take enforcement action when it is appropriate and effective; and
  - we treat individuals consistently and fairly, regardless of age, sex, gender, disability and sexual orientation and to ensure that individual's rights under Data Protection and Human Rights legislation are protected.

### **3.0 Legislative Framework**

- 3.1. Council Tax is governed within the Local Government Finance Act 1992 and associated regulations, with the collection empowered by the Council Tax (Administration & Enforcement) Regulations 1992.
- 3.2. National Non Domestic Rates (Business Rates) is governed within the Local Government Finance Act 1988, and the collection empowered by the National Non Domestic (Collection & Enforcement) (Local Lists) Regulations 1989.
- 3.3. The administration and collection of Housing Benefits is covered by the Housing Benefit (General) Regulations 2006. The power to register an overpayment as a County Court Judgment is listed in section 75(7) of the Social Security Administration Act 1992.
- 3.4. Adult Social Care fees and charges are considered in accordance with the Care Act 2014.
- 3.5. All other debts owing to the Council, such as meals on wheels, Telecare, licensing, commercial rent and planning fees will be collected in accordance to the type of debt and whether any provision is detailed within their agreement with the Council. On certain debts, late payment fees may be added; interest may be charged and costs incurred. This will be in accordance with the council charging framework on late payments.

### **4.0 Effective Revenue Collection**

- 4.1. Where possible, payment should be obtained in advance of providing services or raising invoices for goods. This helps to minimise the uncertainty of payment and the need to recover amounts due.
- 4.2. Requests for payment are to be issued promptly and accurately, showing clearly why payment is required, when and how to pay, with the consequences of non-payment explained. Information will be available in an accessible format through different formats or through translation and interpretation services, for example British Sign Language.
- 4.3. We will promote entitlement to benefits, discounts, reductions and discretionary awards to ensure the correct amount is being charged and to alleviate debt.
- 4.4. We recognise the need to make it as easy as possible for our customers to pay their bills. In order to reduce costs direct debt will be promoted as the preferred method of payment, as the cheapest payment method to administer.
- 4.5. Action to recover unpaid amounts will commence promptly to avoid the build-up of arrears, especially when customers are deliberately delaying and not paying their debts.

- 4.6. Where customers are having difficulties in paying, they will be encouraged to contact us as early as possible. We will analyse the reasons for the difficulties and show understanding in our response. If having analysed the relevant issues, we find that our approach is putting a disabled customer at a disadvantage we will make all reasonable adjustments to remove this disadvantage.
- 4.7. Enquiries will be dealt with promptly and courteously.
- 4.8. We will be proactive in identifying vulnerable persons and customers experiencing financial difficulties. We will provide them with advice to assist them in meeting their financial obligation and signpost them to advice agencies where needed.
- 4.9. Where the customer is willing to provide information about their personal and financial circumstance we will take this into account in determining the enforcement action to be taken, and in agreeing any payment arrangement. The customer's previous history in paying sums due will also be considered, together with any equality related reasons so that Council debts are recovered fairly.

## **5.0 Arrangements for repayment**

- 5.1. Whilst all bills should be paid promptly as due, it is recognised that there can be genuine difficulty in making payments.
- 5.2. Consideration will be given to entering into an individual payment arrangement based on the customer's personal circumstances. As much financial information as possible will be sought in order to make the best assessment of their ability to pay and reach a realistic and sustainable payment arrangement.
- 5.3. We will seek to utilise different methods of communication to ensure that the most appropriate method is available and utilised.
- 5.4. In accordance with good debt management practice we will expect the customer to undertake to pay priority debts in preference to other debts. Priority debts are those that if not paid give the creditor the right to deprive the client of their home, liberty or essential goods and services.
- 5.5. The principles that will be followed in determining repayment arrangements are:
  - 1) We will seek repayment of all outstanding arrears immediately, and in all instances before the end of the financial year;
  - 2) Payment arrangements extending beyond the end of the financial year should only be made in exceptional circumstances following a detailed assessment of the customer's ability to pay;
  - 3) Repayment should commence promptly and the first payment of any payment arrangement should normally be payable within no more than one month of the agreement being reached;
  - 4) Where liability is on-going any arrangement will require payments to be over and above the on-going monthly liability, except in the most exceptional circumstances;

- 5) Where a payment arrangement is accepted at less than the rate at which liability is accruing, the arrangement should be for a maximum of three months, but may be extended further following review.
- 6) Repayment of current year debts should be given priority except where this would conflict with arrangements already in place for previous years' debts;
- 7) Payment arrangements should not normally be for less than could be obtained by other options available, such as: attachment of earnings or deductions from benefits, unless there are extenuating circumstances;
- 8) Payment arrangements in respect of local taxes and Business Improvement District (BID) levies should be made on the basis that we will progress enforcement action to the point of obtaining a liability order from the Magistrates' Court;
- 9) Payment arrangements should be refused where it is considered that entering into an arrangement may jeopardise the likelihood of recovering payment in full (e.g. if there is a risk the customer will be declared insolvent);
- 10) Payment arrangements may be refused where the customer appears to have sufficient assets which could be realised to pay the debt but the customer is unwilling to take steps to realise the assets.

5.6. It is recognised that customers may occasionally make unrealistic offers of payment that they cannot afford. Where we have reason to believe that an offer of repayment is unrealistic further information will be sought in order to agree an affordable rate of repayment.

5.7. Arrangements to pay arrears will be monitored on a regular basis so that consideration of changes in customer's circumstances can be considered with the aim of increasing the amounts being repaid.

## **6.0 Debt Recovery**

6.1. Prompt action will be taken when a payment becomes overdue to remind the customer of the requirement to make a payment, informing them of the consequences of not paying.

6.2. Where costs are incurred by us, the customer should be responsible for paying the full cost incurred to recover the amount.

6.3. Due to the volume of amounts payable, we will use automated processes to progress the recovery of sums due, other than a charge raised within the meaning of the Care Act 2014. When a customer contacts us in response to enforcement action we will consider each case individually.

6.4. We will establish timely and vigorous processes for the recovery of overdue sums and will start to recover unpaid debt promptly when a payment becomes overdue or an instalment plan or payment arrangement is not maintained. We will be stringent in recovering overdue amounts from persistent non-payers and late-payers.

6.5. In pursuing the payment of overdue sums, we may utilise any and all legal methods available. Enforcement actions used in each case will be on an escalating basis.

- 6.6. The use of enforcement agents will be in accordance with the code of practice and will take into account the Ministry of Justice – Taking Control of Goods: National Standards.
- 6.7. The following enforcement actions will be considered on an individual basis and will only be used when we feel that the proposed remedy is a fair and proportionate action bearing in mind the individual circumstances of the case:
- 1) An application to have the customer declared bankrupt or for other forms of insolvency;
  - 2) An application to register a charge against a property or to apply for the sale of a property against which a charge is registered;
  - 3) An application to have the customer committed to prison.

## **7.0 Vulnerable People**

- 7.1. We recognise that some members of the community may be considered vulnerable and, therefore, require additional support in dealing with their financial affairs.
- 7.2. Vulnerability does not mean that a person will not be required to pay amounts they are legally obliged to pay.
- 7.3. The cause of vulnerability may be temporary or may be permanent in nature and the degree of vulnerability will vary widely.
- 7.4. Whilst there are several characteristics which a person may have that others may automatically consider them to be vulnerable, each case should be considered on an individual basis taking into account all relevant factors.
- 7.5. We will inform the Council's People Directorate of any concerns regarding the customer's safety or welfare in accordance with the multi-agency policy & procedures for the protection of adults with care & support needs in the West Midlands.
- 7.6. We recognise that organisations communicate in ways that are difficult for some people to understand. This could either be through the terms used to describe the customer's circumstances and the Council's requirements; or by the way this information is presented (format or language). Where this is the case we will do all that is reasonable and lawful to remove these difficulties. In doing this we believe the Council will operate fairly and collect debts more efficiently.

## **8.0 Working with Advice Agencies**

- 8.1. We will seek to work in partnership with local advice agencies and refer people who appear to have complex benefit or money advice problems.
- 8.2. When we are taking legal action, we will include information about advice agencies and the services they offer.

- 8.3. When assessing a person's financial situation an income and expenditure form replicating the form used by the Citizens Advice will be used and expenditure declared will be measured against the standard financial statement. This will ensure a consistent approach is taken to assessing a person's financial circumstances using a widely recognised methodology.
- 8.4. Advice agencies will be provided with an email address and telephone number on which to contact the relevant service so that issues can be taken up and resolved quickly.
- 8.5. We will comply with the "Collection of council tax arrears good practice protocol" published by Citizens Advice in 2013 and will endeavour to meet subsequent iterations of the protocol.

## **9.0 Options for recovery exhausted**

- 9.1. Whilst we will make every effort to pursue outstanding debts, it is recognised that in some circumstances some amounts are not recoverable. Good practice dictates that where they are irrecoverable, prompt and regular write-off should be undertaken. This will be undertaken in accordance with the Council Constitution Financial Procedure rules and the approach to bad debt write offs.
- 9.2. When proposing that a debt is to be written off, demonstration that one or more of the following conditions have been met:
  - Legal action is unlikely to be successful;
  - The debt is not recoverable for legal reasons e.g. statute barred debt;
  - The customer is deceased and there are no funds available within the estate;
  - There is no trace of the customer;
  - Legal recovery would cost more than the outstanding debt;
  - The customer is insolvent and there is little likelihood of a dividend;
  - The circumstances of a particular case makes recovery from an infirm or elderly customer unreasonable; or
  - The debt has been remitted by the Court.
- 9.3. We reserve the right to reinstate, within statutory deadlines, any debt where it becomes apparent the circumstances for write-off are no longer applicable, for example the customer is traced / funds become available.

## **10.0 Links to other policies**

- 10.1. Enforcement Agent code of practise
- 10.2. Charging policy – late payment fees
- 10.3. Multi-agency policy & procedures for the protection of adults with care & support needs in the West Midlands
- 10.4. Council Constitution Financial Procedure rules



10.5. Equal Opportunity Statement

10.6. City of Wolverhampton Council Interpretation, Translation and Transcription Guidelines