

Waverley Borough Council

Income and Debt Collection Policy

Version 1 April 2019

1. Introduction

- 1.1 Waverley Borough Council (The Council) has a legal and fiduciary duty to all residents, and to businesses and other organisations that are active in the Borough, to ensure the prompt and cost effective billing, collection and recovery of all sums due to the Council. Delays in collection or non-recovery of debts can lead to higher administrative costs, and reduced resources available for the provision of essential services.
- 1.2 This policy introduces the following improvements to the income and debt collection systems at the Council:
- Enhanced debt monitoring procedures, supported by a Corporate Debt and Income Officer, responsible for monitoring debt across the Council
 - Requirement that payment is made in advance of service provision for all services wherever this is permitted by statute
 - Requirement for direct debits to be set up wherever possible for regular payments due from customers.
- 1.3 All service departments will need to understand this policy document and ensure their processes and procedures are suitable to deliver the required outcomes for both the Council and residents within the Borough. Compliance with this Debt and Income Policy is mandatory for all services. This will be monitored by the officer responsible for the Council's income and debt.

2. Overview

Aim of Policy

- 2.1 The intention of the Council in agreeing this policy is to achieve the prompt collection of all sums of money due, whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due in accordance with the principles set out in section 3.1.

Scope of Policy

- 2.2 This policy relates specifically to the collection of the forms of revenue shown below:
- Council Tax
 - Non-Domestic Rates (Business Rates)
 - Housing Benefit Overpayments
 - Debts arising from Homelessness Prevention Services
 - Car Parking Penalty Notices
 - All other Sundry Debt (charges for council services including waste services, hall fees, rents, licensing etc)

Commencement and Duration

- 2.3 This policy shall take effect from 1 April 2019. The policy will have continuous effect but shall be reviewed from time to time, as required, to ensure that it continues to encourage best practice in the field of local authority revenue collection and meets current legislative requirements. A review of the policy shall be conducted at least once every three years by the Audit Committee.

3. Principles

Principles

- 3.1 The Council will follow the principles outlined below.
- Our action will be proportionate. We will always aim to strike a balance between the potential loss of income to the Council and the costs of collection in our approach to debt collection.
 - Our approach will be consistent. Consistency means taking a similar approach in similar circumstances with different debtors to achieve similar ends and be fair to all. The Council aims to achieve consistency in:
 - The advice the Council gives
 - The use of its powers
 - The recovery procedures used.
 - Our actions will be transparent – transparency is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery action.

Effective Communication

- 3.2 In order for the Council to have an effective method of recovery, customers need to be provided with clear and prompt information about the bills that they are being asked to pay. The Council will, at all times, ensure that the bills include the following information:
- What the bill or invoice is for
 - The total amount or the instalments due
 - The due date for payment
 - How to make payment and where payments can be made
 - Council actions in case of non payment
 - Contact telephone numbers for all customer related enquiries
- 3.3 Correspondence will be clearly written in plain English. Council officers will treat customers courteously and be fair and objective at all times.

- 3.4 The Council will endeavour to obtain details of the customers email address when setting up contact details on Council finance systems. The Council will make use of electronic communication methods wherever possible to reduce costs to the Council and to ensure efficient communication with customers. All customer information will be obtained in accordance with General Data Protection Regulations (GDPR) regulations

Legislation

- 3.5 The Council will act in accordance with the relevant legislation as detailed below (this list is not exhaustive)

Income Type	Legislation
Council Tax	Local Government Finance Act 1992 The Council Tax (Administration & Enforcement) Regulations 1992 (as amended)
Business Rates	Local Government Finance Act 1988 The Non-Domestic Rating (Collection & Enforcement)(Local Lists) Regulations 1989
Housing Benefit Overpayments	Housing Benefit Regulations 2006 Council Tax Benefit Regulations 2006 Housing Benefit (Pension Credit) Regulations 2006 Housing Benefit (Recovery of Overpayments) Regulations 1997
Sundry Debts	Local Government Act 1972 Account and Audit Regulations 2011 Late Payment of Commercial Debt Regulations 2002

4. Payment for Services

- 4.1 **The Council will seek to obtain payment in advance of service provision, wherever this is possible and permissible by statute.** If payment is for a regular service (for example hall hire rental payment/insurance recharge etc), the Council will seek payment by direct debit.
- 4.2 The Finance Team may reject invoice requests from services, where, in the view of the Section 151 Officer, payment should be made prior to provision of service.
- 4.3 The Council accepts a range of payment types including direct debit, cash, cheque, credit and debit cards, pay point payment cards, post office payments, standing orders and other electronic banking methods, such as online internet banking and touch tone Telephone payments. Full details are set out on the Council website.

5. Debt Recovery Processes

- 5.1 Prompt recovery action is key to managing debt and maximising income. The Council will:
- Set clear targets and timescales for the recovery of debt according to specific areas
 - Set and regularly review priorities for specific areas of debt and the recovery methods used to ensure maximum collection
 - Regularly monitor the level and age of debt
 - Regularly review irrecoverable debt and submit write-offs for consideration by Section 151 Officer
- 5.2 Customers should be aware that these recovery timescales will be followed as standard for all debts owed to the Council. Exceptions will only be made in the following cases:
- Where the customer contacts the Council regarding financial difficulties meaning the debt repayments cannot be met (paragraphs 7.2. to 7.7 below)
 - Where the Council is made aware that a debtor is vulnerable (Paragraphs 7.8 – 7.9 below)
- 5.3 The Council's Recovery Officers will take action on all debt cases referred to them from income collection systems. Officers will use their expertise to determine which course of action is appropriate. This may be to involve a third party, such as an enforcement agency, to assist in the recovery, or it could be taking direct action to pursue the debt in the Courts.
- 5.4 The Council will take all necessary and appropriate action to recover what is due and use the most appropriate and effective method of debt recovery in order to maximise income.
- 5.5 In addition, the Council will make use of other methods available to it in order to arrange repayment of monies owed. These include:
- use of text messaging
 - phoning debtors outside office hours
 - email contact
 - use of enforcement agencies employed under contract by the Council
- 5.6 The Council reserves the right to add the costs of debt collection to the value of debt owed by customers whose accounts fall into arrears. These costs will include:
- bank charges relating to failed payments
 - administration fees relating to officer time spent on accounts in arrears
 - court fees
 - enforcement agency costs.

6. Roles and Responsibility

- 6.1 The Council recognises that prompt recovery action is key in managing its debt and maximising income. The Council's Section 151 Officer is responsible for ensuring that an effective system for collection of income owed to the Council is in place.
- 6.2 Service Departments must ensure that, where practical, payments are received and funds cleared before services are provided.
- 6.3 Where this is not possible, invoices must be raised via the Council's finance system, the exceptions being:
- Housing Benefit overpayments, Council Tax and Business Rates
 - Housing Rents
 - Off street parking
- 6.4 Service departments are responsible for securing prompt payment of invoices raised. This includes prompt contact with debtors in arrears and setting up and monitoring repayment arrangements for debtors in financial difficulties.
- 6.5 The Section 151 Officer will nominate an officer with specific responsibility for monitoring income and debt collection. This officer will liaise with service departments to ensure that the requirements of this Income and Debt Collection Policy are being followed. Their role will include:
- Preparation of monthly Corporate Debt Analysis for management review
 - Ongoing review of debtor ledger reports for all debtor systems
 - Review of individual debts
 - Review of all debt write-off requests and submission to S151 Officer
 - Monitoring of repayment agreements Council wide
 - Monitoring and reporting of non compliance with the Income and Debt Policy
 - Enforcing the pay in advance policy wherever possible
 - Review of suspended/disputed debtor report on all debtor systems
- 6.6 Any incidence of non compliance with this policy will be referred to the Head of Finance for further action.
- 6.7 The Section 151 officer will:
- Monitor the level and age of debt on a monthly basis
 - Set clear targets for the recovery of debt and report progress against target as part of Corporate Performance Monitoring

7. Customer Care and Advice

Customer Care

- 7.1 The Council will make it easier for customers to pay by making sure they know:
- How they can pay
 - Where they can pay
 - Contact information should the customer wish to discuss the debt with the Council

The Council will advise customers to quote the correct references so that their account is credited quickly and correctly.

Financial Difficulty

- 7.2 Where a customer believes they cannot afford to pay as billed they should contact the Council in the first instance. It may be appropriate, depending on individual circumstances, to enter into an agreement or carry out a financial assessment of incomings and outgoings. This may mean at times advising customers that they will need to rethink their spending habits and prioritise what they pay to whom differently.
- 7.3 The customer should contact the Council as soon as possible, as the Council may continue to take action to collect a debt if there is no response. The Council will require the outstanding amount to be cleared as quickly as the customer's finances allow. Debt recovery staff will be available to discuss customer's concerns and provide instalment applications and advice.
- 7.4 Officers will employ flexibility and discretion when dealing with hardship, vulnerability or dispute situations. This includes the ability to make deferred payment arrangements or suspend recovery action due to the debtor's individual circumstances.
- 7.5 It is not always possible to place cases on hold due to statutory procedures for enforcement of the debts. Each case will be considered on its own merits.

Vulnerable People

- 7.6 The Council needs to be mindful when dealing with all customers who may fall in to the following categories and, therefore, could be considered vulnerable:
- Older people
 - People with a disability
 - The seriously ill
 - The recently bereaved
 - Single parent families

- Pregnant women
- Unemployed people
- Those whose first language is not English

7.7 Should Council officers identify potentially vulnerable people when managing Council debt, they should make an informed decision as to whether they have capacity to deal with the issue. Consideration should be made to signposting customers to partner organisations such as Citizen's Advice Bureau or the Money Advice Service, but in most instances recovery can continue where appropriate.

How Customers can get help and advice

7.8 The Council will offer early and professional advice to all of its customers. Customers should contact the Council as soon as know they will have a problem paying as it will help the Council to make arrangements to pay or refer customers to other council or government services to make sure all relevant benefits or tax credits are being claimed.

Instalment arrangements

7.9 When a customer finds themselves in difficulty with Council debts, it may be possible to set up an instalment arrangement, which will allow debts to be repaid according to the ability of the debtor to pay. All cases will have individual treatment according to the circumstances surrounding the debt. For non-priority debts an assessment of the ability to pay will be based on the proportion of disposable income that the customer states that he/she has and realistic arrangements by regular payment amounts will be agreed in preference to taking legal action.

7.10 The intention is that the debts should be cleared as soon as possible. However, it must be noted that it may not always be appropriate to offer payment by instalments. The Council will consider what course of action is appropriate as follows:

- Payment at once, in full as per the invoice, agreement etc
- Payments within three months – agreed without completing a pro-forma of details of income and expenditure, but written agreement from the customer is required. Payment within 12 months – would require Income and expenditure details to be supplied
- Payment over a longer period if the customer does not have the funds to clear the debt as above – would require income and expenditure details to be supplied and may be subject to periodic review.

7.11 To determine the level of instalments, departments will use a standardised Income and Expenditure pro-forma which takes account of the standards and guidelines available nationally.

7.12 Once an arrangement is made Customers are expected to comply with that arrangement. Where a customer's circumstances change, contact should be made to discuss further options.

7.13 Failure to comply with the instalment arrangements without contacting the Council will result in recovery action being implemented.

Customers with multiple debts

7.14 Where it is known that a customer has more than one debt with the Council, officers will ensure that they:

- Identify the recovery action being taken against the customer for all debts owing
- Establish which debt should have the greatest priority for repayment – priority will be given to debts that put the customer's home at risk
- Ensure that repayment plans are realistic in light of other debts owed

Allocation of payments against debts

7.15 When monies are received from debtors, these will, where appropriate, be allocated to the in the first instance against any summons and other court costs incurred by the Council in pursuing the debt. Monies will then be allocated against debts that may put the customer's home at risk, typically debts relating to housing rents or council tax. Thereafter, monies will be allocated against the oldest debts recorded on ledgers.

Credits

7.16 The Council will develop a corporate approach to refunding credits, in that where ever possible checks will be made for other outstanding debts owed by the customer, prior to a refund being made.

8. Write-offs

8.1 The Council recognises that each year a small number of debts become irrecoverable, and in such circumstances prompt and regular write off of such debts is good practice. The Council will seek to minimise the cost of write-offs to the local Council Tax payers by taking all necessary action to recover what is due. All debts will be subject to the full collection, recovery and legal procedures as outlined in this policy.

8.2 The Council's policy on debt write-offs is included in Financial Regulations.