



Oversight and Governance

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Published 02 August 2018

Performance, Finance and Customer Focus Overview and Scrutiny Committee

To Follow

Wednesday 8 August 2018
3pm
Warspite Room, Council House

Members:

Councillor Ball, Chair
Councillor Winter, Vice Chair
Councillors Darcy, Derrick, Kelly, Singh, Rebecca Smith, Kate Taylor and Vincent.

Please find attached for your consideration additional information relating to agenda item 6.

Members are invited to attend the above meeting to consider the items of business overleaf.

For further information on attending Council meetings and how to engage in the democratic process please follow this link - [Get Involved](#)

Tracey Lee
Chief Executive

Performance, Finance and Customer Focus Overview and Scrutiny Committee

6. Debt Recovery and Enforcement

(Pages 1 - 42)

DEBT RECOVERY & ENFORCEMENT

Performance, Finance and Customer Focus Overview and Scrutiny
Committee Wednesday 8 August 2018 3.00 pm



I. BACKGROUND

- I.1 On 7 March 2017, Cabinet approved the Income and Credit Management Policy for the Council (Appendix A). This outlines the processes that are followed in order that the Council:

‘Maximise the amount of collectable debt, through the prudent extension of credit, the balancing of financial risk and the efficient collection of income, within a framework of customer care and client sensitivity’

- I.2 The policy covers income recovery, which includes:

- General Income (including Adult Social Care)
- Penalty Charge Notices
- Council tax
- Non Domestic rates

- I.3 The policy does not cover the recovery of Housing Benefit Overpayments. The Council administers Housing Benefit on behalf of the Department of Work and Pensions, who provide legislation and guidance to facilitate that administration and by which we are bound. The process of recovery of Housing Benefit Overpayments is outlined in this paper.

- I.4 The general principle of income and credit management stated in paragraph I.1 in operational terms means that we make a series of informal approaches when failure to pay is identified, encourage payments that the customer can afford and take formal action where all other steps have failed. Cabinet agreed a Welfare Support Framework on 8 March 2016, which defines indicators of vulnerability and clarifies that our approach to debt recovery is to:

- encourage customers to contact us at the earliest opportunity
- ensure our collection does not place vulnerable customers at further risk
- adapt and personalise our debt recovery and collection appropriately to minimize hardship or distress
- broadly follow the best practice guidance produced by the Local Government Association and Citizens Advice Bureau (Appendix B)
- benchmark our approach against other best practice and consider research and associated recommendations.

- I.5 [Research](#) published in November 2017 by the Money Advice Trust, the charity that runs National Debtline and Business Debtline, shows that local authorities in England and Wales referred 2.3 million debts to bailiffs in 2016/17. That report recommends six steps for Local Authorities to take to improve their practice and also to help distinguish between customers who can't pay and those who won't:

Step 1. Make a clear public commitment to reduce bailiff use over time.

Step 2. Review signposting to free debt advice, including phone/online channels.

Step 3. Adopt the Standard Financial Statement to objectively assess affordability.

Step 4. Put in place a formal policy covering residents in vulnerable circumstances.

Step 5. Exempt Council Tax Support recipients from bailiff action. 23 Councils in the UK have introduced this policy. The London Borough of Lambeth introduced an exemption from bailiff action for Council Tax Support recipients as part of its 'Income and Debt Policy' implemented in 2015/16, which involved a partnership with Advising London and investment in dedicated council tax clinics. A 2016 report from the Child Poverty Action Group and Z2K found that Lambeth's collection rate for Council Tax Support claimants increased from approximately 80% in 2014/15 to 93% in 2015/16, taking Lambeth from one of the lowest collection rates to one of the highest. The collection rate for Plymouth council tax support customers was 84.3% in 17/18.

Step 6. Sign up to the Citizens Advice/Local Government Association Council Tax Protocol & examine the Money Advice Service [Working with Debt Advice Agencies toolkit](#). 50 Councils in the UK have signed up to this protocol.

2. LOCAL CONTEXT

- 2.1 In 2016, Plymouth City Council retendered and awarded a contract to three enforcement agencies (commonly known as bailiffs) for the purpose of collecting council tax, housing benefit and business rates debts. Through the same tendering process, different companies were chosen to collect parking and sundry debt. This approach was taken to drive up standards as the different companies compete to be allocated debts to recover from the Council. Debts are recovered using this contract where other approaches have failed.
- 2.2 Charges are levied by the bailiffs which are recovered directly from the customer, except for housing benefit debts. No charges or additional fees are levied by the bailiffs when they attempt to recover these housing benefit debts on our behalf.
- 2.3 Debts are referred to the bailiffs after all other recovery avenues have been exhausted, including making arrangements directly with the customer, attachment to benefits or earnings. However, there is limited resource to make contact with customers who fail to respond to attempts from us to advise and remind them of their debts and responsibility to pay. With customers who do not respond to us, it is sometimes the case that the first time we are aware of a customer's circumstances is after the knock on the door from the bailiff.
- 2.4 Last Autumn we completed an initial review of where the Council sits with the six recommendations in the Money Advice Trust report:

Step 1. Make a clear public commitment to reduce bailiff use over time.

- a) We need to understand the impact this could have on our ability to recover debt. London Borough of Hammersmith and Fulham (LBHF) released a press statement in November 2017 that they were to cease their use of bailiffs altogether for the collection of council tax debt. Since mid-July 2018 they have worked with a company who commit to making arrangements with customers based on their ability to pay. However, it is inevitable that some customers will be unwilling or unable to pay and the approach that LBHF have taken means those debts will not be recovered. It is too early for them to predict the impact on their council tax collection rate. Bristol CC has also announced a pilot scheme for ethical debt recovery to start in the coming months.

Step 2. Review signposting to free debt advice, including phone/online channels.

- a) We have good signposting processes in place, as well as advice online on our website and through the Plymouth Online Directory POD. We also have an Advice and Information project led from the Integrated Health and Social Care commissioning team and have rolled out training for frontline staff, delivered by Advice Plymouth. Our partnership agreement with

DWP for universal credit customers has further strengthened the links with financial advice and information and we regularly work with partner organisations to identify avenues to improve knowledge amongst professionals and signposting to our customers.

Step 3. Adopt the Standard Financial Statement to objectively assess affordability.

- a) We have used the single financial statement format since October 2017 and are looking to roll out the assessment approach across council departments and suppliers.

Step 4. Put in place a formal policy covering residents in vulnerable circumstances.

- a) We adopted a [Vulnerable Customer Framework](#) in 2016, developed with our partners in the Welfare Rights Forum. This covers all council policy areas.

Step 5. Exempt Council Tax Support recipients from bailiff action

- a) There is a degree of risk in exempting CTS customers from recovery using bailiffs as it could reintroduce a disincentive to pay as well as removing one route of recovery. Detail on the number of cases and total value of CTS referrals to bailiffs is included in section 11 of this report but in summary, the Council could lose over £600k per year if alternative methods of recovery are not invested in. Several councils volunteered that while they did not have a policy of exempting Council Tax Support recipients, Attachment of Benefit Orders were used in preference in these cases and this is the approach in Plymouth where bailiffs are used after all other options are exhausted.

Step 6. Sign up to the Citizens Advice/Local Government Association [Council Tax Protocol](#) (published in June 2017) & examine the Money Advice Service Working with Debt Advice Agencies toolkit.

- a) We reviewed our council tax collection practices against the revised CAB Council Tax Protocol in August 2017 and most elements of the protocol have been in place for some time. When the Vulnerable Customer Framework was agreed by Cabinet in 2016, they also confirmed that we would broadly follow the principles of the CAB Council Tax Recovery Protocol. We have been working with the Devon Money Advice Forum and also exploring whether a wider Plymouth protocol would be more effective.

DEBT TYPES

3. SUNDRY DEBT (INCLUDING ADULT SOCIAL CARE)

- 3.1 A flowchart describing the process is included in appendices 3 and 5 of the Income and Credit Management Policy (Appendix A of this briefing paper). The process is explained below:
- 3.2 An invoice is raised and if it is not paid, a reminder is produced and sent (final notice) then a further reminder produced and sent (take notice). These are automated processes.
- 3.3 If still not paid the team contact debtors, primarily by telephone, or email, letters as last resort. The purpose of contacting the debtor is to ask for payment and it is often at this stage that we become aware of issues e.g. disputes with the invoice. These are referred to the originating department for resolution.
- 3.4 If the debtor is unable to pay the amount in full, payment arrangements are discussed. The aim is that the debt should be cleared within 6 months or by the end of the financial year, whichever is sooner. However there is discretion over this as the repayment schedule has to be reasonable in order to ensure payments will be made.

- 3.5 If the debtor states they cannot make requested instalments as they do not have enough money, we ask for information relating to income and expenditure in the form of a completed means enquiry form.
- 3.6 Where a debtor is refusing to pay, or not engaging, and the debt is over £500 we can commence legal action (County Court Judgements). There is a cost to this which the debtor is liable for. Legal advice is usually sought before going down this route; all Adult Social Care (ASC) cases are referred to Legal, for other (non ASC) cases CCJ's can be commenced by the Service Centre.
- 3.7 Debts under £500 are referred to external collection agents. These companies operate as collection agents for the Council but do not have the same powers as enforcement agents (bailiffs), for the purposes of collecting sundry debt.
- 3.8 Where a debtor is vulnerable, for example does not have mental capacity, formal action would still proceed but this would be after we have established a financial representative, or "litigation friend". We work with Livewell to ensure where possible we work with social workers, who work with the client. We do ensure those who are classed as vulnerable have support. If a debtor does not have capacity and has no one else to support, then a referral to the Deputyship Team would be made (by Livewell). We would not take recovery action against someone who is waiting for Deputyship team to accept them as a client.

4. GENERAL INCOME - ARREARS & BAD DEBT PROVISION (BDP)

- 4.1 The most recent arrears and BDP figures are as at 31 December 2017 as follows:
 - Debtors arrears £17.886m
 - BDP £1.755m
- 4.2 The BDP provision requirement has increased by £328k from the previous quarter. The Bad Debt Provision is calculated using corporate policy – see the table below for the provision percentages:

table 1 – bad debt provision

Age of Debt	Provision
0 - 30 days	0%
30 - 60 days	0%
60 - 90 days	5%
90 - 180 days	10%
180 - 365 days	15%
1 - 2 years	35%
2 - 3 years	45%
3 - 4 years	80%
4 - 5 years	90%
5 - 6 years	95%
Over 6 years	95%

5. PENALTY CHARGE NOTICES (PARKING FINES)

- 5.1 A flowchart describing the process is included in appendix 6 of the Income and Credit Management Policy (Appendix A of this briefing paper).

- 5.2 Unpaid penalty charge notices are pursued through the Traffic Enforcement Centre (TEC) which is part of Her Majesty’s Court Service once legal appeals have been exhausted. The TEC issues a warrant of execution, similar to a county court order, which authorises the Council to recover the debt. This is passed to a contracted enforcement agent (bailiff) to collect on our behalf.
- 5.3 In 2016/17 there were 7,337 referrals to enforcement agents which amounted to just over £63k. In 2017/18 there were 5,458 referrals to enforcement agents which amounted to £134,348.22.

6. NDR AND BID

- 6.1 The recovery processes for NDR and BID are very similar to council tax and summarised below:
- 6.2 Bills are issued offering monthly instalments (nb BID is payable in one instalment)
- 6.3 Reminder notice is issued after one missed instalment
- 6.4 Second reminder notice issued if first notice paid and second failure to pay (Not for BID)
- 6.5 Final notice issued if second notice paid and third failure to pay (Not for BID)
- 6.6 Summons issued if any of the above notices not paid
- 6.7 Court hearing at Magistrates Court to obtain liability order
- 6.8 Debt referred to Enforcement Agent
- 6.9 If debt not collected by Enforcement Agent we can consider Bankruptcy/ winding up action or committal to prison.
- 6.10 If customer contacts us at any stage then we do make payment arrangements where appropriate, for example some business struggle at certain times (and have increased trade at other times) so we make arrangements to reflect this.
- 6.11 We recall cases from the enforcement agents where appropriate, e.g. cases of vulnerability.
- 6.12 The table below shows the number and value of cases referred to Enforcement agents in 2017/18.

table 2 – cases referred to enforcement agents NNDR and BID

	JBW	Ross & Roberts	Totals
2017/18 as at end Q3			
Cases referred	65	5	70
Amount referred	£300,289	£11,962	£312,252
Amount recovered	£96,827	£6,920	£103,747
Percentage Recovered	32.2%	57.9%	

7. NON DOMESTIC RATES - ARREARS & BAD DEBT PROVISION (BDP)

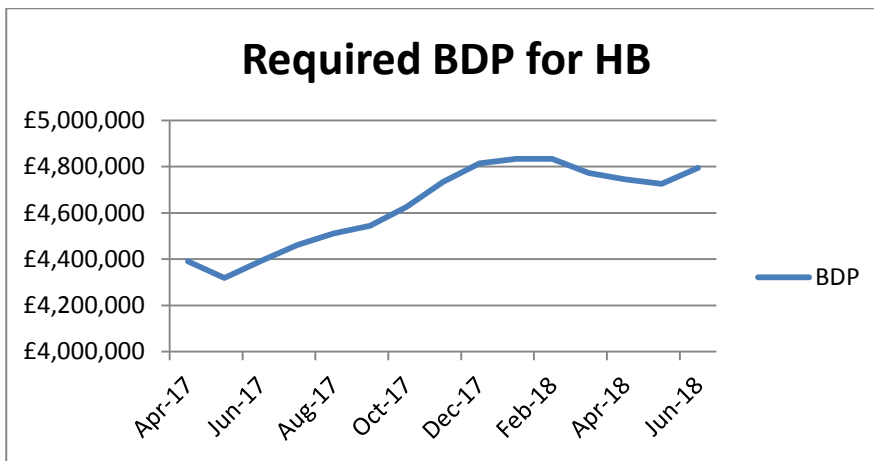
- 7.1 The most recent arrears and BDP figures are as at 31 March 2018, and as follows:
- Council Tax arrears £1.898m
 - BDP £.409m
- 7.2 BDP is calculated on the basis of a weighted average, based on recovery status of accounts, for the current year. Recovery for preceding years is calculated at 80% for 2016-17, decreasing by 10% for each year prior to that.

8. HOUSING BENEFIT OVERPAYMENTS

- 8.1 Overpayments of housing benefit usually occur when there is a change in a customer's circumstances which they do not notify us of, either accidentally or deliberately. As soon as an overpayment is identified, an invoice is raised and sent to the customer to identify the overpayment.
- 8.2 The Council is not obliged to recover housing benefit overpayments and the Council must not apply a blanket policy for recovery. In practice this means that we follow a process which identifies the overpayment, giving the customer an opportunity to respond. Two reminders are sent and if there is no communication further action is considered. The following paragraphs explain the options available.
- 8.3 If there is still housing benefit in payment at the stage the invoice is raised, ongoing benefit deductions can be made from the housing benefit entitlement. The Department of Work and Pensions (DWP) sets maximum levels of recovery from ongoing benefits which varies from between £11.10 to £18.50 per week as standard, depending on whether the overpayment was as a result of fraud. Very occasionally additional amounts can be deducted, up to a maximum of £31 per week.
- 8.4 At any stage, an arrangement can be agreed upon contact from the customer. A standard financial assessment is completed to identify what the customer can afford to pay. Discretion is applied within a framework where we attempt to recover the outstanding amount within 12 months.
- 8.5 If we have attempted contact with the customer without success, we know they are no longer in receipt of housing benefit and we have evidence of their employer, we can set up a direct earnings attachment with the customer's employer. A "21 day warning letter" is sent to customer to give them a chance to contact us.
- 8.6 Attachment to other benefits may be an option, if the customer is no longer in receipt of housing benefit but is still in receipt of other government benefits. Again, the DWP set the maximum levels that can be recovered weekly in this way.
- 8.7 If we usually pay housing benefit to the customer's landlord direct, we can reduce the payment made to the landlord to cover an outstanding overpayment the customer owes. This is known as 'blameless tenant' recovery.
- 8.8 Once the debt has been outstanding for some time and we have attempted all other options, or the customer has become untraceable, we will consider referring the debt to a collection agent. There is no additional fee to the customer if this route is chosen, unlike council tax collection where enforcement agents fees are charged to the customer in addition to the amount of the debt.

9. HB OVERPAYMENTS - ARREARS & BAD DEBT PROVISION (BDP)

- 9.1 The most recent arrears and BDP figures as at 30 June 2018 are as follows:
- HBO arrears £9.220m
 - BDP £4.794m
- 9.2 The Bad Debt Provision is calculated using corporate policy – see the table in 4.2 above.
- 9.3 With the reduction in net HBO arrears the requirement for the HB BDP has shown a small reduction this year. We are forecasting the BDP top up required based on current known figures.



10. COUNCIL TAX

- 10.1 A flowchart illustrating the council tax recovery process is included in appendix 2 of the Income and Credit Management Policy (Appendix A of this briefing paper). The Collection Framework can be found here <http://www.plymouth.gov.uk/sites/default/files/CouncilTaxCollectionFramework.pdf> and is summarised below:
- 10.2 An annual bill is issued which offers monthly instalments. Council Tax is due on the 1 April each billing year.
- 10.3 A Reminder notice is issued after one missed instalment. If that is paid, but a further instalment is missed later in the year a second reminder notice is issued.
- 10.4 A Final Notice issued if second notice is paid but then there is a third failure to pay.
- 10.5 A summons is issued if any of the notices are not paid. Liability orders are obtained from the Magistrate's Court to enable the Council to take formal recovery action.
- 10.6 Attachment to earnings can be set up if we know the customer's employment information.
- 10.7 If the debt is not collected by the enforcement agent, we can consider a Bankruptcy Action/Charging Order (and enforced sale) or Committal to prison.
- 10.8 If a customer contacts us at Final Notice, Summons or Court stage then we do make payment arrangements with them to stop enforcement action. A liability order is sought in all cases in order to expedite recovery should the customer default on any payment arrangement agreed.
- 10.9 Customers who are marked as vulnerable on our system are identified before accounts are referred to our enforcement agents and looked at by officers. We recall cases from the enforcement agents where appropriate.
- 10.10 The national standards for enforcement agents can be found here <https://www.gov.uk/government/publications/bailiffs-and-enforcement-agents-national-standards>. All of our enforcement agents should adhere to these standards.

11. COUNCIL TAX - ARREARS & BAD DEBT PROVISION (BDP)

11.1 The most recent arrears and BDP figures are as at 31 March 2018 as follows:

- Council Tax arrears £8.493m
- BDP £5.139m

11.2 BDP is calculated by reference to the recovery status of the individual council tax accounts in arrears e.g. Enforcement Agent, Attachment of Earnings etc. A recovery % for each category is applied so that we calculate a weighted average of the % of outstanding debt which is expected to be recovered for each year's council tax accounts.

11.3 The table below shows the number and value of cases referred to enforcement agents in 15/16, 16/17 and 17/18 and the amount of debt collected via that route.

table 3 – cases referred to enforcement agents (council tax)

Year	Type	Referred		Returned		Collected	% recovered
		Number	Value	Number	Value		
15/16	JBW	9254	4,550,421.29	8960	2,680,666.12	1,617,591.76	
	Total	9254	£4,550,421.29	8960	£2,680,666.12	£1,617,591.76	35.5%
16/17	JBW	4468	2,078,828.72	2203	450,611.88	506,710.14	24.3%
	Ross & Roberts	4856	2,213,475.04	1573	398,905.19	410,518.20	18.5%
	Jacobs	4522	1,917,719.05	1602	91,919.64	393,722.71	20.5%
	Total	13,846	£6,210,022.81	5378	£941,436.71	£1,310,951.05	21.1%
17/18	JBW	4,611	1,966,536.59	4687	954,565.31	780,919.74	39.7%
	JBW recycled	416	127,791.53	59	15,905.90	6,841.43	5.4%
	Ross & Roberts	2724	1,247,319.54	4255	1,178,961.03	398,432.93	31.9%
	Ross & Roberts recycled	220	108,339.53	39	14,478.41	2,204.85	2.0%
	Jacobs	5206	2,488,981.33	4739	1,114,733.34	900,463.05	36.2%
	Jacobs recycled	2366	903,569.14	561	191,535.15	49,038.31	5.4%
	Total	15,543	£6,842,537.66	14,340	£3,470,179.14	£2,137,900.31	31.2%

11.4 If one company is unsuccessful in collecting the debt referred to them, we will consider the case and pass it to another company if appropriate. The rows marked 'recycled' in the table above are those cases that have been returned by one company and passed to another.

11.5 The tables below summarise the collectable council tax in each year since 15/16 along with the collection rate achieved and formal recovery routes taken for those accounts that defaulted in year.

table 4 – Council Tax collection performance

Financial Year	Properties liable for council tax	Account type	Net Collectable	Collection rate achieved	CTax written off in year	Net Debt position at year end
2015/16	116,787	Non CTS	£101,063,369	96.76	£835,702	£8,022,823
		CTS	£7,284,421			
2016/17	117,706	Non CTS	£105,134,300	96.92	£1,118,607	£8,108,634
		CTS	£7,245,009			
2017/18	118,820	Non CTS	£111,751,096	97.61	£599,667	£8,435,894
		CTS	£6,994,834	84.27		
		All		96.99		

table 5 – Council Tax formal recovery routes

Financial Year	Summons issued	Liability orders obtained	Attachment of Earnings	Attachment of Benefits	Charging orders	Referred to Bailiff	with CTS
2015/16	21,864	15,867	2,412 £1,713,346	209 £45,845	346 £264,369	7,819 £4,655,139	51.8% of cases £1.5 million
2016/17	16,620	14,502	1,860 £1,328,960	126 £28,313	339 £266,838	11,564 £6,466,160	55.01% of cases £2.2 million
2017/18	17,754	14,390	1,759 £1,290,110	155 £32,206	368 £298,974	11,755 £6,902,255	59.4% of cases £2.1 million

11.6 Taking the 2017/18 total value of referral figures from the table above and applying a recovery rate from bailiff referrals of 31.2% (as achieved in 2017/18), if the council stopped using bailiffs to recover debt from customers in receipt of CTS and did not invest in any alternative means to improve recovery, income would fall by approximately £668k per year.

APPENDIX A



Income and Credit
Management Policy V

APPENDIX B

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>

- a) The overall council tax collection rate in CTS collection rate in Plymouth has improved year on year since 2013/14:

2016-17	96.92%
2015-16	96.76%
2014-15	96.20%
2013-14	95.80%

A large factor in the improving collection rate has been the reestablishment of formal collection protocols, including the use of bailiffs and a new contract for their services, since the end of 2014.

- b) We have not been able to separate CTS collection rates from the general population, as customers move in and out of our scheme during the year. We average approximately 24,500 CTS cases out of a total of approximately 118,600 live council tax properties. **Each 0.1% decrease in the council tax collection rate equates to a loss of approximately £119k in income.**

NEXT STEPS

Further analysis is needed to estimate the impacts, positive and negative, of ceasing the use of bailiffs to recover debts. The priority should be for those debts where the customer has been assessed as being in some financial need e.g. council tax support and housing benefit overpayments.

INCOME AND CREDIT MANAGEMENT POLICY



1. Purpose and Introduction

1.1 The purpose of Credit Management for the Council is:

“To maximise the amount of collectable debt, through the prudent extension of credit, the balancing of financial risk and the efficient collection of income, within a framework of customer care and client sensitivity.”

1.2 The Assistant Director for Finance (ADF) has responsibility, under Section 151 of the Local Government Act 1972, for the administration of the financial affairs of the Council, including the management of credit and the collection of debt. Financial regulations covering this area are to be found in Appendix D, Section 2 of those regulations.

1.3 This policy sets out to define the credit management function, stating the objectives and responsibilities, in order that the principles of operation of credit management are clearly recognised and understood.

1.4 Income is vital to the Council; the income generated by the Council in the form of Council Tax, Business Rates, rents, fees and charges constitutes a large proportion of the Council's overall resources. The Council relies on this income to fund the services it provides and any failure to collect income represents a risk to the sustainability of Council services.

2. Definitions

2.1 **Credit Management** is defined as the management of the risks and costs associated with allowing customers time to pay. The use of the word credit in the context of this policy relates to the provision of goods or services for payment at a later date.

2.2 **Prudent extension of credit** means supplying goods and services with payment due on receipt of invoice (i.e. a credit period is not offered). Payment periods (i.e. credit) may be offered where necessary to ensure that services remain accessible but these will vary from service to service. It should be noted that where possible payment for standard goods and services should be received in advance of service.

2.3 **Balancing of financial risk** means evaluating the financial risk of providing goods and services in advance of payment and the likely prospect of recovering sums due.

- 2.4 **Efficient collection of income** means encouraging people to pay on time by offering a wide variety of payment methods, including direct debit, e-payment, and using cost effective collection methods, such as automated reminder letters, telephone calls and personal visits. It also means making decisions on the advancing of credit and the collection of debt in an equitable manner. A manner, which considers financial status only (i.e. ability to pay) and not discriminating by age, gender, disability or ethnicity.
- 2.5 **Customer care and client sensitivity** means handling all customer enquiries with courtesy and sensitivity and meeting the needs and expectations of different client groups, including offering flexible payment options and a wide variety of payment methods.

3. Scope

- 3.1 This policy applies to all sources of income across the Council and applies to the provision of both statutory and non-statutory services.
- Essential & Non-essential Services (General Income)
 - Non Domestic Rates
 - Council Tax
 - Parking

4. Corporate Financial Systems

- 4.1 The following corporate systems are the primary systems for the collection of income due to the Council:

System	Type of debt
Civica Authority Financials	Sundry debt
Civica Authority Legal	Legal debt recovery, case management
Capita Academy	Council Tax National Non Domestic Rates (NNDR) Housing Benefit
Parking Gateway	Parking

- 4.2 To administer an efficient debt collection process with clearly defined roles and responsibilities and documented processes.
- 4.3 To maximise the amount of income collected using the most efficient methods of payment.

- 4.4 To ensure that the cost of providing goods or services on credit terms and the cost of recovery is kept to a minimum.
- 4.5 To minimise cost to the Authority by applying administration charges for extended credit arrangements and failed payments, where cost has been incurred.
- 4.6 To minimise cost to the Authority by applying interest and charges as appropriate in accordance with relevant contracts, legislation or Late Payment of Commercial Debt (Interest) Act, 1998
- 4.7 To minimise cost by receiving payment up front for non-essential services.
- 4.8 To minimise bad debt and provide adequate levels of provision for bad debt occurring.
- 4.9 To identify high risk customers, especially those likely to get into financial difficulties. Departments should make appropriate checks, to ensure affordability and safeguard the recovery of outstanding debt.
- 4.10 To maintain high quality and comprehensive accounts receivable information to provide easily accessible, robust management information as well as accurate customer accounts history.
- 4.11 To operate within an overall framework where core working practices are consistently applied across all services and best practice adhered to.
- 4.12 To adhere strictly to legislation, codes of conduct and professional guidelines, taking into account the Council's policies on equalities and considering diversity issues.

5. Responsibilities

Assistant Director for Finance (ADF)

- 5.1 The ADF has a statutory responsibility for the efficient administration of the Council's financial affairs and to protect the Council's financial position. Consequently responsibility for the implementation of this policy rests with the ADF. All officers must comply with this policy and the ADF must be consulted, and give approval, for any deviations to this policy.
- 5.2 The ADF will monitor the overall debt position of the Council and keep under review the arrangements for the effective and efficient collection of debt.
- 5.3 The ADF will report formally as part of the annual outturn report. Exceptions will be reported as required.

- 5.4 Income targets are set as part of the Finance Department Key Performance Indicators (KPI) scorecard and reviewed at monthly Finance Management Team (FMT)

Chief Officers

- 5.5 Chief Officers will be responsible for ensuring these arrangements are communicated, understood and applied by the staff involved in the income and credit management process.

Head of Transaction Centre

- 5.6 The Head of Transaction Centre is responsible for making all recommendations over changes to core working practices and procedures and implementing these changes as they relate to this policy, including any associated assessment of risk.

Departmental

- 5.7 In order to ensure affordability the Department will undertake relevant credit checks prior to entering into contract with customers.
- 5.8 Credit arrangements outside of standard payment terms should not be offered to new customers.
- 5.9 The Department will ensure relevant legal documentation (leases and contracts) are signed by officer and customer and retained.
- 5.10 Departments should give consideration to including a contract clause which allows for the offsetting of payments against outstanding invoices when entering into contract with new customers.
- 5.11 It is the Departments responsibility to provide relevant information enabling accurate customer accounts and invoices to be raised at the appropriate time.
- 5.12 Departments should inform the Transaction Centre of changes to contact and billing details as soon as they occur. Transaction Centre will undertake all amendments in accordance with the procedures for the maintenance of customer account data on the relevant systems.
- 5.13 It is the Departments responsibility to resolve disputes promptly.

6. Policy Alignment

6.1 The Income and Credit Management Policy is designed to be consistent with the following strategies and policies of the Council:

- Medium Term Financial Strategy
- Sustainable Community Strategy
- Financial Regulations.
- Fairer Charging Policy

Medium Term Financial Strategy

6.2 The Medium Term Financial Strategy (MTFS) is aimed at providing the financial capacity to deliver the Council's priorities on a sustainable, medium term basis. It recognises the cost pressures faced by the Council over the medium term and matches this against the resources that the Council is likely to achieve. A key strand of the MTFS is driving efficiency and value for money. Minimising the amount of non-collectable debt helps to achieve the aim of protecting and increasing income.

6.3 Efficient credit management and income collection also assists in the aim of reducing expenditure.

Sustainable Community Strategy

6.4 The Sustainable Community Strategy promotes "Access for all Plymouth's residents to the city's cultural, economic and social life". By maximising the amount of income collected, services enjoyed by those that would otherwise be financially excluded can be maintained. The Income and Credit Management Policy allows for waivers to be granted in exceptional circumstances, taking full account of the diversity of each individual's circumstances.

6.5 This policy is consistent with these strategies and aims to recover only that which is due under other approved policies of the Council.

Financial Regulations

6.6 The Financial Regulations provide the framework for managing the Council's financial affairs, ensuring that best practice and legal responsibilities are adhered to at all times.

- 6.7 They apply to every member, committee, school governing body, department, officer, partner, employee of the Council, and anyone acting on behalf of the Council, unless otherwise minuted by the Council. Breaches will be reported to the Audit Committee, if the Responsible Finance Officer and the chair of the Audit Committee deem that it is appropriate.

Fairer Charging Policy

- 6.8 Section 17 of the Health and Social Services and Social Security Adjudications Act 1983 (HASSASSA Act 1983) gives local authorities a discretionary power to charge adult recipients of non-residential and some respite services such amounts as they consider reasonable.
- 6.9 Like most local authorities, Plymouth City Council is reliant on the income raised from charging for such services to fund a proportion of the costs. Without this income, service levels would be significantly reduced. Central government assumes that councils will partly fund services from client charges when allocating funding each year. Plymouth City Council has developed this charging policy on the basis of equity, need and a duty to provide care.
- 6.10 The policy meets the statutory guidelines as set out in “Fairer Charging Policies for Home Care and other non-residential Social Services: Guidance for Councils with Social Services Responsibilities”, Department of Health 2003 and Non-Residential Social Services” and Fairer Contributions Guidance issued in November 2010 under section 7 of the Local Authority Social Services Act 1970.

7. Principles of Operation

- 7.1 The Policy Principles set out below represent the standards and procedures that shall apply to all income collections systems throughout the Council. Any deviation from these principles will require the explicit approval of the ADF. Dispensations are only likely to be given in circumstances where they further the greater economic interests of the Council, avoid undesirable social or economic consequences or where the processes in this policy are incompatible with the currently employed technology.
- 7.2 It should be recognised that income derived from the supply of goods and/or services is reduced by the following:
- The cost of allowing credit terms by way of lost interest or interest costs incurred during the credit period
 - The cost of collecting outstanding debts

- 7.3 It should also be recognised that allowing credit presents the risk of losses due to bad debt, which results in total loss of income in addition to the incurred costs of collection.

Payment Terms

- 7.4 All opportunities to take payment in advance will be taken.
- 7.5 Where payment in advance is not possible, standard terms will be for payment to be made on receipt of invoice. Any deviation from the standard terms must be made with prior agreement from the Transaction Centre.
- 7.6 Flexible payment terms should be considered for continuous services only, such as commercial rents, as a means of maximising the collection of revenue. These payment terms should not exceed a six month period.
- 7.7 Discounts will not be offered unless previously agreed by ADF.
- 7.8 Failure to pay on time, or poor payment history, may result in the withdrawal of non-statutory services. Interest may also be applied, either under contracted terms or the Late Payment of Commercial Debt (interest) Act 1998.

Raising of Invoices

- 7.9 Responsibility for the accuracy of invoicing remains with the originating department.
- 7.10 All invoices will be generated promptly and as close to the point of provision as possible, and in any event within five working days of that provision.
- 7.11 All invoices should be raised with the correct income detail code(s) for the goods or services supplied. The four digit detail code will always start with an '8'.
- 7.12 It is essential for recovery purposes that the correct and accurate name and title of the customer are shown on the invoice. If the customer is a business the following information is required:
- Full trading title
 - Whether it is a partnership/sole owner/limited company/PLC
 - The registered office
 - Directors' or partners' names
 - Company Registration number
 - VAT number
 - VAT rate
 - Full address, main telephone number(s) and email address.
 - Date of invoice
 - Name and telephone number of Customer Payment Manager/Team

- 7.13 Invoices must only be raised to the person or organisation ultimately responsible for paying the account. Litigation cannot be successful if the debtor details are not accurate, which will result in departments losing their income.
- 7.14 A clear description of the goods or services provided will be contained in every invoice to assist the customer and to facilitate prompt payment. Specific details must be given, 'See attached' is not acceptable.
- Correct customer details
 - No abbreviations
 - Clarity of content
 - Quantity of charge
 - Date/Time of service / provision
 - Purchase order number
 - VAT if applicable
- 7.15 Invoices should not be manually amended following print.
- 7.16 Internal billing should be used for all inter-departmental debt by journal transfer in the General Ledger. Please speak to your Service Accountant for further advice.
- 7.17 In general, the principle to be applied is not to raise invoices for less than the value of £30.00. Charges below this amount should be collected in advance or aggregated billing raised.

Payment Methods

- 7.18 Various methods of payment shall be available to all customers for the benefit of both the Council and the customer. These will include BACS, standing order, direct debit, debit and credit card payment in person, by telephone, payment kiosks and via the internet, PayPoint and PayPal. The preferred method of payment for continuous services is direct debit. The Council will encourage and promote this method of payment at every opportunity and Service Departments should assist in moving customers to direct debit.
- 7.19 Methods of payment will be reviewed regularly to take advantage of technological advances to ensure the most efficient methods of collecting income are used.

Customer Service

- 7.20 Customers will be provided with the contact details of the originating department on any invoices issued in order that they have access to officers with detailed and specific knowledge of the goods and/or services provided at all times.

- 7.21 All customers will be encouraged to take ownership of their financial affairs. Whilst it is not the role of the Council to provide a debt counselling service, where customers are facing clear financial hardship they will be made aware of external debt counselling services, such as the Debt Helpline, Citizens Advice Bureau and Credit Unions.

Collection of Non Domestic Rates

- 7.23 The Non-Domestic Rating (collection and enforcement) Regulations 1989, outlines the recovery details. This policy must follow the guidelines in the Act. The flow chart at Appendix 1 indicates the process of statutory recovery.

Collection of Income – Council Tax

- 7.24 The Council Tax (Administration & Enforcement) Regulations 1992 outlines the recovery details. This policy must follow the guidelines in the Act. The flow chart at Appendix 2 indicates the process of statutory recovery.

Collection of General Income

- 7.25 Recovery of debt is the responsibility of the Transaction Centre. Responsibility commences from the point the invoice is created on the Debtors.
- 7.26 The flow chart at Appendix 3 indicates the Central Recovery Process and Appendix 4 indicates the Continuous Service Recovery Process for General Income.
- 7.27 Automated reminder letters will be generated when invoices remain unpaid beyond the agreed terms.
- 7.28 Where automated reminders do not elicit a response, pro-active recovery is undertaken. The preferred method for making contact with customers is by telephone.
- 7.29 Where it has been established that a customer is experiencing difficulty in paying outstanding amounts, the Transaction Centre may arrange collection by instalment. The instalment plan should not exceed a period of six months. Where this is not possible the Transaction Centre will work with the customer to agree a mutually acceptable plan.
- 7.30 It is the responsibility of the Transaction Centre to ensure that all sundry debt outstanding to the Council from one debtor is pursued on a consolidated basis.
- 7.31 Where it has been agreed with the customer, outgoing Creditor payments will be offset against outstanding invoices.

- 7.32 All debts that remain outstanding after the normal recovery process has been exhausted will be considered for legal action or referral to the Council's approved external collection agent or enforcement agent.
- 7.33 All outstanding debt is to be pursued until such time as it becomes uneconomic or disproportionate to the administrative effort required. In determining "uneconomic", account must be taken of the overall impact on the Council of non-pursuit of that debt including the impact on the Council's reputation.

Collection of unpaid Penalty Charge Notices

- 7.34 The Traffic Management Act 2004, outlines the recovery process for Regulation 9 and 10 Penalty Charge Notices and the Transport Act 2000, outlines the recovery process for Bus Lane Penalty Charge Notice's. The flow chart at Appendix 6 indicates the process of statutory recovery.

The use of Third Parties and Legal Action – General Income

- 7.35 Legal action will be taken on debts >£500 with the exception of Environmental Health and Adult Social Care debt. Legal action on these debts can be taken on amounts <£500.
- 7.36 Legal action will be instigated on behalf of the authority by the Transaction Centre or Legal Services, following consultation with the department that originated the debt. Where the recovery process is the responsibility of the originating department, that department will instigate legal action.
- 7.37 For debts considered uneconomical to refer for legal action, the use of tracing and collection agents will be considered prior to any decision to write off the debt.
- 7.38 Where the council incurs additional costs as a result of non-payment e.g. court costs, these will be added to the outstanding debt and (where allowed under statute) recovered from the customer.

Collection of Income – Adult Social Care

- 7.39 Within the Care Act 2014, recovery details are outlined. This policy must follow the guidelines in the Act. For information about the collection of Income within Adult Social Care, please refer to Appendix5.

Use of External Collection and Enforcement Agents

- 7.40 The Council has a contract with approved external collection and enforcement agents and these should be used in all cases.

- 7.41 The services of enforcement agents will be used in their official capacity for the collection of Council tax, NNDR Parking and Commercial Rents.
- 7.42 The services of external collection agents will be used for the collection of sundry debts <£500, with the exception of Adult Social Care debt. These debts may be referred for legal action.
- 7.43 The external collection and enforcement agents will make personal visits to customers when the normal reminder procedures have been exhausted.
- 7.44 In these situations the external collection and enforcement agent will be acting in the capacity of representative of the Council, and due consideration will be given to the individual circumstances of the customer.
- 7.45 All external collection and enforcement agents shall be required to adhere to a Code of Conduct, which complies with and extends beyond any statutory requirements. The Code of Conduct shall be determined in the Corporate Contract for Bailiff Services.
- 7.46 Where the council employs third party collection agencies, these agencies may apply their own costs to the amount to the recovered.

Other Legal and Enforcement Action

- 7.47 Other forms of recovery action that may be used in order to secure a debt are:
- County Court Judgements
 - Third Party Debt Order
 - Attachment of Earnings Order
 - Attachment of Benefits
 - Charging Order
 - Order of Sale (Assets)
 - Filing for Bankruptcies & Liquidations
 - Serving Statutory Demands
 - Levying Distress (i.e. taking possession or seizing goods)
 - Committal to prison
 - Deferred Payments

Bad Debts and Bad Debt Write Offs

- 7.48 Full details of the correct procedures for the write off of bad debt can be found in the Bad Debt Write off Policy.
- 7.49 If the invoice is valid, the charges are due and all viable means of collection have been exhausted, the debt should be written off. Invoices that have been incorrectly raised must be credited and not written off.

- 7.50 Departmental provisions for bad debts shall be reviewed on a periodic basis. Sufficiency of provisions will be amended annually.
- 7.51 ADF, or any officer delegated by him/her, must approve the write off of any debt in accordance with the Bad Debt Write off Policy and Financial Regulations.

Insolvency / Bankruptcy / Receivership / Ceased Trading

- 7.52 Such debt should be written off as soon as a proof of debt has been lodged. Any subsequent income collected should then be written back to the relevant bad debt provision.
- 7.53 Responsibility for the monitoring of insolvencies, completion of documentation shall rest with the Transaction Centre (General Income, NDR, and Adult Social Care) and Customer Services (Council Tax). Representation at creditors' meetings should be the responsibility of Legal Services.

Dispute Management and Credit Notes

- 7.54 Responsibility for the management and resolution of all disputes, regarding service delivery and amount of invoice, remains with the originating department. Every endeavour should be made to ensure disputes are resolved within two months.
- 7.55 All disputes regarding invoiced charges and fees shall be recorded, monitored and reported on via the relevant debt recovery system (currently the Civica system).
- 7.56 Where an invoice is in dispute the recovery process should be 'delayed' on the relevant system pending resolution. In the case of sundry debts the delay should be reviewed at least every two weeks and should be resolved within two months, except where prior agreement has been obtained from the Transaction Centre. If the delay period is not managed promptly, recovery will recommence at the point recovery had reached previously.
- 7.57 If the dispute is not resolved within two months this could result in the debt being cancelled, resulting in a reduction of service income.
- 7.58 Credit notes will only be raised to reduce or cancel charges where an error has occurred and must be properly authorised and documented.

- 7.59 Credit notes must be raised and authorised immediately to correct the error, or as soon as the mistake is realised.

Suspending Recovery

- 7.60 'Suspending' (stopping) recovery action on the sundry debt system should only occur in the event of the death of a customer and on receipt of the appropriate confirmation.

Management Reporting

- 7.61 Levels of debt will be monitored on a regular basis using system generated reports by appropriate officers.

8. Policy Review

- 8.1 This policy shall be reviewed annually by the ADF and approved through the relevant decision making process.

9. Useful Contacts & Links

General Income (Transaction Centre)

Tel: (30)4443 E-mail: incomes@plymouth.gov.uk

NDR (Transaction Centre)

Tel: (30)4966 E-mail: businessrates@plymouth.gov.uk

Client Financial Services (Transaction Centre)

Tel: (39)8155 E-mail: CFServices@plymouth.gov.uk

Council Tax Helpdesk (Customer Services)

Tel: (30)4924 E-mail: revenues@plymouth.gov.uk

Legal Department (Debt Recovery)

E-mail: debtrec@plymouth.gov.uk

Civica Authority Financials – Debtors User Manual

Document Library/All/Training Manuals-ICT/Debtors

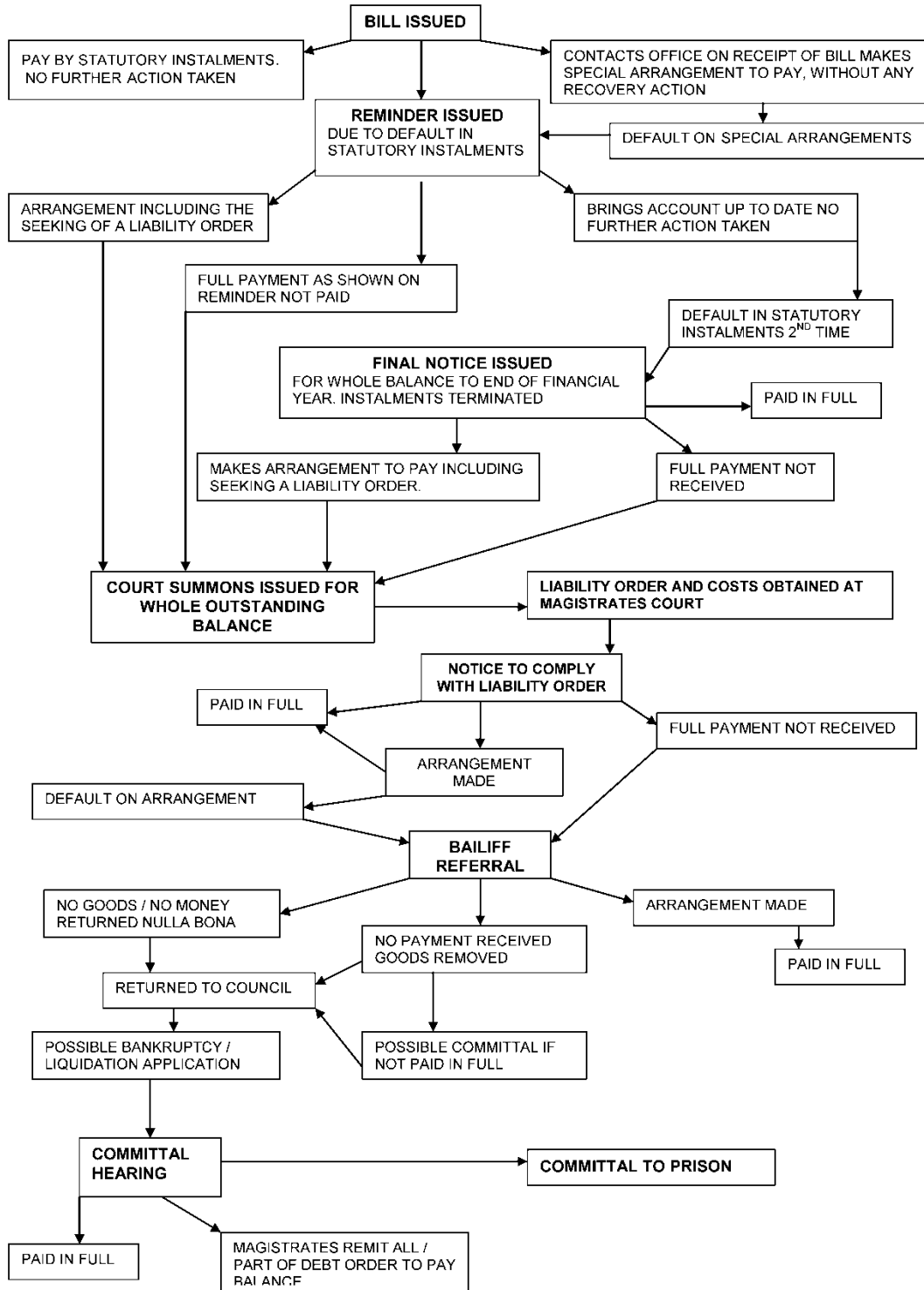
Financial Management webpages on Staffroom<http://www.plymouth.gov.uk/homepage/staffroom/finmgt.htm>Online payments<http://www.plymouth.gov.uk/homepage/general/onlinepayments.htm>**10. Glossary of Terms**

Term	Description
Financial regulations	A number of rules that must be followed in order to ensure that public accountability and high standards of financial integrity are exercised in the use of public funds.
ADF	Assistant Director for Finance (S151 Officer)
CMT	Corporate Management Team
MTFS	Medium Term Financial Strategy
NDR	Non Domestic Rates (more commonly known as Business Rates)
Statutory services	Services that the Council is required to provide by statute (written law)
ECA	External collection agent
Delay recovery	Process by which the invoice is manipulated to delay production of notices/reminders.
Suspend recovery	Process by which the invoice is manipulated to stop production of notices/reminders.
Pro-active recovery	Targeting specific debtors or types of debt for more robust recovery action e.g. telephoning the customer to obtain payment.

Recovery process	A chain of events taken to ensure payment of outstanding invoices.
Income	Money due to the authority for services provided.
Credit	Payment not being made by the invoice due date.
Payment terms	Agreed terms for payment of an invoice.
Bad debt	Non-payment of income that is due to the Council, resulting in the debt being written off.

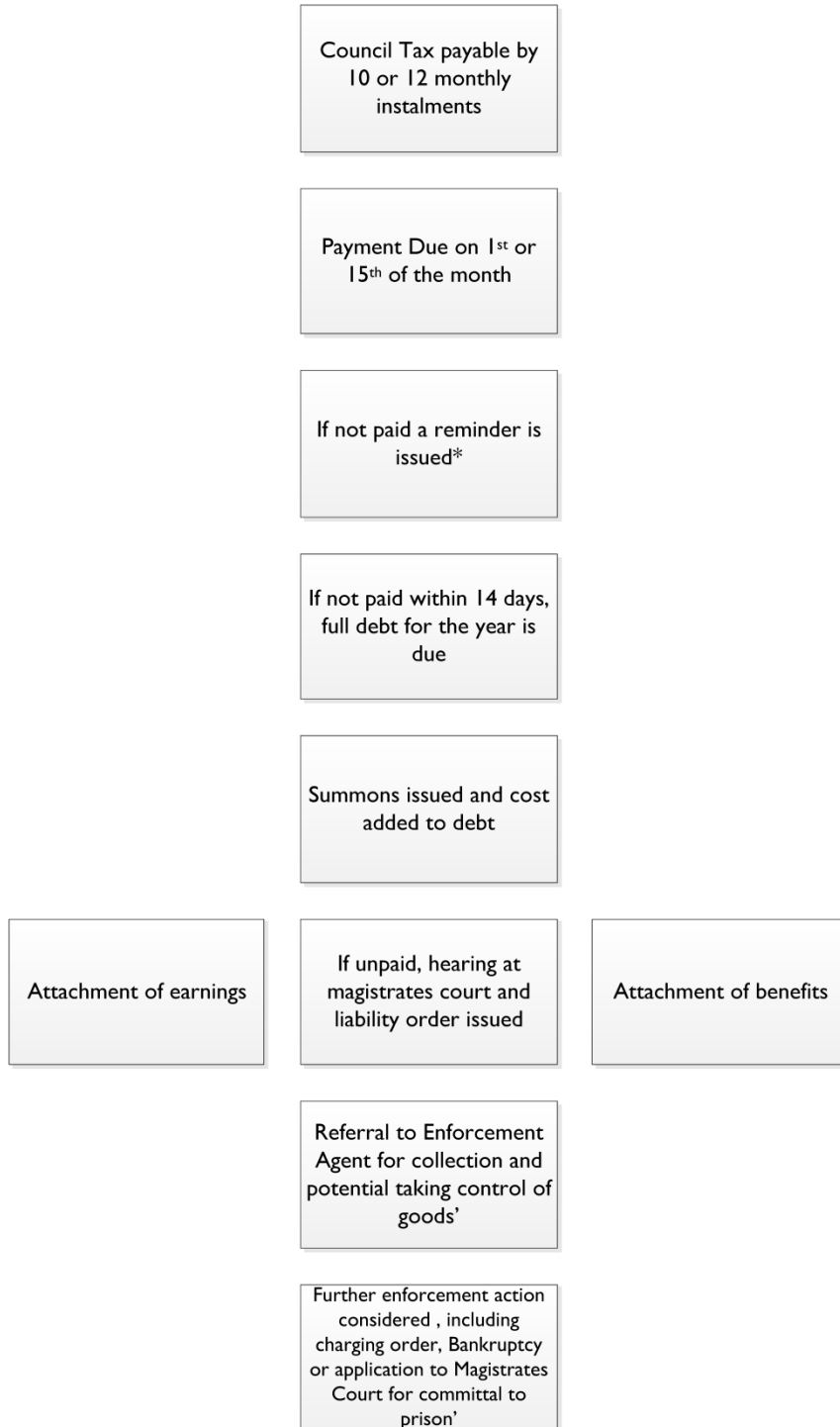
APPENDIX I

NDR FLOWCHART



APPENDIX 2

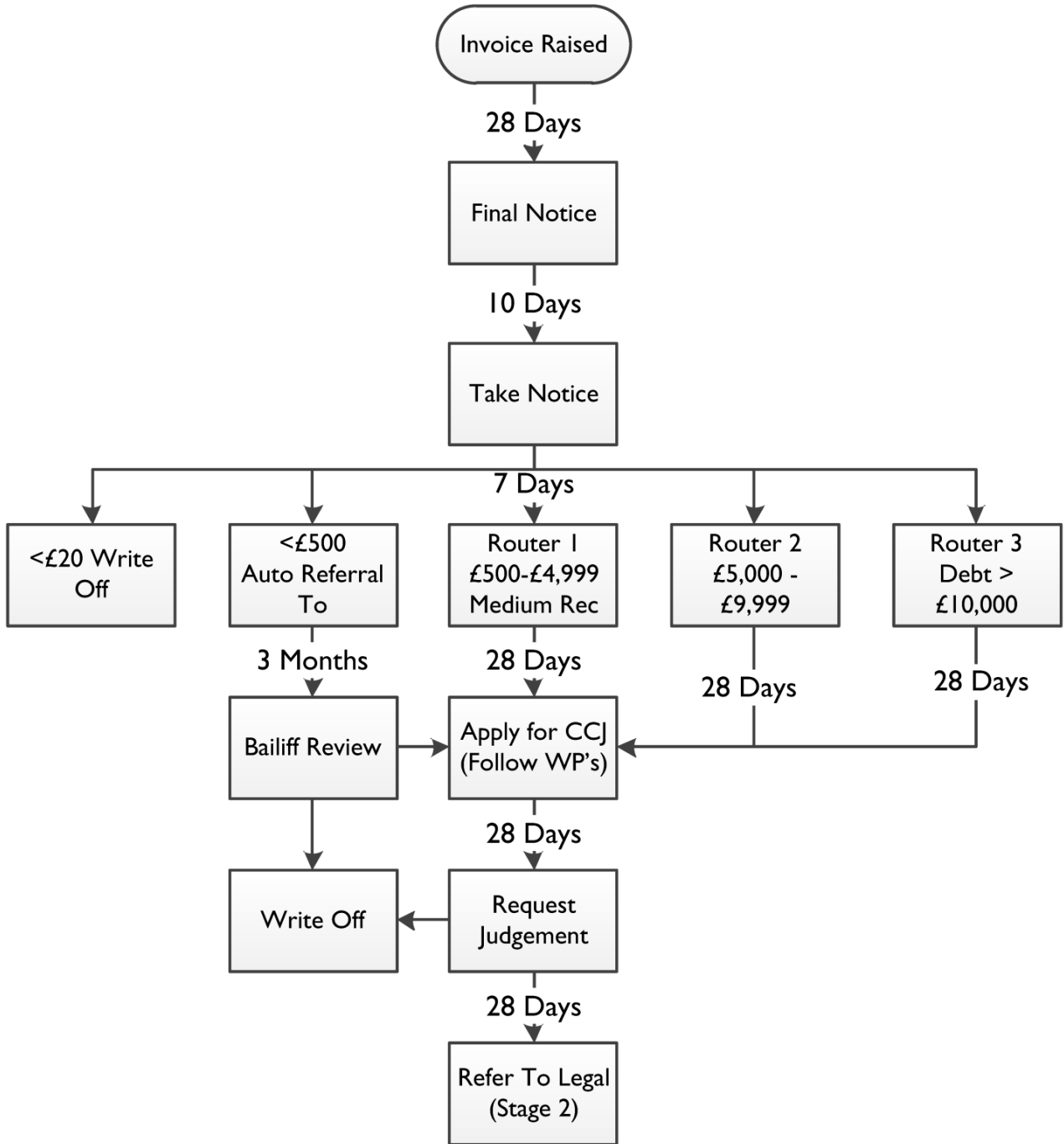
COUNCIL TAX RECOVERY



***If a customer fails to pay on three occasions, the full year's debt will fall due and a final notice will be issued prior to a summons**

APPENDIX 3

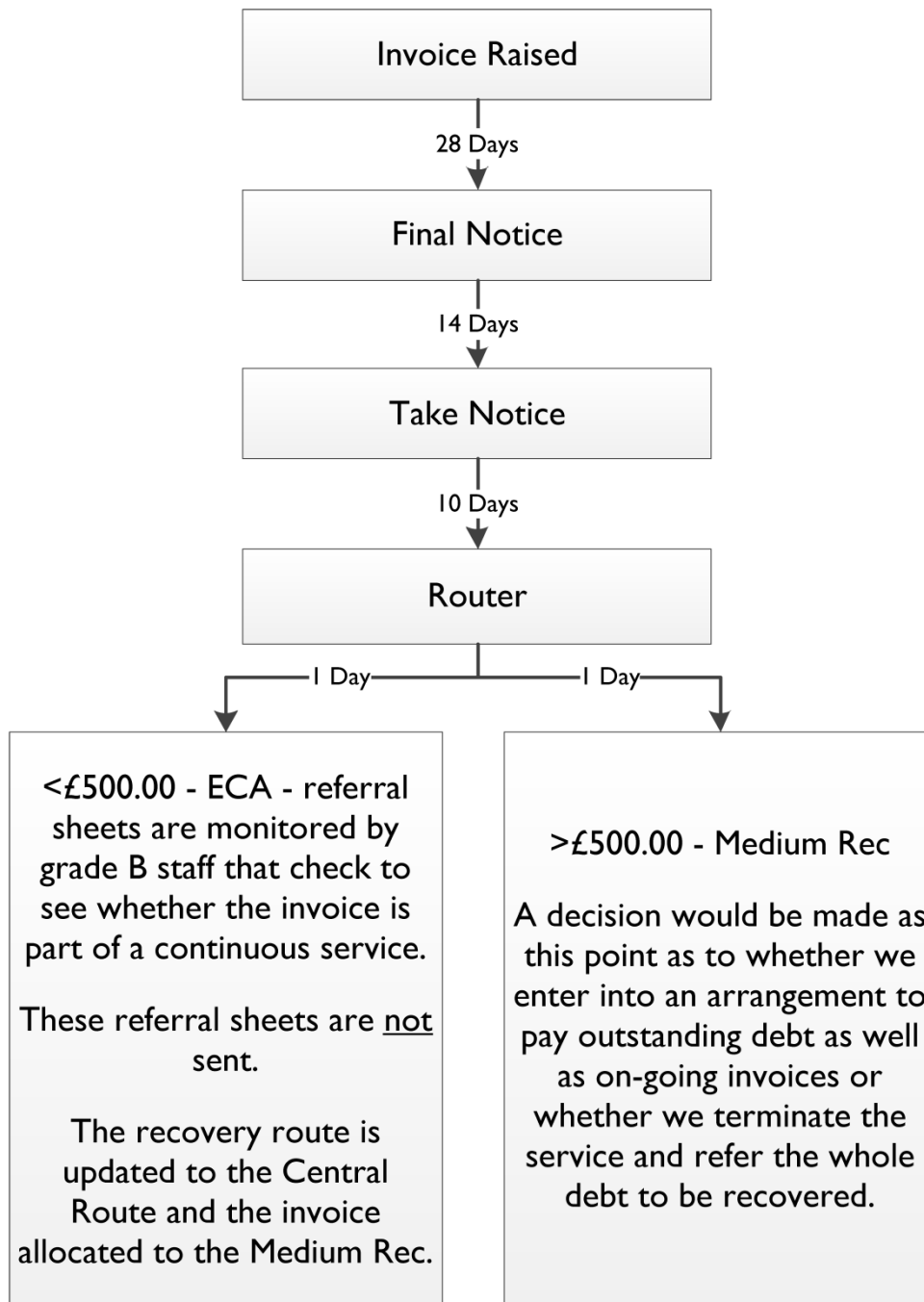
CENTRAL RECOVERY ROUTE



APPENDIX 4

CONTINUOUS SERVICE

- Trade Waste
- Licencing

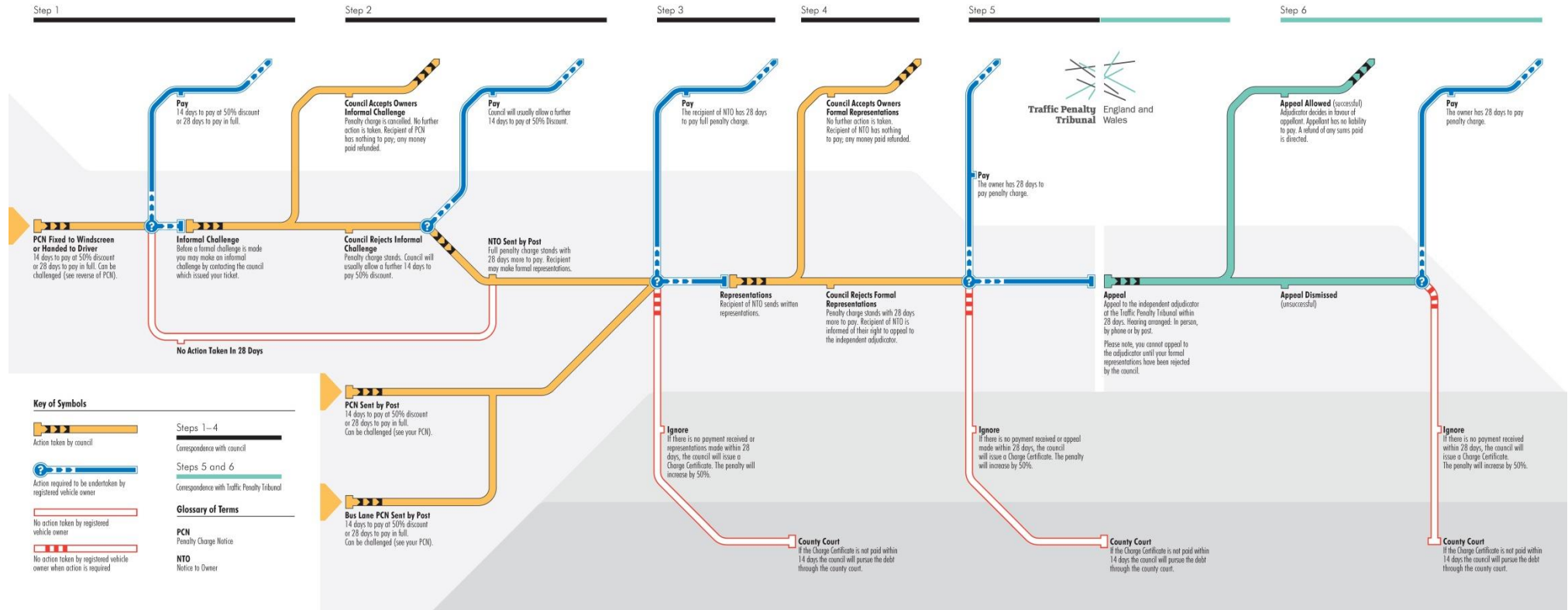


APPENDIX 5**COLLECTION OF INCOME – ADULT SOCIAL CARE**

- The Care Act 2014 enables the local authority to make a claim to the County Court for a judgment in order to recover the debt. Plymouth City Council will consider the full range of alternative options before proceeding to a County Court judgment in the case of debt attributable to care and support costs.
- A deferred payment agreement must be offered in the first instance where this is applicable, if the person is receiving care in a care home or are renting an extra care property. If a Deferred payment agreement is not applicable or is refused then this needs to be recorded.
- Plymouth City Council will explore other suitable options with the person where a deferred payment is not applicable or is refused. These will include negotiation, using an advocate, supporting the family to gain a power of attorney or deputyship, the local authority applying to be a deputy and mediation.
- Consideration to how different approaches will impact on someone's wellbeing will be taken at all times and effort should be made to resolve the issue positively through the use of effective social work skills.
- Mental capacity will need to be considered and social workers should be asked to carry out a decision specific capacity assessment where required.
- Where the person is deemed to have capacity then negotiating an agreement, mediation and arbitration options should be considered before a County Court judgment.
- Where the person is deemed not to have capacity, safeguarding teams may need to be involved. Where a person has an attorney for property and financial affairs or a deputy, these roles give the attorney or the deputy the legal authority to make the financial decisions on the persons behalf. Plymouth City Council will then need to consider the options of negotiation, mediation and arbitration with the attorney or deputy.
- If the person is deemed to lack capacity and has no power of attorney or deputy then an application for a deputy is required. Plymouth City Council will ask the family to apply for a deputyship. Where there is no family or they chose not to, Plymouth City Council will apply for one before they proceed to the County Court, bearing in mind the risks of a conflict of interest.
- Any debts occurring after the Care Act 2014 came into effect (01 April 2015) must be recovered within six years of the monies becoming due otherwise the debt will be written off. For any debts that have accrued prior to this date, the time period for recovering that debt continues to be three years as previously set out under Section 56 of the National Assistance Act 1948.

APPENDIX 6

THE PARKING PENALTY ENFORCEMENT PROCESS



APPENDIX 7**WRITE OFF DEBT**

The Rules for writing off debt are as follows:

Value of Debt	Who can approve it?
Up to £40	Nominated recovery officers
Up to £200	Nominated recovery officers (Grade E and above)
Up to £1,000	Nominated Officers (Grade H and above)
Up to £10,000	Heads of Service and other nominated officers of the Strategic Director of Corporate Services.
Up to £100,000	Responsible Finance Officer (Section 151 Officer)
Up to £200,000	Cabinet Member
All debt over £200,000 unless covered by below exception.	Cabinet
Unlimited in the case of bankruptcy or liquidation/CVA/death/no assets/no trace	Responsible Finance Officer or other senior finance officer nominated by him.

Council Tax Protocol

Revised Collection of Council Tax Arrears Good Practice Protocol



Agreed by:

Citizens Advice, June 2017

Local Government Association, June 2017



Council Tax Protocol

We agree to adopt this protocol in
as our public commitment to its principles of fairness, partnership
working and transparency in local authority debt collection:

Signature

.....

Local authority representative

Signature

.....

**Local Citizens Advice / advice
agency representative**

Signature

.....

**Enforcement agency
representative**

(where relevant)¹

Signature

.....

**External contractor
representative**

(where relevant)¹

Date:

¹ Enforcement agents and external contactors may sign this protocol if they and the authority agree that it is appropriate.

Council Tax Protocol

Revised collection of council tax arrears good practice protocol

Council tax payers receive a better level of service when local authorities², enforcement agencies and debt advice agencies work closely together. Early intervention and proactive contact with people struggling with bill payments can help prevent them incurring further charges and help alleviate stress. It can also potentially help reduce both collection costs and calls on local public services, particularly mental health services.

This good practice protocol makes a number of suggestions on how local partnerships can be strengthened and residents better supported. Developed through partnership work between the national bodies representing advice agencies, local government and enforcement agencies throughout England and Wales, it builds upon the previous protocol, which government recommended local authorities adopt in their 2013 guidance. The protocol reflects best practice at local level and is intended to facilitate regular liaison on practices and policy concerning council tax debt collection. In setting down clear procedures and keeping them regularly under review, all parties can ensure that cases of arrears are dealt with appropriately whilst complaints are handled efficiently.

By signing the protocol and adopting the practices set out below, local authorities, enforcement agencies and advice agencies can help taxpayers pay their council tax bills while accessing debt advice when needed.

² Where we use the term 'local authorities', this should also be read to cover a local authority's external contractors, where the local authority has contracted out the administration of some or all of its council tax collection process.

Partnership

To foster more effective partnership working:

1. Local authorities, enforcement agencies and advice agencies should meet regularly to discuss practical and policy issues with a recommendation to meet quarterly at officer level and annually with elected members.
2. All parties should have dedicated contacts accessible on direct lines and electronically so that issues can be taken up quickly.
3. All parties should promote mutual understanding by providing training workshops, undertaking exchange visits and sharing good practice.
4. As local authorities are responsible for the overall collections process, they should ensure all their staff, external contractors and enforcement agencies receive the appropriate training, particularly on vulnerability and hardship.
5. Advice agencies, enforcement agencies and local authorities should work together to develop a fair collection and enforcement policy, highlighting examples of vulnerable people or those who find themselves in vulnerable situations, and specifying clear procedures in dealing with them. Contractual arrangements with enforcement agents should specify procedures for the local authority to take back cases involving vulnerable people.
6. Local authorities should consider informal complaints as debtors may be afraid to complain formally where enforcement agent activity is ongoing. Informal complaints received from advice agencies can indicate problems worthy of further investigation both locally by the local authority and by referral to national bodies.

Information

To improve the information supplied to council tax payers about the billing process, how to get support and debt advice and to promote engagement:

1. All parties should work together to produce letters that clearly and consistently explain how council tax bills have been calculated (including any Council Tax Support award). Council tax bills should make clear council tax is a priority debt and explain the consequences of not making payment by the date specified. As far as possible within the constraints of systems, where a taxpayer has council tax arrears, the letters should explain how the debt has been accumulated and over which time period, the layout and language of bills and letters should be easy to understand, with any letters including a contact phone number and email address. All information should also be made available online in a clear format.
2. Local authorities should consider reviewing payment arrangements and offer more flexible options, including, subject to practicality, different payment dates within the month, spreading payments over 12 months and, potentially, different payment amounts to assist those on fluctuating incomes. This can allow people to budget more effectively.
3. Local authorities and enforcement agents should publicise local and national debt advice contact details on literature and notices. Advice agencies can help by promoting the need for debtors to contact their local authority promptly in order to agree payment plans. Parties can work together to ensure the tone of letters is not intimidating but encouraging of engagement.
4. Local authorities should ensure that enforcement agencies have appropriate information about the council tax debts they are recovering, so they can put this in letters they send to debtors and answer any questions.
5. Local authorities should consider providing literature about concerns council tax debtors may have about enforcement agents and enforcement. Information could cover charges enforcement agencies are allowed to make by law, how to complain about enforcement agent behaviour or check enforcement agent certification and further help available from the local authority or advice agencies.
6. All parties should work together to review and promote better engagement by council taxpayers. This should include information on how bills can be reduced through reliefs, exemptions and council tax support schemes, advising taxpayers that they should contact the local authority if they experience financial hardship and the consequences of allowing priority debts to accumulate. Information and budgeting tools should be made available on local authority and advice agency websites, via social media and at offices of relevant agencies. This is an opportunity for joint campaign work.

Recovery

If a council tax bill is not paid, then the local authority's recovery process comes into play. While local authorities strive to make early contact with a debtor, the first point of engagement by a debtor often only occurs when an enforcement agent visits the premises. Greater effort should be made at or before the Tribunal Courts and Enforcement Act's compliance stage, including debt and money advice referrals and to assess whether vulnerability or hardship applies, so as to avoid escalating a debt. Therefore:

1. Local authorities and enforcement agencies should work in partnership with advice agencies on the content, language and layout of all documents, produced by the local authority and agents acting on its behalf which are part of the enforcement process. This should aim to ensure that the rights and responsibilities of all parties, particularly those of the debtor, are clearly set out.
2. Enforcement agents should provide the debtor with a contact number and email address should they wish to speak to the local authority.
3. Local authorities should keep all charges associated with recovery under regular review to ensure they are reasonable and as clear and transparent as possible and reflect actual costs incurred. Enforcement agents should only make charges in accordance with council tax collection and enforcement regulations, particularly the Tribunal Courts and Enforcement Act.
4. Local authorities should periodically review their corporate policy on debt and recovery, particularly what level of debt (inclusive of liability order fees) should have accrued before enforcement agent action, as enforcement will add additional costs to a debt.
5. As part of their corporate policy on debt and recovery, local authorities should have a process for dealing with cases that are identified as vulnerable, bearing in mind that different local authorities may have different definitions of a vulnerable person or household. Any local definition of vulnerability should be developed in consultation with advice agencies and enforcement agencies and, wherever possible, the local authority should aim to publish clear guidelines on what constitutes vulnerability locally. Where a local authority's vulnerability criteria apply, In these cases, debts should be considered carefully before being passed to enforcement agencies. Where enforcement agents or other parties identify a vulnerable household, recovery action will be referred to the local authority.
6. Local authorities should regularly review and publish their policies which cover hardship, including how these relate to council tax arrears.

7. Where a household is in receipt of Council Tax Support, the local authority should consider matters carefully and determine whether to pass such cases to enforcement agents, based on the individual circumstances of the case.
8. The debtor may have outstanding claims for Universal Credit, Council Tax Support or other benefit(s) which are contributing to their arrears. Local authorities can suspend recovery once it is established that a legitimate and relevant claim is pending.
9. Local authorities and their enforcement agents should consider offering a 28 days hold or “breathing space” on enforcement action if debtors are seeking debt advice from an accredited advice provider.
10. Procedures should exist for debt advisers to negotiate payments on behalf of the taxpayer at any point in the process, including when the debt has been passed to the enforcement agent. In some cases, the debtor may only contact an advice agency following a visit from the enforcement agent.
11. Local authorities and enforcement agents should consider accepting and using the Standard Financial Statement (SFS) or Common Financial Statement in assessing ability to pay as long as this is consistent with securing value for money for all council tax payers.
12. Each case should be examined on its merits and repayment arrangements need to be affordable and sustainable, while ensuring that the debt is paid off within a reasonable period. Where appropriate, local authorities should provide the flexibility to spread repayments over more than a year, including beyond the end of a financial year.
13. Local authorities should prioritise direct deduction from benefits or attachment of earnings in preference to using enforcement agents. This avoids extra debts being incurred by people who may already have substantial liabilities.
14. Clarity should be provided to the debtor and enforcement agency as to which debts are being paid off, in what amounts and when, especially where a debtor has multiple liability orders. Where appropriate, debts should be consolidated before being sent to enforcement agents.
15. Local authorities should publish a clear procedure for people to report complaints about all stages of recovery action. Local authorities will regularly monitor and, subject to requirements of commercial confidentiality and the Data Protection Act, publish the performance (including complaints) of those recovering debts on their behalf and ensure that contractual and legal arrangements are met.

Free, confidential advice. Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.



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Published June 2017

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Registered charity number 279057.