



Chichester District Council
Corporate Debt Recovery Policy

1. Introduction

The Council raises a significant proportion of its total income through local taxes and charges. These sources of income provide core funding for the Council's services therefore we must adopt a policy to support the maximisation of debt recovery and income collection ensuring that billing, collection and recovery of all sums due are managed in a cost effective, consistent and sensitive manner.

Sums due to the Council can be a mixture of statutory and non-statutory charges. The methods for billing and recovery of statutory debts are tightly prescribed by statute and our practices must take these legislative requirements into account.

The Council also has wide ranging social responsibilities so it is not possible to have one standard approach for the recovery of all types of debt, and specific arrangements are required to ensure that all client groups are dealt with fairly and appropriately.

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

2. Aims

The aim of this Corporate Debt Policy is to achieve the prompt collection of sums of money due to the Council and to maximise collection rates whilst ensuring that a fair, proportionate and consistent approach is taken to the recovery of sums that are not paid when due.

3. Objectives

The objectives of this policy are to;

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

4. Guidelines and procedures

Good Practice

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

- Issue requests for payment promptly and accurately,
- Provide clear bills, invoices, reminders and recovery notices which show clearly what to pay, when to pay it and how to pay,

- Respond quickly to notifications of changes in circumstances and applications for exemptions, discounts and reliefs,
- Commence action to recover unpaid amounts promptly to avoid the accumulation of arrears,
- Make it as easy as possible to pay bills by offering a wide choice of convenient payment options,
- Ensure that all debt recovery documents are clear and inform the debtor of the consequences of not paying,
- Publish clear information detailing recovery procedures, consequences of not paying and the options available to the Council to recover unpaid debts,
- Provide information about discounts, reliefs, reductions, exemptions and housing benefit and encourage the take-up of entitlement,
- Make it easy to contact the Council through a range of options including face to face, by telephone, by e-mail or in writing,
- Respond to all enquiries promptly and courteously,
- Signpost to free sources of independent money and debt advice,
- Ensure that all departments co-ordinate to manage multiple debts owed to the Council,
- Assist customers who have a legitimate dispute against the liability,
- Be proactive in identifying vulnerable people and provide them with advice and assistance to help them to meet their financial obligation to the Council,
- Wherever possible use the least severe method of recovering a debt (subject to the method realising payment in a suitable period of time),
- Instigate legal proceedings promptly where sums due are not paid,
- Recover the full cost of enforcement action from the debtor, but avoid imposing unnecessary or excessive charges,
- Respect the debtor's privacy by conducting enforcement activity as discretely as possible,
- Keep all procedure notes associated with this policy up to date and relevant.

Responsibilities of Debtors

The Council expects any person or organisation that owes a sum of money to the Council, or should have a liability to pay, to comply with any and all legal obligations in respect of the liability or potential liability. The Council's commitments to a fair debt collection process are set out in this Policy and it is the Council's expectations that those owing sums to the Council will contribute to this process by abiding with the following principles;

- Pay amounts due promptly to ensure receipt by the Council on or before the date that payment is due,
- Follow instructions provided regarding the making of payments to ensure payments are credited correctly against the amount due,
- Inform the Council promptly of any changes to their circumstances that may affect the amount to be paid or the ability to pay,
- Notify the Council promptly if their address changes,
- Contact the Council promptly if it is believed the amount charged is not correct, both where the amount may be too much or too little,
- Contact the Council promptly if they are unable to pay an amount that is due.

Arrangements for repayment of arrears

Anyone experiencing difficulty in making payment when it is due is encouraged to contact the Council at the earliest opportunity to discuss repayment options. Contact details can be found on all of the bills, invoices and recovery notices issued by the Council. Where contact is made consideration will be given to entering into an individual repayment arrangement based on the debtor's personal circumstances. The Council's staff will seek to obtain as much information as possible about the debtor's circumstances, as considered necessary in order to make the best assessment of their ability to pay and to determine a realistic payment arrangement. More detailed information is likely to be required where the debtor claims to be unable to pay the debt over a short space of time and where the debt will not be repaid in full by the end of the financial year.

Where a debtor refuses to divulge any information that is considered essential to assessing their ability to pay then it is unlikely that a payment agreement will be entered into.

The Council collects a range of debts some of which have more serious consequences than others when there is non-payment. The following shows the consequences of certain debts. It is the Council's intention that customers should understand these consequences with a view to minimising the effects.

- Council Tax – can result in imprisonment.
- Fuel debts – can result in disconnection.
- Mortgage arrears – can result in repossession.
- Income Tax and VAT – can result in bankruptcy or imprisonment.
- Court Fines (e.g. for traffic offences) can result in possession of goods or imprisonment.
- Rent arrears – can result in eviction and removal from the Housing Register.
- Hire Purchase – can result in repossession of e.g. a car – which may be considered essential if needed for work.

Priority debts will be taken into consideration when making an arrangement to pay and other debts will be taken into consideration after priority debts have been considered.

Vulnerable People

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

Vulnerability does not mean that a person will not be required to pay amounts they are legally obliged to pay. However, where a person is recognised to be vulnerable consideration should be given to;

- Allowing longer to pay,
- Postponing enforcement action,
- Assisting the person to claim benefits, discounts or other entitlements,
- Referring the person to sources of independent advice,
- Providing information in an accessible format,
- A temporary payment arrangement with lower repayment than would normally be agreed.

The cause of vulnerability may be temporary or may be permanent in nature and the degree of vulnerability will vary widely. The definition of vulnerability can be found in appendix 1

Enforcement Action

Commencing recovery action promptly ensures that the debtor is reminded of the requirement to make a payment as early as possible; allowing them the opportunity to bring payments up to date before the debt increases or more severe action to recover payment is commenced.

The Council will contact promptly in writing, within the appropriate legislative timescale, any person or organisation that fails to make a payment to inform that the payment is overdue, the payment options available and the consequences of failing to pay.

If payment or an arrangement for payment is not made enforcement action will be taken. Debts are covered by different statutory enforcement regulations and different processes are followed.

The scope and delivery of this policy

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

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

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

A dedicated web-page will be designed to ensure that customers have clear and easy access to the information they need when dealing with a bill, invoice or recovery notice.