



Ribble Valley  
Borough Council

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# **CORPORATE DEBT POLICY**

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## **1. SUMMARY OF DOCUMENT**

- 1.1 This policy sets out a clear framework on how the Council will collect debt by using a co-ordinated approach whilst having due regard to customers individual circumstances and ability to pay. It details the Council's approach and action it will take to recover debt.
- 1.2 The Council has a legal duty to ensure cost-effective billing, collection, and recovery of all sums due to the Council.
- 1.3 This policy is designed to support the maximisation of debt collection through adopting a fair, proportionate and consistent approach taking personal circumstances into account coupled with a firm and efficient process of escalation where appropriate.

## **2. OBJECTIVES OF THE POLICY**

- 2.1 To set out the general principles of debt management across all services provided by the Council.
- 2.2 To seek payment in advance for a service being provided where possible and make it easy for customers to pay.
- 2.3 To raise debt/invoices and collect those due to us in a timely manner.
- 2.4 To identify and assist those who face difficulties in paying at an early stage and to actively encourage them to contact us to help to reduce the effect of debt.
- 2.5 To ensure that where customers can't pay their debt that we consider their individual circumstances and take action on a case-by-case basis.
- 2.6 To signpost potential debtors to advice agencies and other sources of support and do everything possible to encourage them to use them.
- 2.7 To have clarity in the enforcement action process and ensure that customers know their obligations and potential consequences of not paying.
- 2.8 To recover and enforce debts in accordance with relevant legislation and guidance and in a proportionate, consistent and fair manner.

## **3. OUTCOMES OF THE POLICY**

- 3.1 The outcomes expected from this Policy are to:
  - a. ensure a consistent approach to the management of debts across the Council and that appropriate action is taken depending on individual circumstances and whether the customer can't pay or is a deliberate non- payer;
  - b. prevent debt where possible through excellent customer care and providing ongoing support where relevant;
  - c. reduce debt that is owed to the Council;
  - d. take timely, proportionate and consistent enforcement action where debtors choose not to pay debts;

- e. set out provisions to assist customers where appropriate to make payment agreements relevant to their individual circumstances;
- f. ensure individuals financial circumstances are considered on a case by case basis before enforcement proceedings are commenced.

#### **4. DEBTS TO WHICH THIS POLICY APPLIES**

4.1 This policy relates to all debts owed to the Council including (but not limited to):

- a. Council Tax
- b. on-Domestic Rates (Business Rates)
- c. Overpaid Housing Benefit
- d. Accounts Receivable (Sundry Debt Invoices)
- e. Commercial Income
- f. Rent including Ground rent and any other rents due to the Council
- g. Former Rent Arrears
- h. Recovery of enforcement costs and civil penalties, including works in default
- i. Support charges
- j. Planning and Building Control fees
- k. Legal Fees / Court Costs
- l. Miscellaneous fees and charges

#### **5. PRIORITISING DEBTS**

5.1 Where the Council is made aware that a debtor owes multiple debts to the Council and unless the debtor advises to the contrary, debts will be considered in a priority order, to avoid the customer losing their home, or going to prison for non-payment.

5.2 Where there is insufficient income available to clear all debts, payment will be appropriated in the following order except in exceptional circumstances:

- a. Rent arrears.
- b. Council Tax Arrears.
- c. Business Rates.
- d. Sundry Income.

Where contact or payments are not made for sundry debts, we may suspend any non-statutory services.

5.3 Customers who indicate that they have a problem with managing or paying their debts will be signposted to seek debt advice from relevant agencies.

- 5.4 Priority Debts are those which, if not paid, could cause you to lose your home, fuel or liberty. **Most debts that you are likely to have with the Council would be classified as Priority Debts.**
- 5.5 You will always be given a warning before any action and will have the chance to respond. Do so as soon as you can. You will usually be able to stop the loss of your home or other essentials.
- 5.6 You should make arrangements to pay Priority Debts as soon as possible and make arrangements to pay Priority Debts before making any offers to pay non-priority debts.
- 5.7 Non-priority debts may include:
- bank overdraft;
  - money borrowed from family or friends;
  - store card;
  - interest free Hire Purchase agreements;
  - credit card;
  - mail order/catalogue;
  - unsecured personal loans; and
  - any other debt.

## **6. SOCIAL INCLUSION - ABILITY TO PAY**

- 6.1 There will generally be a presumption that any debts incurred should be payable in full to the Council. Where an issue is identified there shall be an early assessment made about whether a customer is unable to pay or is choosing not to pay and this shall be determined on a case by case basis.
- 6.2 Where a customer chooses not to pay, appropriate and timely action shall be taken to recover the debt using the enforcement options available.
- 6.3 Where an assessment has been made that a customer is not able to pay the debt, the Council will consider aspects of a customer's situation to establish the level of vulnerability and the most appropriate course of action. This should seek to recover the money owed whilst also seeking to avoid exacerbating the customers personal, social and financial circumstances where possible.
- 6.4 The Council will have a flexible approach to identifying vulnerability that is able to respond to the issues presented by individual customers.
- 6.5 Vulnerability doesn't mean that the Council will not collect the debt, but it will have particular regard to:
- how vulnerability affects a customer's ability to pay;
  - if additional help is needed e.g., support to apply for benefits;
  - signposting or referral to help and advice;
  - offering flexible or lower payment plans whilst help and advice is sought;
  - the method of recovery action that may be used if it becomes necessary to do so;
  - allowing extra time to seek advice and support by postponing recovery action if necessary.

## 7. ENFORCEMENT ACTION THAT CAN BE TAKEN

- 7.1 It is recognised that people do not pay their Council bills in a timely way for a variety of reasons; where appropriate, recovery action will be taken which will:
- a. **be proportional** – we will strike a balance between the potential loss of income to the Council and the costs of taking a course of action;
  - b. **be consistent** – with the aim of achieving consistency in the advice we give, the use of our powers and in the recovery procedures we use;
  - c. **be transparent** – to help customers to understand what is expected of them and to explain the reasons for taking any recovery/enforcement action.
- 7.1 We will always seek to make realistic arrangements for customers to clear outstanding debts by regular payments wherever possible. The arrangement will seek to recover all monies within the financial year in question. An early review date of the arrangement will be agreed to review the situation if this is deemed necessary.
- 7.2 Where arrangements are made with customers there will be an expectation of them maintaining contact with the Council and proactively advising of any unexpected situations that will prevent them from meeting their agreed repayments. The Council reserves the right to reinstitute alternative recovery and enforcement proceedings should customers fail to satisfactorily meet their obligations in this regard.
- 7.3 Any reminders we issue will convey a willingness to discuss matters with customers and encourage them to make contact if they cannot pay as advised. They will also make the customer aware of the consequences of failing to pay or keeping to arrangements.
- 7.4 If a customer fails to make contact or maintain arrangements, we have a duty to collect what is due and will use all legal means available to recover debts. This includes:
- a. attachment of earnings;
  - b. deduction from benefits;
  - c. enforcement agent action;
  - d. debt collection action;
  - e. possession proceedings;
  - f. county court proceedings;
  - g. charging orders;
  - h. Insolvency proceedings including bankruptcy and winding up;
  - i. committal to prison proceedings;
  - j. direct earnings attachment;

7.5 Some of these methods of recovery may incur additional costs that will need to be passed on to the debtor. Whilst we will seek to recover monies due within the financial year in question, in cases of genuine financial hardship, this may be unrealistic and therefore the Council will negotiate repayment levels that take into account individual financial circumstances and accept that for appropriate cases payment arrangements may fall into the next financial year.

7.6 The table below shows the ultimate recovery action that may be taken:

Priority	Debt Type	Possible Action	Ultimate Recovery Action
1	Rent Arrears	Notice Seeking Possession; Direct Deductions; Possession Proceedings; County Court Judgement	Eviction
	Mortgage arrears		Repossession and Eviction
2	Council Tax	Summons to Court; Liability Order; Attachment of Benefits/Earnings Enforcement Agents	Imprisonment Bankruptcy Charging Order
	Business Rates		
3	Sundry Debts	County Court Judgment Attachment of earnings/benefits Charging order Direct earnings attachment Warrant	County Court Judgements, Bankruptcy

## 8. ALTERNATIVE ACTION TO ENFORCEMENT ACTION

Payment Plans:

8.1 Customers are encouraged to contact us at the earliest opportunity to discuss payment of their debt. The Council can then consider the customer's circumstances with an aim to agreeing a payment plan that avoids further recovery action being taken.

8.2 Customers will be required to fully co-operate with us and provide information when requested and to seek debt advice if signposted to do so.

8.3 When considering payment plans the following will be taken into account:

- Full payment will always be requested. However, if full payment is not possible a payment plan may be agreed, in most cases the debt should be fully paid up before the end of the financial year to which it relates.
- Payment plans that go beyond the end of the financial year will only be made in exceptional circumstances, eg, if the customer is vulnerable and an assessment of the customer's ability to pay has been undertaken by a debt advice agency or an officer using a Standard Financial Statement (SFS) provided by the Money Advice Service.
- Payment plans should start with an initial payment being made within one month of the date of the agreement.
- Payment plans may be conditional ie, the customer will be expected to seek debt advice and provide evidence of this upon request.

- Payment plans will be reviewed regularly (ie, every 3,6,12 months) with an expectation that the customer is able to increase their payments as their personal circumstances improve.
- Payment plans will not automatically prevent us from taking further recovery action to secure the ongoing recovery of the debt or prevent us from adding costs ie to obtain a Liability Order or CCJ.
- Payment plans may be refused if we are likely to obtain a higher repayment from an attachment of earnings or benefits.
- Payment plans may be refused if we have reason to believe that it will not be adhered to, ie the customer has a history of failed payment plans, the payment plan is unrealistic and will not clear the debt in a reasonable time.
- Payment plans may be refused if the customer has sufficient assets which could be used to pay the debt, but the customer is unwilling to do so ie, savings or investments.
- Payment plans will usually be confirmed in writing so that the customer clearly understands, how much to pay, when payment is due, how to pay, the review date, and if there are any conditions attached.
- The customer is responsible for making their payments on time, reminders will not be issued.
- If the customer has an unexpected change of circumstances and can't make a payment on time, they should contact us immediately to explain the reason why. We will consider the customer's circumstances and may review or cancel the payment plan depending on; the reason, previous payment history, the amount of debt owed, any conditions attached being met.
- In the event of failure to pay, the payment plan will be cancelled, and recovery action will commence or continue as previously notified without any further notice.

## **9. OMISSION, EVASION AND FRAUD**

- 9.1 Occasionally customers do not tell us about a change in their circumstances promptly i.e., an omission eg another adult moves into a taxpayer's property that removes the single person discount for council tax. In such cases the Council will backdate the change to the actual date of the change which can increase the amount of a debt or create a new debt. The Council will consider how we recover the debt having regard to the individual's circumstances and why the omission occurred.
- 9.2 Evasion of payment and fraud reduces the financial resources available to the Council and has a direct impact on all residents and businesses that rely on us for their services. Evasion and fraud will not be tolerated and where identified the Council will take robust enforcement action to recover the debt as quickly as possible and may seek to impose further penalties or sanctions as the law allows.
- 9.3 If a customer vacates and doesn't provide us with a forwarding address the Council will try to trace them which may include the use of external specialist tracing agencies. If we are not able to trace debtors, we will continue to take recovery action by issuing documents to their last known address.



## **10. REVIEW AND CONTINUOUS IMPROVEMENT**

- 10.1 The Council will follow best practice when recovering debt and have regard to good practice guidance issued by central government and other recognised organisations, e.g., Chartered Institute of Public Finance and Accountancy, Institute of Revenues, Rating and Valuation, Ministry of Justice, Local Government Ombudsman.
- 10.2 The Policy may be reviewed from time to time and refreshed as appropriate. Minor changes will be approved by the relevant Director of Resources.

## **11. MEASURING PERFORMANCE**

- 11.1 The Council aims to collect debts in a timely and efficient manner, this is essential to enable us to deliver services to residents and businesses. We will measure our performance using performance indicators. Key performance indicators are reported to Committee regularly and published on our website.
- 11.2 Collection rates and levels of debt will be reported to members regularly.

## **12. COMPLAINTS, DISPUTES, MISTAKES AND FEEDBACK**

- 12.1 We recognise that mistakes in the billing, collection and recovery of debts can cause distress to customers and our aim is to get it right first time. If a genuine mistake is made and brought to our attention, we will put it right and apologise. We will look at our processes to see if we can prevent the same mistake happening again.
- 12.2 Disputes raised by customers about matters covered in this Policy will be investigated and responded to by a senior officer.
- 12.3 Complaints raised by customers about matters covered in this Policy will be dealt with in accordance with the Councils Corporate Complaints Policy.

## **13. PROVISION FOR WRITE-OFF**

- 13.1 Every effort will be made to collect debts, however in some circumstances it may be necessary to write off a debt if it becomes irrecoverable, e.g., the debtor is made bankrupt or small balances that are uneconomical to pursue.
- 13.2 Our Financial Standing Orders make provision for the Section 151 Officer to write off debts to a specified level, debts above this level require approval by Policy and Finance Committee. A report detailing such debts is taken to Policy and Finance Committee regularly.

## **14. WITHDRAWING SERVICES**

- 14.1 Non statutory services may be withdrawn completely from a nonpayer unless there are extenuating circumstances.

## **15. DATA PROTECTION**

- 15.1 The Council will comply with the General Data Protection Regulations; further details are available on our website.