



Cheshire West
and Chester

Corporate Debt Policy

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1.0 Introduction

- This document outlines Cheshire West and Chester Council's policy on the recovery of monies due to the Council and is based on the premise that effective debt management is crucial to the financial health of the organisation.
- The Council raises a significant proportion of its total income through local taxes and charges and has a duty to recover amounts outstanding. In the best interests of its customers the Council will seek to do so as quickly as is practicable and in the most cost effective and efficient way.
- This policy is available electronically on the Council's website. It applies to all Council directorates and does not prejudice any legal action that the Council may wish to take.

2.0 Key Principles

The following key principles apply to all types of debt owed to the Council by individuals, businesses or external bodies.

Principle 1 – Understanding our customers

We will:

- Promote financial inclusion and ensure that appropriate advice and support is given where necessary
- Develop triggers and measures to provide an opportunity for early intervention and reduce the likelihood of the arrears increasing
- Signpost customers to appropriate debt advice and support agencies
- Recognise that certain individuals will require more sympathetic and sensitive treatment, for example in the case of recent bereavement, major illness or where the customer requires special assistance in handling their financial affairs
- Develop a single view of customers' debt available to key staff in order that an individual's total debt can be established and properly dealt with

- Subject to any limitations imposed by the Data Protection Act (1998) and the Human Rights Act (1998), develop information sharing protocols in order to access to debtors' information contained on different systems
- Treat all customers fairly and objectively
- Ensure that there is no discrimination against customers because of their race, nationality, colour, ethnic origin, religious belief, gender, marital status, sexual orientation, age or disability

Principle 2 – Making payment easy

We will:

- Where possible look to charge services through pre-payment
- Make sure that residents and businesses are given clearly itemised invoices or bills setting out the charge, the basis of the charge, methods of payment and council contact details
- At each stage of the recovery process, make sure customers are signposted to debt advice providers in the voluntary sector as well as in the council

Principle 3 – Using fair and robust collection

We will:

- Implement best practice for collecting and recovering debt to the council
- Where the debt remains unpaid or if instalment plans or arrangements are broken, we will follow the appropriate statutory recovery process dependent upon the type of debt
- If the debt has not been recovered through internal recovery methods, then we may instruct enforcement agents or debt recovery companies to recover the debt on our behalf. Consideration will also be given to using the options of recovery available via the County Court
- Consider any known vulnerability of a customer before we instruct an enforcement agent or debt recovery company and if we become aware of a vulnerable person once the debt has been passed to a third party we will consider withdrawing and bringing the debt back to the council. The Council's Vulnerability Policy defines who we will consider as vulnerable and how this is reflected in the approach to debt collection.

- Implement credit checks to decide the most appropriate course of recovery for a limited number of debts

Principle 4 - Preventing financial problems

We will:

- Advise individuals and/or businesses as to the range of discounts, reliefs and reductions available at both the time an account is issued and in subsequent communications. This information will also be available on the council's website
- Assist customers maximise their income by ensuring all benefits/council tax support have been claimed where entitled
- Encourage customers to make early contact with us about any debt-related matters
- Ensure that staff in direct contact with customers will signpost them as to where they can obtain advice on benefits and debt matters appropriate to their needs
- Explain complex terminology when it is required to be used by law
- Explain the legal options open to the council in collecting debts and the customer in paying debts, taking into account the stage of recovery achieved

Principle 5 – Better communication with debtors

We will:

- Set out our charges clearly
- Ensure that all written communications use plain English as the standard wherever possible
- Assist with communication needs where appropriate, including translation and interpreting services
- Work towards ensuring that correspondence with customers refers to and deals with all or similar accounts outstanding, so as to consolidate the debts and clarify the total amount owed

Principle 6 – Good housekeeping

We will:

- Issue all documents in a timely manner, in accordance with any statutory timescales
- Where possible, charge for services through prepayment.
- Ensure a number of payment methods, including online payments, are available to make it easy for customers to pay for services
- Ensure that all computer systems used to bill, recover and enforce monies meet statutory requirements e.g. LGFA 1992
- Ensure that all irrecoverable debts are written off in a timely manner in accordance with the Council's Constitution and the Finance Procedure Rules
- Ensure staff involved in the recovery and enforcement of debt will have received appropriate training in the following:
 - Processes for collecting debt and income recovery
 - The use of all applicable computer systems
 - Interacting with and supporting vulnerable people, in accordance with the Council's vulnerability policy
 - How and where to signpost those requiring advice and support
 - Providing information on how to pay by advising on methods, payment frequencies and at which locations people can pay
 - Encourage automated payment methods e.g., Direct Debit
 - Making arrangements for the payment of accounts outside of traditional office hours and through the internet and touchtone technology, 24 hours a day, seven days a week.
 - Make available the use of online billing and electronic forms

Principle 7 – Identifying and supporting vulnerable debtors

We will:

- Act in accordance with statutory regulations and guidance, including the Council's vulnerability policy
- Take an approach to debt recovery that is responsible and responds to the financial and social vulnerability of residents

- Take into account individual circumstances and the financial and economic climate that we are operating in
- Where possible seek to make realistic arrangements to clear outstanding amounts by regular payments, rather than taking legal and enforcement action
- Offer customers who have single or multiple debts opportunity of independent debt advice
- Promote advice and support services available

3.0 Policy Scope

This policy applies to the collection of:

- Council tax
- Non domestic rates
- Housing benefit overpayments
- Penalty charges
- Adult social care contributions (under both fairer charging and charging for residential accommodation requirements)
- All other debt

This policy is supported by a number of procedure documents which set out the operational processes relevant to debt streams. These should read in conjunction with the policy.

4.0 Policy aims

The key policy aims are:

- Ensuring customers are billed accurately and promptly to maximise the likelihood of payment on time.
- Ensuring that customers understand their financial and payment responsibilities regarding Council Tax, Non domestic rates, charges for services linked to Adult Social Care and any other council services they use where a payment is required.
- Securing advance payment, wherever possible, before the provision of goods and services or at the point of delivery.
- Reminding customers quickly if they do not pay on time.
- Ensuring that taxpayers interests are protected by maximising levels of income collection and striving to collect all overdue debt.
- Encouraging regular contact with customers at every stage of the income collection and debt recovery process.
- Recognising that advice and early intervention is key to helping customers meet their obligations.
- Promoting financial inclusion by recognising that debtors may have underlying problems with money management or may not be receiving all the financial assistance to which they are entitled.
- Treating customers fairly ensuring that those who do pay promptly are not subsidising those who are not prepared to pay what they owe.
- Managing debts in accordance with relevant legislation and best practice.
- Ceasing provision of service to customers who do not pay to minimise incidences of debt that cannot be collected where this is legally possible.

5.0 Priority debtors

- The Council will promote a co-ordinated approach towards sharing debtor information to help customers who have multiple debts as a priority.
- The first call on any monies repaid by customers with multiple debts will be allocated to those debts which are the oldest. The Limitation Act 1980 allows 6 years to pursue most debts.
- Customers with new debt will also be given priority to develop a culture of prompt payment and encourage those in need of help to get in touch with the Council at an early stage.
- Notwithstanding the above, the Council will attempt recovery on all debts.
- Where it is apparent that a customer is unable to pay what they owe the aim will be to agree a payment arrangement which is reasonable in the circumstances and which minimises recovery costs.
- An individual's ability to pay will be assessed on their disposable income in proportion to the level of debt. A financial statement may be required to evidence ability to pay and can be completed with the help of an independent agency such as the Citizen's Advice Bureau who can also assist with money advice.
- A trading business is expected to meet any one-off or on-going financial obligations that it has with the Council.
- Where customers fail to make contact or maintain their payment obligations, recovery action will continue in the wider public interest.

6.0 Recovery action

- The Council will attempt at all times to use the most appropriate and effective method of debt recovery in order to maximise income due.
- This will include obtaining court orders and using the most appropriate method of enforcement, determined on a case by case basis, and as set out in the Council's Code of practice on debt recovery. Such legal and enforcement measures will be considered for all types of debt due to the Council, including social care debt.
- Recovery action will be proportionate and will take account of whether the debt is personal or commercial.
- When pursuing debt, the Council will take into account the customer's payment history and their ability to pay. The Council's vulnerability policy will also be taken into account.
- The Council will also use external agencies to trace the whereabouts of debtors who have left their last known address.
- The Council reserves the right to take all available legal action to overturn the transfer of property or assets to other parties where it has reasonable evidence to believe that the transfer was affected with the intention of reducing the customers assessed contribution towards their social care under social care charging regulations.

7.0 Disputes

- The Council may agree to suspend recovery action in the event of a dispute and will endeavour to resolve the dispute promptly and collect the proper amount due.
- Recovery action will continue if the customer accepts the charge but does not pay or if the customer does not accept the charge and the Council is correct in making it.

8.0 Complaints

- The Council will endeavour to resolve problems in relation to debt collection at an early stage and in an informal manner.
- Where it is not possible to resolve problems in this way customers who are still dissatisfied will be advised of the Council's formal complaints procedure.

9.0 Refunds

- There may be occasions where for legitimate reasons a credit is due to a customer's account to cancel or reduce a charge.
- However, the credit has arisen and prior to it being refunded at the customer's request, the Council will check to determine if the customer has other outstanding debts due to the Council.
- Where other debts are identified the Council will seek to agree with the customer to transfer that credit to offset (in part or in full) those other debts.

10.0 Irrecoverable debts

- The Council recognises that not all debts are collectable and therefore it will be appropriate and justifiable in certain circumstances to classify debts as irrecoverable.
- The Council will ensure that there are guidelines in place which detail the criteria for determining if a debt cannot be collected and the actions to be taken prior to any decision to write off the debt.
- The Council must make appropriate provision for bad debt. Debts recommended for write off will be approved in accordance with the limits specified in the Council's Finance and Contract procedure rules.
- Debts will normally only be considered for write off where the customer account is closed and there are no reoccurring debts.

- The Council will reserve the right to cease providing services to customers who owe the Council money where this is legally possible.
- The Council will record all write off decisions and reserve the right in certain circumstances to reinstate the debt at a future stage.

11.0 Data sharing

- Cheshire West and Chester Council are required by law to protect the public funds it administers and has a legitimate interest to recover monies owed to it.
- The Council will share information provided to it for the purpose of recovering debt in accordance with its Information Sharing Policy.
- Cheshire West and Chester Council will also share information internally and with other bodies responsible for auditing or administering public funds, in order to prevent and detect crime.

12.0 Policy review and monitoring

- This policy will be reviewed and updated where necessary to take account of changes in legislation or new ways of working.
- The operation and effectiveness of this policy and accompanying code of practice will be monitored by the Head of Transactional Services.

13.0 Organisation

This section of the policy sets out the roles and responsibilities of key stakeholders within the Council.

1 Council members

- It is the responsibility of Council members to approve the Council's debt policy.

- The Cabinet Member for Finance and Legal has responsibility for strategic debt management matters. Part of this role will include notification and consultation on significant debt issues.
- Members of the full council must ensure that sufficient priority is given to the allocation of resources for the recovery of debt.

2 Section 151 Officer

- The Section 151 Officer has overall responsibility for the implementation of this policy and will ensure that there is a suitable system in place for recovering debt and that relevant Members receive recommendations concerning sufficient resources being made available in terms of staffing and finance.
- It is the responsibility of the Section 151 Officer to promote a positive culture within the organisation where income management and payment of accounts is integrated into all aspects of work and employees are encouraged and supported when dealing with debt recovery matters.
- The Section 151 Officer will also ensure that the corporate management board receives an annual debt report which reviews the main debt issues and sets priorities and targets for the forthcoming year.

3 Directors

- Directors are responsible for ensuring that there are robust income management procedures in place that work to safeguard against debts arising or where debts do arise these procedures facilitate successful recovery.
- Directors are responsible for integrating income and debt management into directorate service plans including targets for timely and accurate billing and collection of income.

4 Director of Finance

- The director of Finance has specific responsibility for debt management and as such has additional responsibilities to those of other directors, which are delegated to the Head of Finance. These include:
 - The implementation of this policy.

- Liaison with the nominated Council Member regarding debt matters.
- Presenting debt reports to members.
- Liaison with directors and Heads of Service on debt issues.

5 Heads of Service

- The Heads of Service will adhere to the Council's finance and contract procedure rules ensuring that customers are billed accurately and promptly, and wherever possible, securing advance payment before or at the point of providing a service.
- The Heads of Service are responsible for minimising incidences of recurring debt and should act where appropriate to cease to provide services to customers who do not pay where this is legally possible.