

CORPORATE DEBT POLICY

DRAFT FRAMEWORK DOCUMENT

Contents

- 1. Introduction**
- 2. Background**
- 3. Objectives**

- 4. Policies Common to all Types of Debt**
- 5. Policies Specific to Local Taxation Accounts**
- 6. Policies Specific to Sundry Debtors**
- 7. Policies Specific to the Recovery of Housing Rent Arrears**
- 8. Use of External Agents**
- 9. Review of Policy**

1. Introduction

Implementing a Corporate Debt Strategy has been identified as an essential element for local authorities in the coherent management of debt in terms of Regulations under the Debt Arrangement and Attachment (Scotland) Act 2002.

The purpose of this document is to create a corporate debt policy for West Dunbartonshire Council.

Corporate debt is the gathering together of all debt owed to the Council by a citizen to ensure a joined up approach to recovery and fair and equitable treatment for the citizen.

The policy also hopes to complement the wider strategies of the Council in relation to financial/social inclusion and anti poverty

It sets out the general principles to be applied in relation to debt management across all services provided by the Council. It is to be used together with more detailed procedural guidance for staff

2. Background

The Council has a duty to all of its citizens to collect outstanding council tax, council house rents and other Council charges as quickly and economically as possible. The Council's ability to deliver services which meet the needs of its citizens depends heavily on its success in collecting revenues.

The Council is committed to promoting financial and social inclusion and in doing so to recognise the problems of multiple indebtedness, poverty and deprivation and the need to break the poverty trap cycle by helping citizens to meet their liabilities in a controlled and managed manner.

The Council welcomes the involvement of welfare agencies where authorised by the debtor in connection with debts due to the Council and recognise the benefits that these organisations can offer both the debtor and the Council in prioritising repayments to creditors and in maximising income available to the debtor.

3. Objectives

A corporate debt policy will:

- help to minimise the overall indebtedness to the Council of council tax payers, council house rent payers, and other council charge payers.
- ensure that a strong emphasis is given to preventing arrears from arising and that intervention takes place as early as possible.
- ensure that citizens with genuine financial difficulties are provided with assistance to break the cycle of debt while firm recovery action is taken against those who can pay.
- ensure consistent corporate treatment towards the recovery of arrears by Council staff, Council funded voluntary organisations, and Council appointed sheriff officers or other third parties,
- ensure conflicting demands from within the Council are not placed upon citizens who have multiple debts,

- complement any broader corporate strategies relating to financial or social inclusion

A corporate debt policy will operate through the:

- development of common service standards and procedures which reflect the objectives of the policy. These will apply to all Council staff involved in the billing, collection and recovery of any charges due to the Council
- development of service level agreements with Council funded voluntary organisations which provide debt counselling and money advice services, and to Council appointed sheriff officers and other agents responsible for recovery of debts
- promotion and awareness of the policy amongst Council staff, voluntary organisations funded by the Council, and other partners.
- Council working with partner agencies to improve the services available to citizens experiencing financial hardship.
- standardisation of payment arrangements covering all corporate debt owed to the Council.
- A coherent approach across Council services to the use of the available remedies and the use of robust referral procedures

The corporate debt policy will be implemented by the Council with the aim of:

- investigating and implementing methods of raising financial awareness amongst citizens in an effort to avoid unmanageable debt.
- ensuring debt collection takes account of all debts owed to the Council by that citizen.
- providing training to collection staff, benefits/welfare rights staff and money advisers on the policy.
- developing processes that facilitate joined-up management of debts.
- setting challenging targets for processing all new applications for housing benefit and discounts, beyond the statutory requirements.
- ensuring prompt and accurate issue of bills with robust reminder systems for missed payments.
- promoting availability of benefits and money advice at consumer and trading standards offices, social work offices, housing offices and revenues offices. Also to inform citizens that independent advice is also available from Citizens' Advice Bureaux and other independent or

voluntary sector money advice projects.

- using collection methods which are appropriate to the debtor's circumstances. Ideally, voluntary payment arrangements should be encouraged, but diligence may be required where such an arrangement cannot be reached.
- referring citizens with debts to an appropriate money advice service and suspending, if appropriate, recovery action for a specified period to allow a suitable payment proposal to be concluded.
- prioritising payment to the current year's debts first, thus minimising additional charges and penalties.
- accepting payment by a variety of methods including direct debit, standing order, payment by telephone and internet, at post offices, local 'paypoint' locations and salary deduction.
- implementing appropriate performance systems to monitor adherence to the policy and its procedures.
- encouraging citizens to make early contact with the Council, the voluntary sector or council appointed collection agents.
- complying with requests for information to assist in the completion of council tax/housing benefit claim forms to allow assessment of their entitlement and return of application forms for benefits.
- encouraging citizens to keep up to date with agreed payment arrangements or notify the Council (or appointed third parties) as to why an agreement cannot be maintained.

4. Policies Common to all Types of Debt

Every demand for money will be correctly addressed to the person who is liable to pay it.

The Council will attempt at all times to use the most appropriate and cost effective method of debt recovery in order to maximise income.

The Council will encourage the most cost effective payment methods

Authorised staff will be able to intervene in the recovery cycle in appropriate circumstances to deal with hardship or dispute situations.

Equality and diversity considerations will be taken into account and staff seeking to recover debts will have regard to:

- Ensuring information is accessible through translations, larger print versions or sign language, as appropriate to the needs of the citizen
- The need for home visits where the citizen is unable to access advice services

Where the potential for a statutory benefit or discount exists efforts will be made to encourage and assist the citizen to apply for these

In cases of multiple Council debts there must be close liaison between services. Multiple debts are where a debtor has significant debts in more than one service area. Such cases can present problems in determining the priority of the individual debts for both the individual concerned and the staff preparing settlement. In such cases, staff are expected to liaise and agree an appropriate means of coordinated recovery which reflects the policy aspirations together with the need to balance repayment profiles across all debts due to the Council. It is recommended that if a citizen has multiple debts then one repayment plan should be agreed for all debts owed and the amount split on a pro rata basis between all debts.

The Council recognises that prompt recovery action is key to managing its debt and maximising income therefore the aim is to:

- Regularly monitor the level and age of debt.
- Set clear targets for the recovery of debt internally and through external agents.
- Have clear written guidelines and recovery procedures.
- Set priorities for specific areas of debt and assess recovery methods to ensure maximum recovery.
- Regularly review debts to ascertain recoverability

Where an external agency is employed to assist with the delivery of a service, the flow of information between the Council and the agency must be in a secure format.

Where legislation permits, the Council will seek to levy and recover from the debtor any and all costs and fees that are legitimately due from the debtor to the Council or its agents

5. Policies Specific to Local Taxation Accounts

Council tax and non-domestic rate annual bills will be issued as soon as practical after the Council has set its council tax for the forthcoming year.

Reminders, final notices and warrant notices will, as far as is operationally practical, be issued in accordance with the follow up timetable, which is produced at the start of each financial year.

Recovery action available for use includes:

- Deductions from benefits
- Bank Arrestment
- Wage Arrestment
- Attachments and auction of goods
- Council exercising its right to set off
- Insolvency (Sequestration/Liquidation)

Arrangements will only be agreed by authorised staff and will generally only be agreed to where:

- The debt will clear by the end of the financial year or a reasonable period of time thereafter dependent on the debtor's circumstances as determined by written guidelines and procedures.
- The debtor's proposals are reasonable in comparison with the amounts that could be secured by taking alternative action and an assessment form of income and expenditure provided together with the required proof.
- The debtor demonstrates a clear intention to honour the arrangement.

All arrangements will be reviewed at least annually and amended, if necessary, to include any ongoing or new liability.

Prior to statutory methods of enforcement being taken, the Council may use, where cost effective to do so, external collection agents, visits to the debtor's home by designated Council officers and telephone contact with the debtor as an alternative means of recovering sundry debts.

6. Policies Specific to Sundry Debtors Accounts

The minimum value of any bill will be determined annually by the Head of Finance & ICT. However, such a minimum value shall not apply to accounts relating to charges where a contractual obligation exists to make token payments.

Except in the case of a demand payable by instalments or as otherwise contractually agreed, the settlement terms for all demands will be on receipt.

Recovery action will normally commence no later than 14 days after the demand has fallen due.

Recovery action available includes

- Bank Arrestment
- Arrestment of Earnings
- Warrants of Execution (attachment of goods)
- Insolvency
- Possession proceedings (irritate Lease)
- Council exercising its right to set off

Prior to statutory methods of enforcement being taken, the Council may use, where cost effective to do so, external collection agents, visits to the debtor's home by designated Council officers and telephone contact with the debtor as an alternative means of recovering sundry debts.

Where legally permissible, appropriate and in consultation with the issuing department, the provision of future services to the debtor may be suspended until outstanding debts are settled. The Finance Recovery Unit will provide reports to the originating services on a regular basis as to the value of their outstanding accounts.

7. Policies Specific to the Recovery of Housing Rent Arrears

The Council will take legal action against tenants in rent arrears who refuse to make a repayment arrangement or who fail to keep to their repayment arrangement. The legal action could result in repossession and eviction.

Each individual case will be assessed and an appropriate course of action instigated. This could include:

- Possession Proceedings
- Court Action
- Eviction
- Deductions from benefits
- Bank Arrestment
- Wage Arrestment

The Council will continue to pursue former tenants for any debt that is owed.

8. Use of External Agents

It is vital for agents undertaking any collection activity for the Council to work to a clear strategy for how these externally provided activities are selected, implemented and managed.

West Dunbartonshire Council will tender for these services and conclude a service level agreement with the successful candidate. The Council will also ensure that external agents are made aware of vulnerable situations.

Enforcement agents/agencies must recognize that they each have a role in ensuring that the vulnerable are protected and that their recovery process is as agreed between the agent/agency and the Council.

Enforcement agents must withdraw from domestic premises if the only person present is, or appears to be, under the age of 18.

Wherever possible, enforcement agents should have arrangements in place for readily accessing translation services when these are needed and provide, on request, information in large print or in braille for debtors with impaired sight.

Those who might be potentially vulnerable include:

- the elderly
- people with a disability
- the seriously ill
- the recently bereaved
- single parent families
- pregnant women
- those who have obvious difficulty in understanding, speaking or reading English

9. Review of Policy

The corporate debt policy will be reviewed in the light of any legislative changes, trends or other factors that impact on the effectiveness of the policy.