Daventry District Council
Corporate Debt Recovery Policy
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Corporate Debt Policy

Contents

Introduction 3
Key Aims of the Policy 3 – 4
Types of debts covered 4
Policy Review Period 4
Performance Monitoring 4
Council Tax and Non-Domestic Rates Annex 1
Housing Benefit Overpayment Annex 2
Sundry Debts Annex 3
1. Overview

This document details the council’s policy on the billing, collection and recovery of money due to Daventry District Council.

Effective debt management is crucial to any organisation, and the Council needs an effective policy to support the maximisation of debt collection in an efficient, consistent and sensitive way.

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

This policy covers all the council’s service areas which raise a bill or invoice for payment.

We will process personal information and financial details for the purposes of administering local taxes and other revenue. Where necessary we will share some or all of this information as appropriate, with enforcement agents and tracing agencies, local and central government, courts and tribunals in accordance with our data protection registration and in adherence of the requirements of the data protection legislation.

2. Key Aims of the Policy

This policy aims to strike a fair balance between the financial needs of the council and its customers.

- Managing income collection, recovery and debt management activities;
- Taking prompt recovery actions before debts become unmanageable for the customer;
- Ensuring circumstances are taken into account when determining the appropriate recovery action to be taken;
- Providing advice via the Council’s debt liaison officer and or signposting to receive appropriate support to those owing money to the council, ensuring they are maximising reliefs, discounts or benefit entitlement;
- Identifying vulnerability and acting appropriately;
- Adopting a debt hierarchy for multiple debts;
- Applying best practice debt collection methods e.g. timely and accurate billing, payment reminders;
- Ensuring that we treat everybody with integrity, fairness, respect and trust;
• Aim to be consistent in our approach in similar circumstances to achieve similar outcomes;

• Offering a range of cost effective payment methods;

• Produce accurate and timely management reports;

• Recognise that failure to recover debts due impacts on the council’s ability to provide services;

3. Types of debts covered

This policy applies to the collection of the following debts:

• Council Tax / Non-Domestic rates (annex 1)

• Housing Benefit overpayments (annex 2)

• Sundry Debts (including commercial rents) (annex 3)

4. Performance Monitoring

We will monitor the effectiveness of the policy through the complaints procedure and by taking into account the following indicators:

• Rate of collection

• The level of cases reaching every recovery stage

• The number of cases with arrears outstanding at year end

• The number of complaints received about our failure to follow the policy

• The level of write-offs

• The number of cases being referred to an enforcement agent

• Internal control reviews

• The results of regular equality impact assessments.

5. Policy Review Period

4.1 This policy should be reviewed as a minimum every 2 years from the date of adoption.
Annex 1
Council Tax and Non-Domestic Rates Recovery Policy
Introduction

1. Council Tax is a tax levied on all eligible domestic dwellings. The amount of council tax levied is dependent on the council tax band that the property falls into and the amount of tax to be raised.

2. Non-domestic rates are a tax levied on eligible business properties. The amount of non-domestic rates is dependent on the rateable value of the property and the nationally set rating multiplier.

3. The full rate of tax is to be paid unless the property, owner or occupier is eligible for a reduction or exemption.

4. Council tax and non-domestic rates are payable in line with a statutory instalment scheme or by agreement. There is a legal duty placed on the Council to collect outstanding debts in accordance with the Council Tax (Administration and Enforcement) Regulations 1992 and Non-Domestic Rating (Collection and Enforcement)(Local Lists) Regulations 1989 (as amended)

Policy Aims

5. The recovery policy will ensure that:
   • The Council will bill, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.
   • All taxpayers and ratepayers are treated fairly and objectively.
   • Action taken will be fair and open.

Policy

6. The Council will bill, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.

   • Demand notices and adjustment notices will be issued in accordance with regulations.

   • A recovery timetable will be drawn up before the beginning of each financial year.

   • Reminders and final notices will be issued 7 days after an instalment has fallen due.

   • A summons to the Magistrates Court will be issued if a full payment has not been made in accordance with the final notice.

   • If settlement is still not made an application will be made to the Magistrates to grant a Liability Order.
7. Following the granting of a liability order the debtor will be given the opportunity to make a suitable payment arrangement. Should the debtor not make or fail to keep to a payment arrangement the following recovery action(s) can be taken. The recovery action(s) will be dependent on the circumstances of each case.

- **Attachment of Earnings** – Deductions are made from the debtor’s earnings at a rate prescribed by legislation. (CTax only)

- **Deductions from Income Support, Job Seekers Allowances, Employment Support Allowance, Pension Credit or Universal Credit** – Deductions are made from the debtor’s benefits at a rate determined by legislation. (CTax only)

- **Member’s Allowances** – Deductions are made from elected Members Allowances. (CTax only)

- **Use of Enforcement Agents** – Enforcement Agents used by the Council will be required to comply with the Enforcement Agent Code of Practice, Framework Agreement and the Tribunals, Courts and Enforcement Act 2007, Taking Control of Goods regulations 2013 and any other relevant legislation at all times.

- **Bankruptcy / Liquidation** – If sufficient assets exist to meet the outstanding debt the Council can petition for Bankruptcy / Liquidation.

- **Charging Orders** – An order placed on the debtor’s property.

- **Committal** – The Council can make an application to the Magistrates Court to instigate action that could ultimately result in the debtor being sent to prison for non-payment.

The Council will pursue the most appropriate of the above recovery methods depending on the specific personal and financial circumstances of the debtor.

8. A detailed Council Tax and Non-Domestic Rates collection and recovery procedure flow-chart is shown overleaf.

9. Where recovery action is not possible or all recovery action has been exhausted, the decision to write-off the debt will be made in accordance with the Council’s write-off procedures and the Authority’s financial regulations.

10. This policy should be read in conjunction with the Council’s Revenues and Benefits Penalty and Prosecution policy.
Annex 2

Housing Benefit Overpayments Policy
Introduction

1. Overpayments of Housing Benefit and Council Tax Reduction are established through a change in benefit entitlement. They are described as an amount of benefit that has been awarded, but to which there is no entitlement.

2. Accurate and prompt identification of overpayments is important to ensure incorrect payment of benefit is discontinued, reduce the level of overpayments and increase the level of successful recovery.

3. Housing Benefit overpayments can occur for a variety of reasons including:
   - Claimants or landlords not providing the correct notifications;
   - A change of circumstances;
   - Providing incorrect information
   - A mistake by the Council;
   - A mistake by the Department for Works and Pensions or Pension Service.

Policy Aims

4. The recovery policy will ensure that:
   - The Council will bill, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.
   - All debtors will be treated fairly and objectively.
   - Action taken will be fair and open.
   - Reduce the losses to public funds.
   - Deter fraud and error.
   - Maximise subsidy received from Central Government.

Policy

5. Overpayments are identified by Revenues and Benefits Officers, who will establish the cause of the overpayment, whether it is recoverable and from whom it should be recovered.

6. Where an overpayment is classed as recoverable the Revenues and Benefits Officer dealing with the claim must make a separate decision on whether or not to recover the overpayment.
7. Whether an overpayment is recovered is at the discretion of the Council, and consideration will be given to the personal and financial circumstances of the person from whom recovery is sought.

8. Where recovery action is not appropriate the decision will be made in line with the Council’s write-off procedures and the Authority’s financial regulations.

9. The Housing Benefit regulations state that any person affected by a decision to an overpayment must be notified in writing.

10. The Council will send a notification of the decision along with an invoice stating the reasons for the overpayment and why it is recoverable and the date it is due to be paid by (one month of the date of issue).

11. We will also advise the customers of their rights to appeal / review the decision.

12. Where the invoice is not paid by the due date the Council will follow the Housing Benefit overpayments collection and recovery flowchart procedure as shown overleaf.

13. The recovery action(s) will be dependent on the circumstances of each case

- **From on-going Housing Benefit entitlement** – this also includes direct payments to a landlord for that claimant even if that claimant has moved or changed landlord. Recovery rates will be based on DWP guidelines.

- **Arrears of Housing Benefit** – via lump sum recovery.

- **Deductions from Income Support, Job Seekers Allowances, Employment Support Allowance, Pension Credit or Universal Credit** – Deductions are made from the debtor’s benefits at a rate determined by legislation.

- **Attachment of Earnings** – Deductions are made from the debtor’s earnings at a rate prescribed by legislation.

- **Recovery from Housing Benefit paid in another area.**

- **Direct deductions from payments to landlords** – blameless tenant recovery

- **Referral to debt collection agency.**

14. Where it has not been possible to recover the overpayment and the debt collection agency has issued a nulla bona certificate the Council will issue a claim with the County Court.

15. Where a debt is passed to the County Court an order for the following actions can be made:
• **Warrant of Execution** – a warrant of control authorises enforcement agents to attend at the judgement debtor’s homes or business address. They will collect money (or monies) owed under the judgement debt or remove goods from the home or business to sell at auction.

• **Attachment of Earnings** - This Order directs the judgment debtor’s employer to deduct a specified sum from the judgment debtor’s earnings. This is paid direct to the court. The court then pays the sum over to the judgment creditor.

• **Charging Orders** – An order placed on the debtor’s property.

• **Third party Order** - An order allows the creditor to take money directly from money owed to the debtor

• **Order to Attend Court** – Order the debtor to attend court to provide evidence of their income and expenditure.

• **Bankruptcy / Liquidation** – The Council will consider insolvency proceedings if there are sufficient assets to pay the outstanding arrears.

16. Where recovery action is not possible or all recovery action has been exhausted, the decision to write-off the debt will be made in accordance with the Council’s write-off procedures and the Authority’s financial regulations.

17. This policy should be read in conjunction with the Council’s Revenues and Benefits Penalty and Prosecution policy.
Annex 3

Sundry Debts including Commercial Rent Arrears Recovery Policy
Introduction

11. This policy relates to all other monies owed to the Council other than Council Tax, Non-Domestic Rates and Housing Benefit Overpayments.

Policy Aims

12. The recovery policy will ensure that:
   - The Council will invoice, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.
   - All customers are treated fairly and objectively.
   - Action taken will be fair and open.

Policy

13. The Council will bill, collect and recover all debts in an economic, effective and efficient manner in accordance with legislation and best practice.

14. The individual departments within the Council are responsible for liaising with the finance department for raising invoices in relation to the service they have provided.

15. All invoices raised must be supported by documentary evidence that explains the reason for the charge.

16. An invoice should be raised within 5 working days of the request being submitted.

17. Except for a demand payable by instalments, or as otherwise contractually agreed, the settlement terms for all demands will be 14 days from the date the invoice is raised.

18. Where a customer disputes an invoice received, the finance department will notify the relevant service area, and no further action will be taken until this dispute has been resolved.

19. Where the invoice is not paid by the due date the Council will follow the sundry debt collection and recovery flowchart procedure as shown overleaf.

20. Where the debt is for Rent owed in respect of premises that are let and used solely for commercial purposes, the Council will pass the debt to its Enforcement Agents under the Commercial Rent Arrears Recovery (CRAR) procedure.

21. Where a debt is passed to the County Court an order for the following actions can be made:
   - **Warrant of Execution** – a warrant of control authorises enforcement agents to attend at the judgement debtor’s homes or business address. They will
collect money (or monies) owed under the judgement debt or remove goods from the home or business to sell at auction.

- **Attachment of Earnings** - This Order directs the judgment debtor's employer to deduct a specified sum from the judgment debtor's earnings. This is paid direct to the court. The court then pays the sum over to the judgment creditor.

- **Charging Orders** – An order placed on the debtor’s property.

- **Third party Order** - An order allows the creditor to take money directly from money owed to the debtor

- **Order to Attend Court** – Order the debtor to attend court to provide evidence of their income and expenditure.

22. Where recovery action is not possible or all recovery action has been exhausted the decision to write-off the debt will be made in accordance with the Council’s write off procedures and the Authority’s financial regulations.