

## **APPENDIX A**

Denbighshire County Council

### **Debt Management and Recovery Policy**

**Revenues and Benefits Service**  
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# Debt Management and Recovery Policy

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# Debt Management and Recovery Policy

## Denbighshire County Council

### INTRODUCTION

Effective debt management is crucial to the success of any organisation. In the current economic climate of high personal borrowing, reduced incomes and increases in the cost of living, it is essential that this authority has clear policies and procedures to manage the recovery of debt. If Denbighshire County Council is to achieve its aim of effective income management, then it must seek to recover all debts due, and sustain collection rates. This policy has therefore been designed to address these concerns.

### POLICY STATEMENT

Denbighshire County Council will deal with all stages debt management and recovery in a professional manner that shows respects for customers, members of staff and anyone else involved in the process and deal with each case as stated in this Policy document.

This policy will be available to all internal and external stakeholders and will be on the Council's website [www.denbighshire.gov.uk](http://www.denbighshire.gov.uk)

### OBJECTIVE

The Debt Management and Recovery Policy ensures that the legislation is adhered to, and that debts are dealt with appropriately, in a fair and open manner.

## **EQUALITY**

Denbighshire County Council is committed to equality of opportunity and valuing diversity in both the provision of services and in its role as a major employer. We believe that everyone has the right to be treated with dignity and respect. We are committed to the elimination of unfair and unlawful discrimination in all our policies, procedures and practices. We are determined to ensure that no member of the public, employee or job applicant receives less favourable treatment on the grounds of their age, child care or other caring responsibilities, disability, gender, HIV status, language, marital status, race, religion, sexuality, membership or non-membership of a trade union, or by any requirement which cannot be shown to be justifiable.

## **AIMS**

The key aims of this policy are as follows:

- ◆ To consider fully the customer's circumstances in the light of their ability to pay and so endeavour to distinguish from the outset between the customer who won't pay and the customer who genuinely can't pay.
- ◆ To encourage prompt payment to minimise the level of debt at any given time
- ◆ To work with the customer to clear the debt as soon as possible. To ensure a professional, consistent and timely approach to recovery action.  
To cost effectively pursue all debts owed to the Councils, seeking to maintain and improve on the levels of income collected by the authorities.
- ◆ To promote a co-ordinated approach towards sharing customer information and managing multiple debts owed to the Council.
- ◆ To actively work with approved advice agencies to seek resolution where clients are failing to meet multiple debt liabilities and support the principles of financial inclusion.
- ◆ To empower and assist customers in claiming all Welfare Benefits they may be entitled to, internally or by signposting to advice agencies etc.
- ◆ To only write debt off in accordance with the Council's write-off policies.
- ◆ To treat individuals consistently and fairly regardless of age, gender, ethnicity, disability and sexual orientation and to ensure that individuals' rights under Data Protection and Human Rights legislation are protected.
- ◆ To support the Council's objective to ensure organisational effectiveness through good management, optimising external income and listening to local people.

## **SCOPE**

The main sections involved in debt recovery are Housing, Finance and Revenue Services. The debts involved are primarily:

- Council Tax
- National Non Domestic Rates
- Overpaid Housing Benefit
- Discretionary Housing Payments (Overpayments)
- Housing Rents
- Sundry Debts
- Social Services
- Leisure Services

## **The Legal and Policy Framework for Recovery**

The teams will work on behalf of the Council to fulfill the legal duty to ensure cost-effective billing, collection and recovery of all sums due to the Council.

### **Local Taxation**

Council Tax recovery procedures are laid down by statute in The Council Tax (Administration and Enforcement) Regulations 1992 and subsequent amendments. National Non-Domestic Rates recovery procedures are laid down by statute in The Local Government Finance Act 1988 and subsequent regulations and amendments.

Where it is decided it is appropriate to use the services of the Councils' bailiffs, they will recover local taxation arrears in accordance with an agreed code of conduct. Only certificated bailiffs can levy distress for local taxation and fees charged to the customer are governed by legislation.

### **Housing Benefits**

Housing Benefit overpayments are reclaimed in accordance with the relevant acts and regulations.

### **Discretionary Housing Payments**

Discretionary Housing Payment overpayments are reclaimed in accordance with the relevant acts and regulations.

## **Sundry Debt**

Sundry Debt arrears are collected within a well-established framework. On certain debts, interest may be charged for late payment. The customer will be made aware of any additional costs in advance so that they have the opportunity to avoid this wherever possible. s will also be made aware of legal fees and costs that will be incurred for non-payment.

## **Housing Rents**

The Housing Act 1985, The Housing Act 1996 and The Housing Act (1985 Amendments) in 2002

## **General Principles**

- Full names, contact address and a phone number will be established wherever possible prior to service provision or invoicing/billing.
- All Council bills and invoices will be raised as soon as reasonably practicable and will include clear and relevant information as to:
  - What the bill is for;
  - When payment is due;
  - How to pay;
  - How to contact us if there is a query in relation to the bill or in relation to making a payment.
- All letters and reminders will:
  - Explain what has been agreed and the consequences of non-payment;
  - Include appropriate contact details, including details of debt advice agencies.
- Customers will be encouraged to make prompt contact if they disagree with a bill or have difficulty in making payment on time. Contact can be made by:
  - Telephone
  - Letter
  - Email
  - Fax
  - In person at the Council Offices or One stop shops.
- Problems and bill discrepancies raised will be resolved as quickly as possible to prevent unnecessary delays in payment and incorrect debits.
- Customers are encouraged to make payments, prior to any recovery action, using payment methods such as Direct Debit, Internet Payments, telephone payments etc.

- Where applicable and / or appropriate the Council Departments will share certain data, relating to the customer to enable prioritization of the debt balances, whilst ensuring the customer can meet their other financial obligations.
- Customers seeking help due to financial difficulties will:
  - Be given the opportunity to have their ability to pay reviewed by the relevant collection officers in an objective, professional and courteous manner;
  - Be given the opportunity to have their entitlement to Welfare Benefits reviewed;
  - Be invited to use the money and debt advice services available from the Citizens Advice Bureau (CAB), Benefits Advice Shop (BAS) or other third sector providers.
  - Be asked if they have other debts owing to the Council that they also wish to be considered;
  - Be given access to the Councils' interpreter service if required.
- Payment Arrangements will always endeavour to collect ongoing liability by due dates e.g. Housing Rents or Council tax, and make arrangements for arrears, as this will aid the customer by reducing costs which may otherwise be incurred every year.
- Customers given time to pay should be advised to contact the Council immediately if they experience a change of circumstances affecting their ability to pay.

Specifically when considering further recovery action which may include Bailiff Action, Bankruptcy, Commitment to prison, Eviction or Charging Orders the Council must:

- Have undertaken a review of the history of the debt and attempts to recover it
- Be sure that all disputes regarding benefit claims or other Council Tax reductions have been resolved.
- Have offered or undertaken a review of entitlement to other Welfare Benefits.
- Assess that the customer has assets to cover the debt in the event of bankruptcy proceedings or equity in their property in the event of charging order proceedings
- Assess that there is no realistic prospect of recovering the debt in a reasonable timeframe

- Be confident that there is sufficient information about the customers circumstances and consider if failure to pay is a result of a disability or illness.
- Consider if the customers personal circumstances warrant protection from such recovery action.
- Ensure sign posting to relevant independent debt advice agencies
- Ensure all steps taken are recorded and documented as completed

## **IMPLEMENTATION AND TRAINING**

This policy will be made available to all staff dealing with income collection and recovery. This will be reinforced with training and management supervision of all staff involved in collecting debt.

## **COMPLAINTS**

The corporate Compliments and Complaints Procedure will be applied in the event of any complaint received about this policy.

## **POLICY REVIEW**

This policy will be managed and reviewed every year and, from time to time, updates and re-issues will be circulated. However, the policy will be reviewed sooner if a weakness in the policy is highlighted, in the case of new risks, and/or changes in legislation. Each service will be responsible for ensuring that this policy is adhered to and effective.

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## REVISION HISTORY

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