



**Appendix A**

# CORPORATE DEBT MANAGEMENT POLICY

Slough Borough Council

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## 1. Introduction

1.1 This document details the Council's policy on the billing, collection and recovery of monies due to the Council.

1.2 The Council's aim in its collection and recovery activity is to prevent arrears arising in the first place. A wide range of practices are in place to ensure residents and businesses understand their obligations to pay and are provided with appropriate support to help them meet this obligation where necessary.

1.3 The Council is committed to ensuring its approach to debt collection and arrears management is carried out legally, fairly and ethically, considering the circumstances of each case and will keep its processes under review to ensure they are effective, proactive and fit for purpose.

1.4 Sums due to the Council can be a mixture of statutory and non-statutory charges, though the majority of income is associated with charges (and sometimes penalty charges) arising from statutory regimes. The methods for billing and recovery of statutory debts are usually tightly prescribed and recovery practices must comply with these requirements. Service's collecting individual debts have their own processes and procedures which comply with the principles of this overarching policy and legislation specific to their debt.

1.5 This Policy sets out the general principles to be applied in relation to debt management and income collection by all areas of the Council.

1.6 The Council has a legal duty and responsibility to its residents to ensure that income due is paid promptly. The collection of income is key to ensuring that there is sufficient money available to fund Council service delivery. It is therefore essential that all sums due are collected efficiently and effectively, and that debt owed to the Council beyond its payment terms is kept to a minimum. Late payments may result in the Council charging late-payment interest on sums outstanding or seeking interest during recovery processes where it is lawful and appropriate to do so.

## 2. Aims

2.1 The Council seeks to achieve best practice in its revenue collection processes, ensuring that billing is timely, accurate and clearly communicated, that appropriate enforcement action is taken when necessary and, that those who are vulnerable or experiencing financial difficulty are assisted in meeting their financial obligations to the Council.

2.2 The Council aims:

- To maximise the collection of income due by:
  - Ensuring accurate, clear and timely billing;
  - deploying effective, appropriate and timely recovery processes
  
- utilising recovery methods appropriate to debt type and the debtor's ability to pay. Debtors identified as unable to pay will receive appropriate debt

management and benefit advice, be helped to make and adhere to payment arrangements and understand options to minimise costs in the future.

- To ensure that debts are managed in accordance with legislative provisions and best practice.
- To foster good financial management and control across the Council
- To ensure income relating to all types of debt is managed in accordance with the Council's Financial Rules and policies.
- To ensure performance in relation to debt recovery is regularly reported through the relevant management and governance structures of the Council. Ultimately to facilitate a coordinated approach to managing multiple debts owed to the Council.

2.4 The Council wants to help people and businesses experiencing financial difficulties. At the same time, the Council has a duty to ensure that people and businesses pay their bills as quickly as possible.

2.5 The Council will balance these aims by:

- Acting as early as possible to help those who are struggling to pay.
- Attempting to assist the customer in sorting out debt problems before they escalate out of control. Identifying potential problems when possible and providing a timely offer of financial advice either internally or through signposting to a suitable organisation where financial difficulty has been identified.
- Facilitating a co-ordinated approach to enable customers to manage multiple debts across services. Priority will be given to helping residents to remain in their accommodation where multiple debts are identified.
- Agreeing affordable and sustainable arrangements for those who genuinely need time to pay their debts.
- Asking customers to provide reasonable information regarding their finances, if required, to facilitate agreement of an affordable payment arrangement.
- Periodically reviewing instalment arrangements to ensure that debts are being cleared as quickly as possible whilst remaining affordable.
- Informing customers that once an agreement has been made no further action will be taken unless the arrangement is broken.
- Recognising and protecting the customer's rights at every stage of the process.
- Adhering and supporting residents who utilise the Breathing Space legislation
- Complying with the relevant customer care standards.
- Using plain English in letters and all other correspondence.
- Providing translation services where required.
- Treating individuals fairly and consistently, having due regard to factors such as age, gender, disability, and sexual orientation and ensure that individual's rights under Data Protection and Human Rights legislation are protected.

### 3. Scope of the Policy

3.1 This policy applies to the collection of the following debt:

- Council Tax
- Non-Domestic Rates (NNDR/Business Rates) & Business Improvement District (BID) Levies
- Housing Rents, Leaseholder Charges and rechargeable repairs
- Housing Benefit and Council Tax Benefit/Support Overpayments
- All other Sundry Debt (Council Services which include non-residential /residential financial care contributions, contractual debts including commercial debts, valuation, trade waste, licensing, overpaid salaries and wages etc).
- Commercial leases
- Penalty Charge Notices for Parking and Bus Lane Contraventions

3.2 There are specific rules and regulations which govern the recovery and collection of some of these debts which are set out in respective departmental procedures.

### 4. Policies common to all types of debt

4.1 All bills and invoices in respect of services delivered by the Council should be correctly addressed to the person who is liable for the payment.

4.2 Where appropriate all services should be paid for up front, and ideally prior to services being delivered, with bills being issued as soon as practicable.

4.3 The Council will always attempt to use the most efficient method of debt recovery in order to maximise income whilst minimising costs to the debtor.

4.4 The Council will encourage the most cost-effective payment methods with the emphasis on electronic payment methods that require no human intervention by officers of the Council to achieve its crediting to the account in question.

4.5 Staff seeking to recover debts will ensure information is accessible through translations, larger print versions or sign language, as appropriate to the needs of the debtor.

4.6 Where the potential for a statutory benefit or discount exists in relation to a debt, efforts will be made to make the debtor aware of such opportunities and they will be encouraged to apply for these. Where debtors are vulnerable and may need support in making these claims they will be referred to appropriate welfare advice services.

4.7 All notices issued by the Council will be identifiable as being from the Council by use of the corporate logo and providing full contact details.

4.8 Where either national or local performance indicators exist for debt recovery, the Council will strive for top quartile performance (in comparison to similar councils). Progress reports will be provided at regular intervals during the year to management.

4.9 The Council supports the provision of advice from the internal welfare and debt team, external agencies and will work in partnership with welfare advice agencies where authorised by the debtor in connection with debts due to the Council. The Council recognises 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.

4.10 In cases of multiple debts (situations where monies are owed to more than one service area, e.g. NNDR, Council Tax and Housing Benefit overpayment) there can be problems in determining the relative priority of the individual debts for both the individual concerned and officers pursuing settlement. In such cases officers are expected to liaise and agree a co-ordinated recovery approach, which reflects these policy aspirations together with the need to balance repayment profiles across all debts due to the Council.

4.11 Section 6 below details the Hierarchy of Debt; however, it should be noted that lower priority debts will also require payment and will not automatically be written off.

4.12 The Council recognises prompt recovery action is key in managing debt and maximising income. The Council will therefore:

- Regularly monitor the level and age of debt through reports to Cabinet.
- Set clear targets for the recovery of debt as part of the finance action plan and MTFS.
- Publish and communicate clear written recovery procedures.
- Apply its recovery processes on a timely basis
- Agree and utilise a hierarchy approach to the collection of multiple debts
- Regularly review each year its recovery methods to ensure compliance with best practice and maximum recovery.
- Review all debts deemed irrecoverable prior to agreeing any write-off each month.

4.13 The Council make a bad and doubtful debt provision for all income streams. These are reviewed at each financial year-end.

4.14 Where an external agency is procured to assist with the collection of debt, the flow of information between the Council and the agency must be in a secure electronic format and in accordance with the Council's policies for data security.

4.15 Where legislation permits, the Council will seek to levy and recover from the debtor any and all costs/fees that are legitimately due from the debtor to the Council or its agents as a result of late payment. Only in exceptional cases, where it would not be in the public interest to pursue costs/fees, will they be waived.

## 5. Principles of Recovery

5.1 The Council will follow the principles outlined below in all its recovery action.

- Our action will be proportionate
- Our approach will be consistent

- Our actions will be transparent

5.2 Additionally, our intention will be to be firm, fair and effective whilst adhering to our customer service standards.

5.3 Early intervention to support people struggling with payments helps prevent further charges and reduces both collection costs and demand on local public services.

5.4 Proportionality – Proportionality allows for a balance to be struck between the potential loss of income to the Council and the costs of collection.

5.5 Consistency – Consistency means taking a similar approach in similar circumstances regardless of debt and debtor to ensure equity for all. The Council aims to achieve consistency in:

- The advice it provides,
- The use of its powers, and
- The recovery procedures used.

5.6 However, the Council recognises that consistency may not mean uniformity and variables including the following will be taken into account:

- The social/personal circumstances of the debtor
- The debtor's payment history
- The debtor's ability to pay

5.7 Transparency – Transparency is important in maintaining public confidence and enabling people to understand what is expected of them and what they should expect from the Council. It includes explaining clearly the reasons for taking recovery action and the associated timescales.

5.8 A distinction must be made between advice and legal requirement.

5.9 Communications should be in Plain English, and large print with Braille or translated versions will be made available to customers upon request or where identified that this is required.

5.10 With the exception of Council Tax and NNDR and any charge that is made by way of a "fine" for non-compliance with the law, an opportunity will be provided for the debtor to discuss what is required to comply with the law before formal recovery action is taken. In the case of Council Tax, NNDR, and other statutory charges where the customer seeks clarification of their legal obligations, the Council will provide this. A written explanation will be provided of any rights of appeal against formal recovery action either before, or at the time the action is taken.

## **Recovery Methods**

5.11 The Council will differentiate wherever possible between those who can't pay, those who won't pay and those who have gone away. The purpose of this differentiation is to target the most effective recovery method to recover the debt.

5.12 A range of recovery options are available for use where arrangements to pay have broken down, options include:

- Seeking a County Court judgement
- Attachment of Earnings Order
- Deductions from benefit
- Enforcement Agent action
- Charging Order
- Insolvency (bankruptcy) action
- 
- Securing the debt by obtaining a charging order against assets
- Enforced sale of assets
- Suspension of non-essential services and legal rights within the tenancy agreements
- Eviction
- Committal to prison

5.13 The Council will always take recovery action where a customer does not pay and does not say they are having difficulty paying. The choice of recovery method will depend on several factors including the methods available for a particular type of debt. If the customer tells the Council soon enough that they are having problems paying and agrees a special payment arrangement (if feasible), the Council will not take further recovery action, provided the agreement is complied with. However, if recovery action has started (e.g. we have sent a court summons) and a special payment arrangement is made subsequently, the Council may continue with recovery action and, where possible, ask the court to make an order in similar terms (to the agreement) depending on the circumstances and nature of the debt.

5.14 Where the debt is for an ongoing service provided by the Council which the Council does not have to provide (for example Trade Refuse) the service will be suspended until the debt is paid or an acceptable special payment arrangement is made.

5.15 The collection process for Adult Social Care charges will be similar to other types of sundry debt but is subject to its own policy. This takes into account the vulnerable nature of customers and additional steps will be followed to try and understand the customers' personal and financial circumstances so that we can act in the best interests of the customer, other service users and the Council.

5.16 Use of eviction from Council properties for rent arrears will be a last resort and is governed by legislation.

### **Evasion and Fraud**

5.17 The unlawful evasion of payments due to the Council reduces the financial resources available to the Council and has a direct impact on all residents, businesses and other organisations that rely on Council services. Unlawful evasion or fraud to avoid payment will not be tolerated and where this is identified then in

addition to taking action to enforce payment the Council will seek to impose such further penalties or sanctions as the law allows, which may include prosecution.

5.18 Where debts arise through evasion or fraud the Council will seek to recover payment in full as quickly as possible and whilst each case will be considered on its own merits, payment arrangements will only be agreed in very exceptional circumstances.

## 6. Hierarchy of Debt

6.1 Some customers will owe money to multiple service areas. If they are on a low income or experiencing financial hardship it needs to be as clear as possible, which debts the Council considers a priority.

6.2 Priority will normally be given to debts where non-payment could lead to loss of the customer's home or imprisonment. These relate to Rent/Service charges and Council Tax, which are most commonly enforced through the courts as per statutory requirements. Account will also be taken of the stage reached in the recovery process. In principle the priority will be:

- Housing rent / Leaseholder charges
- Council Tax debts
- Housing Benefit Overpayments
- Other charges

6.3 Other debts owed to the Council may, depending on the circumstances, be of a lower priority. However, this should not provide a debtor with a reason to believe that they are not liable to pay these debts. The Council must follow statutory and/or internal procedures for these debts as well.

6.4 When agreement on appropriate action and priority cannot be reached between service managers, the individual case will be referred to the Council's Head of Transactional Services who will decide.

6.5 Where a credit is identified on a customer account, wherever possible; checks will be made for other outstanding debts due by the customer, prior to a refund being made.

6.6 Where other debts are identified, it may be necessary to obtain the customer's permission to transfer the credit to another outstanding debt, though normally every reasonable effort must be made to apply this to the other outstanding debt.

## 7. Payment

7.1 The Council will wherever possible require payment in line with the legislative requirements, or at the request of the service. The Council's preferred method of payment is Direct Debit or online electronic bank payment. We will continue to improve systems, so this is available for an increasing range of debts. However, this does not prohibit payment by other methods if available, including credit and debit cards, paypoint payment cards and barcoded bills, post office payments, standing

orders and other electronic banking methods, such as internet banking and touch tone telephone payments.

## 8. Debt Write-Off

8.1 The Council will seek to minimise the cost of write-offs to local Council Tax payers by taking all necessary action to recover what is due. All debts will be subject to the full collection, recovery and legal procedures where proportionate.

8.2 However, the Council recognises that each year a small number of debts become irrecoverable, and in such circumstances prompt and regular write-off of such debts is good practice.

8.3 However, the write-off of debts is only appropriate where: -

- The demand or invoice has been raised correctly and is due and owing; and
- There is a justified reason why the debt should not be pursued further.

8.4 Write offs must also be authorised in accordance with the Council's Finance Procedure rules.

## 9. Helping Customers

### Customer Care

9.1 The Council will ensure all demands for payment provide the following information clearly:

- The amount owing and service it relates to
- The date by which payment is due
- How payment can be made
- Where payment can be made
- The account reference so the account can be credited quickly and correctly.
- Contact details if the customer has a problem paying

9.2 The Council will be particularly mindful when dealing with customers that may fall into the following categories and could be considered vulnerable:

- The Elderly
- People with a disability
- The seriously ill (including mental health issues)
- The recently bereaved
- Single parent families
- Pregnant women
- Unemployed people
- Those who have obvious difficulty in understanding/speaking/ reading English
- Those experiencing Domestic Abuse
- Those with other vulnerabilities that may impact their ability to deal with debts

9.3 The Council will guard against misuse of vulnerable status, but also be aware that individuals may not admit to being vulnerable.

9.4 Where appropriate the Council will make suitable referrals to its own Debt and Welfare team or if more appropriate the advice sector and allow a period for them to take advice.

9.5 The Council will make an informed decision as to whether the customer has capacity to deal with the issue, which is assumed in the first instance.

### **Financial Difficulty**

9.6 Invoices will advise customers that if they believe they cannot afford to pay as billed they should contact the Council as soon as possible; recovery action will be taken if a bill is not paid and no contact has been made.

9.7 Officers may, where appropriate, and depending on individual circumstances enter into a payment agreement or carry out a financial assessment of a customer's incomings and outgoings. This may mean at times advising customers that they will need to rethink their spending habits and prioritise what they pay to whom differently.

9.8 The Council will always require debt to be cleared as quickly as the customer's finances will allow and each case will be considered on its own merits. Debt recovery staff are available to discuss Customers' requirements and provide instalment applications and advice.

### **How to get help and advice**

9.9 The Council will offer professional advice to all its customers and signpost customers facing financial difficulty to its own Debt and Welfare team or external partners, including Citizens Advice and Welfare rights.

9.10 Residents experiencing difficulties paying their rent and or service charges will be referred to the Council's in-house Debt advice Team to prevent homelessness.

9.11 Where appropriate customers will be made aware of the Council's discretionary housing/council tax support schemes to encourage maximisation of take up.

9.12 The Council will make debtors aware of the Breathing Space legislation and signpost appropriate cases to relevant debt advisors. It will adhere to all of its obligations once a debtor enters into a period of breathing space.

9.13 The Council where aware of a business struggling to meet their debt liability to the local authority will where appropriate signpost to them to available help.

9.14 The Council will where appropriate make businesses aware of the small business rates relief or other reliefs as appropriate to encourage maximisation of take up to reduce their business rates.

9.15 For other types of debt, we will work closely with the business to ascertain the reason for non or late payment and make appropriate arrangements to collect the debt. This may mean extending the time to pay or offering a further arrangement.

9.16 However, where a person/business does not pay, and there is not a valid reason for non-payment, we will continue to enforce the recovery tools available, such as use of court action, enforcement agents and insolvency.

9.17 In some instances, this may include the withdrawal of service, for example trade waste collection, where we would withdraw the service if invoices remained outstanding.

9.18 However, before any action is taken, there would be contact with the person/business to understand why they have not been able to pay and an appropriate assessment of their circumstances taken in to account before any further action is taken.

### **Visiting Customers**

9.20 The Council or contracted External Debt Recovery and Enforcement Agents may undertake visits to persons/businesses in arrears in order to resolve accounts outstanding.

9.21 The Council will make every effort where possible to co-ordinate visits to debtors so that where appropriate and practical, different debts owed by the same person/business can be addressed at the same time. If someone needs further assistance

9.22 Some people may still need further help and may require the assistance of one of the following:

- Citizens Advice Bureau  
Confidential debt counselling is available from the [Citizens Advice Bureau](#)

Tel: 03444 111 444

Slough freephone number: 0808 169 7766

Slough local number: 01753 981 040

- Age UK  
[Age UK](#) provides a support service for vulnerable older people.

Tel: 0800 169 2081

- Money Advice Service  
[The Money Advice Service](#) offers free, impartial advice and tools which can help you get your money into shape.

Tel: 030 0500 5000

- StepChange

The [Step Change Debt Charity](#) offers free debt advice and tailored solutions to help you better manage your debts and finances.

- Free, confidential help and advice for Businesses can be found from the [Business Debt Line](#)

Tel: 0800 197 6026

9.23 There are many other advice call centres and websites available on-line, though many sites are profit-making and will charge for their services – customers are advised to use care and check for fees and charges when selecting any of these services.

### **Paying by instalments**

9.24 When a Customer finds themselves in difficulty with debt, it may be possible that all of their debts, including all Council debts, will be taken into account when assessing ability to pay. All cases will be dealt with individually according to the circumstances surrounding their debt. For non-priority debts an assessment of the ability to pay will be based on the proportion of disposable income that the customer states that he/she has and realistic regular payment amounts will be agreed in preference to taking legal action.

9.25 The intention is that debts should be cleared as soon as possible. It may not always be appropriate to offer payment by instalments. For instance, some accounts may not be paid by instalments e.g. where a customer has requested goods or services from the Council – they would be expected to be able to pay if they've made the order, or if they have incurred parking or bus lane penalties. The Council will consider what course of action is appropriate as follows:

- Payment at once, in full as per the invoice, agreement etc.
- Payments within 3 months – agreed without completing pro-forma of details of income and expenditure, but written agreement from the customer is required.
- Payment within the financial year for which the debt is due (Council Tax or Business Rates) – agreed without completing pro-forma.
- Payment within 12 months – would require income and expenditure details to be supplied.
- Payment over a longer period if the customer does not have the funds to clear the debt as above – would require income and expenditure details to be supplied and would be subject to periodic/annual review.

9.26 To determine the level of instalments, departments will use standardised Income and Expenditure pro-forma which take account of the standards and guidelines available nationally and documents supporting the financial statement may be required for an arrangement to be made.

9.27 Once an arrangement is made customers are expected to comply with that arrangement. Where a customer's circumstances change and the arrangement becomes difficult to sustain, contact should be made to discuss further options.

Failure to make contact and comply with the arrangement will result in further recovery action.

9.28 Where instalment orders have been set following a judgment or order through the County Court/Magistrates based on the debtor's means at the time the order is made, these can only be amended by a further order pursuant to an application from one of the parties. This may impact on instalment agreements for multiple debts.

### **What Service Will Customers with Multiple Debts Receive?**

9.29 Customers presenting with multiple debts need to believe that there is a solution to their debt problems and should be actively encouraged to share with staff, information on all monies owed in order for the most appropriate referral to be made.

9.30 The Policy does not promote a "one size fits all" approach, but rather looks to work with the customer to take agreed steps to help address multiple debts.

9.31 To this end, the response to debt management will vary as different solutions will be needed to address the far-ranging complexity of cases.

9.32 In the majority of cases it will be appropriate to refer the debtor to our Debt and Welfare team to allow an assessment of the most beneficial approach to meeting liabilities can be made. Where it believed a conflict of interests might occur a referral to an external provider will be made.

9.33 Alongside the debt owed to the Council, the Policy will enable customers to receive help, advice and support in agreeing realistic payments to other creditors including HM Courts & Tribunal Service (in respect of fines), utilities, credit companies and mobile phone suppliers.

9.34 Taking a case by case approach will also enable diversity and exclusion issues to be addressed.

9.35 Support will be offered including access to interpreters for customers whose first language is not English or for those who are deaf, ensuring staff attending appointments are able to address the individual customer's needs. Where requested the provision of supporting information for customers will be made available in an appropriate format, e.g. large print, Braille or audio.

### **Complaints**

9.36 Most complaints can be addressed by discussing the issues. If we agree a solution, we will keep a record to make sure nothing was missed.

9.37 If we cannot solve the problem immediately it will be passed on for further investigation and action. We use a three stage complaints process to do this, full details of the Corporate Complaints Procedure can be found at:

[Complaints procedure – Slough Borough Council](#)

### **Rights of Appeal**

9.38 There are statutory ways in which people can appeal about decisions the Council may have taken for certain matters and can seek independent legal advice:

- Valuation Tribunal: For people who believe the Council has acted incorrectly on a Council Tax billing matter.
- Magistrates Court: For people who are aggrieved by the recovery process for Council Tax and Non-Domestic Rates and for Non-Domestic Rates payers who believe the Council acted incorrectly on a billing matter.
- Appeal Tribunal: For decisions made on Housing Benefit claims
- County Court: For those defending possession actions of Council property, action taken to recover Housing Benefit overpayments and for Sundry Debt Invoices.
- Traffic Penalty Tribunal: for appeals against Parking and Bus Lane Penalty Charge Notices (PCNs)

## 10. Maintaining Good Practice

10.1 The Council will seek to comply with best practice guidance in respect of local authority revenue collection published by recognised bodies including guidance provided by professional institutes such as the Chartered Institute of Public Finance and Accountancy, the Institute of Revenues, Rating and Valuation and CIVEA. The Council will also seek to comply with the following guidance;

- Collection of Council Tax arrears good practice protocol (Published by Citizens Advice July 2009)
- Council Tax collection: best practice for local authorities (Published August 2021)
- National Standards for Enforcement Agents January 2012 (Published by Ministry of Justice)
- CIVEA Code of Conduct and Good Practice Guide (2012)

10.2 Staff employed in the collection of revenue will receive appropriate training commensurate with their duties. Professional development and membership of professional institutes such as the Institute of Revenues Rating and Valuation (IRRV) will be encouraged, as well as ongoing professional development.