Corporate Debt Strategy

Document Control

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Purpose of Strategy

Gravesham Borough Council must collect monies from both residents and businesses for the provision of a variety of goods, services and taxes that fall due. The Council recognises that prompt income collection is vital for ensuring the authority has the resources it needs to deliver its services and achieve the goals of its Corporate Plan where we are: Together – Proud to be Gravesham.

The Council aims to achieve prompt income collection. It endeavours to keep outstanding debt at the lowest possible level by instigating a payment culture which minimises debt and prevents the accumulation of debt over a period. This strategy sets the framework for a clear, consistent, fair and sensitive approach to collecting debt whilst at the same time ensuring the Council continues to maximise collection performance and will intrinsically link to other relevant documents such as the Charging Strategy and individual department debt recovery policies and procedures.

For the purposes of this strategy, a debt is defined as any payment expected by the Council that has not been paid by the due date.

Scope of the Strategy

This strategy covers all debts owed to the Council including:

- Council House Rent and service charge
- Council Tax
- Business Rates (Individual)
- Business Rates (Company)
- Leasehold service charges
- Council Garage Rent
- Commercial Rent
- Temporary Accommodation Rent (including Former Temporary Accommodation Rent)
- Sundry Debts (including Housing Benefit Overpayments and Former Tenant Arrears)
- Penalty Charge Notices and other Parking-related debt.

Fixed Penalty Notices

The Council may impose financial penalties against those believed to have committed certain offences as an alternative to prosecution. The Council will always seek to impose the strongest financial sanctions permitted and progress appropriate enforcement action against those who knowingly, significantly and/or repeatedly break the law, or when other aggravating circumstances apply.

For clarification, fixed penalty notices must be paid in full by the due date or will escalate straight to recovery through the Court process regardless of customer circumstances. There is no facility, or legal requirement to offer payment by instalments for any reason.

Objectives of the Strategy

The objectives of the strategy are to:

- Ensure the prompt collection of payments due.
- To help individuals prevent the accumulation of debt and arrears.
- Provide help and support where possible to maximise customers' income and budgeting, including referral to support agencies, making payment arrangements or signposting to other financial support that may be accessible.
- Understand customers' circumstances and ability to pay to distinguish between a customer who **won't** pay and a customer who **can't** pay. This would follow the Council making every opportunity to engage with the customer to allow them to pay, including the development of a tailored instalment plan.
- In respect of fixed penalty notices, the customer **should** pay in full to prevent escalation to Court and potential prosecution, as the legal framework permits.
- Be firm but fair in recovery of debt, ensuring consistency in dealing with customers.
- Share knowledge, information, and ability across the Council as appropriate and lawful.
- Apply best practice in relation to all types of debt collection activity undertaken.
- Maximise the income collection performance for the Council.

Understanding Our Customers

Debt can arise for several reasons: medical problems, changes of circumstances, benefit entitlement adjustments, unemployment or failure of a business, changes in working hours, difficulties in managing money, relationship issues, large, unexpected bills. The list is not exhaustive.

The Council expects any person, business or organisation that owes a sum of money to the Council to follow the principles below:

- Pay amounts due promptly, on or before the date that payment is due.
- Inform the Council of any changes to their details or circumstances that may affect the amount to be paid or the ability to pay.
- Make contact with the Council if it is believed the amount charged is not correct.
- Make contact with the Council if they are unable to pay an amount that is due.
- Be open and honest when providing information in connection with the billing, collection or recovery of sums due to the Council.

To help our customers minimise debt and prevent the accumulation of debt, the Council aims to deliver good practice in revenue collection. To achieve this, the Council will look to ensure that:

- Any request for payment is made promptly and is accurately calculated.

- Requests for payment clearly show the amount to be paid and when this is due.
- Where possible, payment will be requested before the service is supplied to avoid the risk of debt accruing.
- A selection of methods of payment are made available.
- Contact with the Council can be made through a range of options including face to face by appointment, telephone, by email or in writing.
- Support is provided to those requesting help in making payment or receiving money and debt advice.
- Support is provided to those who are identified as being vulnerable.
- Recovery and enforcement actions are reasonable in line with relevant regulations.
- Recovery documents are clear and inform of the recovery procedures to be followed and the consequences of non-payment.
- Any written communication is in plain English, explaining complex terminology when it is needed.
- Support is provided to customers with language and communication difficulties through the offer of translation services, interpreting and other services wherever possible.
- Enquiries are responded to promptly and courteously; excellent communication is recognised by the Council as the key to a good relationship with the customer.
- Debt recovery actions enable the effective use of Council resources to deliver the best possible cash flow for the Council.

The Council recognises that customers do not pay their debts for several reasons. Some will have difficulty in paying while others may set out to deliberately delay payment. For those who are having difficulty making payment the Council will try to help customers by:

- Providing advice on the methods of payment available.
- Entering payment arrangements.
- Assisting and signposting the customer to obtain the correct benefit and debt management advice to enable them to pay their bills.
- When liability for a debt change to the Executors of a deceased customer, appropriate extended timeframes should be applied.

For those who won't pay, the Council will look to use more robust action to secure payment.

The Council will ensure that all customers are treated in a fair and equitable manner and will have due regard to the requirements of The Human Rights Act, The Equality Act and any other legislation or policies which may have an impact on the recovery of the debt.

Vulnerability

Some customers may need additional support in dealing with their financial affairs. In such instances the Council will apply the principles of the Council's Vulnerability policy in considering action to recover money it is owed.
Corporate Vulnerability Policy

Payment options

It is acknowledged that the easier it is to pay, the more likely that payment will be made. To reduce the cost to the Council, and therefore local taxpayers, the most cost-effective methods of payment

will be encouraged. Payment by Direct Debit is the Council's preferred method of payment for most bills.

The Council provides a wide range of payment methods including through its website and automated 24-hour telephone payment line and at Pay Point outlets and the Post Office and via recurring card payment facilities. Information to provide customers with help and support in making payments is available on the Council's website and on bills and payment correspondence issued by the Council.

Advice and support for Customers

As a responsible public body, the Council is keen to support individuals and businesses in paying any debts that they may owe as quickly as possible.

The Council will offer welfare advice to all its customers and signpost them to support organisations providing help with debt advice. This document provides contact information of organisations that may be able to provide financial support and money management or debt advice and assistance. Further information can be found on the Council website.

Promoting the Take-up of Benefits and Entitlements

The Council will take an active role in promoting the take-up of entitlement to benefits, discounts, exemptions, reliefs etc.

Where appropriate, information about claiming Housing Benefit, Local Council Tax Support or other discretionary support funds will be included with arrears letters. The Council will make every effort to encourage people to apply for benefits and other assistance.

The Council will also take steps to advise individuals/businesses as to the range of other discounts, reliefs, and reductions available.

Staff in contact with customers will signpost them to where they can obtain advice on benefits and debt matters, where appropriate.

Arrangements for the Repayment of Arrears

It is the Council's expectation that monies owed to the Council will be paid by the due date. Anyone having trouble in making a payment is encouraged to contact the Council at the earliest opportunity to discuss options for repayment, including possible instalment arrangements to repay debts owed.

In arranging, the Council will consider the type of debt and the customer's personal circumstances to arrive at a mutually acceptable payment plan. In coming to an arrangement, consideration will be given to other priority debts of the customer that could result in loss of an essential service, loss of a person's home or imprisonment.

Any arrangement is reliant on the customer sharing information with the Council which is considered necessary to assess their ability to pay; any refusal to divulge such information will prevent an arrangement for repayment of arrears being made.

Arrangements for the repayment of arrears will:

- seek repayment of all outstanding arrears, as soon as possible.
- Where appropriate, seek to ensure the current year debt is prioritised over older debt.

- Where appropriate, take account of other debts owed to the Council.
- Be confirmed in writing to ensure both the customer and the Council are clear on repayment amounts and their frequency.

Failure of a customer to maintain an arrangement for repayment of arrears will result in further action being taken to recover the debt.

Fair, Efficient and Effective Debt Recovery

It is the responsibility of individual departments to collect monies owed to the Council and to ensure that robust and proportionate recovery methods are in place which have proper regard to relevant legislation and this strategy. The Council will seek to:

- Ensure that the information it holds on outstanding amounts is up to date, accurate and complete.
- Collect current year due amount first, applying further payments to any outstanding arrears to ensure debts do not continue to increase.
- Ensure that recovery processes are consistently and proportionately applied, taking account of the individual circumstances of the customer as appropriate, and move from informal recovery action to formal recovery action as required.
- Refer eligible cases to the Council's Corporate Debt Team.
- Make arrangements for bad and doubtful debts to be written off in accordance with the Council's Financial Procedure Rules.

Action to recover debt will commence when a payment becomes overdue or an instalment plan or arrangement for payment is not maintained.

In pursuing payment of overdue sums, the Council may utilise any and all of the methods available to it in law. As a principle, debt recovery action will be employed on an escalating basis, with repayment being sought by the least severe action initially, with subsequent actions increasing in their severity if payment is not made.

Customers will be encouraged to make contact with the Council if they are unable to pay an amount that is due to avoid escalation of recovery action.

Corporate Debt Approach

The Council recognises that a person may have debts with more than one Council department. Such instances will be considered for action under the Council's Corporate Debt Approach. This approach will identify a single council officer to liaise with the customer and work with departments to secure payment of outstanding debts as a single case, working with the customer to understand their individual circumstances and apply a priority order for the repayment of debt owed to the Council.

A joined-up approach between departments will also be undertaken should a decision be made by a recovery officer to instigate further action such as bankruptcy, winding up or a charging order. Any such cases must be advised to all departments by the use of the corporate debt internal email address and should form part of the agenda discussed at the four-weekly meeting of Council recovery officers.

Prioritisation of debts owed to the Council and allocation of payments

The Council has put in place a prioritised order for consideration of cases where a customer may have more than one debt with the Council which is based on the principles of the Citizens Advice definition of 'priority debt', which recognises that some debts are more urgent to settle than others because the consequence of not paying them can be more serious than for other debts.

The Council has determined the following prioritisation for repayment of debt owed to it and will allocate payments in the following priority order:

- Housing Rent and service charge arrears (including Temporary Accommodation rent arrears)
- Leasehold service charge arrears
- Council Tax arrears
- Non-Domestic Rate arrears
- Commercial Rent arrears
- Sundry Debt arrears/ Overpaid Housing Benefit arrears/ Former Housing Rent arrears (including Former Temporary Accommodation arrears)/ Garage Rent arrears
- Parking Debt arrears

Use of Enforcement Action

The Council will make use of Enforcement Agents, Collection Agents and High Court Enforcement Agents where it is deemed appropriate. This will usually be after other recovery routes have been exhausted. Enforcement Agents used by the Council will be members of CIVEA Civil Enforcement Association or another relevant professional body and will be expected to practise the highest industry standards under their associated code of practice.

Bad and Doubtful Debts

The Council recognises that in a small number of cases, debts may remain unpaid or not be fully recovered. Where a debt is classified as irrecoverable and all recovery routes have been reasonably exhausted, the Council will consider writing off a debt in accordance with the arrangements set out in the Council's Constitution, in particular the Financial Procedure Rules.

The Council's financial planning arrangements ensure that there is adequate provision within the budget each year to meet the costs for bad and doubtful debts, with this taking into account the age and risk profile of the debt held within each department.

Write On and Credit Balances

If a credit stays on an account for more than thirteen months, the amount will be considered for removal from the account (writing on). Before this action is taken, sufficient steps will be taken to contact the customer to inform them of the credit balance and find whether they wish this to be applied to another debt held by the Council or for a refund to be issued in line with the Council's corporate refund policy.

Information Sharing

The Council collects and stores personal data for the purposes of the effective billing, collection, and recovery of sums due. Data kept for this purpose will be processed in accordance with the GDPR (General Data Protection Regulation) 2018 and will be stored securely at all times.

Data will be shared within the Council, external organisations and with agents or contractors appointed by the Council for the purposes of the billing, collection, and recovery of sums due to be shared within the Council or with external organisations where the law allows, where it is in the interests of the debtor or where it will prevent fraud or the unlawful evasion of payment of sums due.

Monitoring and Measuring Performance against this Strategy

Performance against this strategy will be checked and reported on a regular basis as follows:

- Monthly reports to Budget Managers of outstanding debt.
- Quarterly reports to Management Team on the level of outstanding debt managed by the Council, including headline indicators on the Council's Corporate Debt approach.
- Monthly reporting of movements in bad and doubtful debt provisions.
- Bi-monthly Corporate Debt Case Conferences.
- Periodic reporting to Members to update on the management of debt owed to the Council, provisions for bad debt and write off levels.
- If there is a resurrection of a previously written off debt the Council can write on the debt and account for the payment received.
- Performance monitoring arrangements in respect of Enforcement Agent activity.
- Use of complaints and compliments to shape service delivery.
- Consideration of debt recovery arrangements by the Council's Internal Audit function.
- Delivery of relevant advice, guidance and training to Council staff involved in the recovery of debt.

Review of the Strategy

This Strategy will be reviewed at least annually, with any material amendment subject to approval of the Cabinet.

Support and advice available

Help with the cost of living – Gravesham Borough Council

Support organisations

Step Change

This is the leading debt charity in the UK providing free advice, help with budgets and debt management plans tailored to your personal situation.
Step Change website
Tel: 0800 138 1111

Citizens Advice

This supplies free, independent and confidential advice on getting out of debt and a variety of other issues. They have useful resources online, such as debt FAQs and budgeting tools. They also supply advice on the new Breathing Space and Mental Health Crisis debt Respite Schemes.
Citizen Advice website
Tel: 0808 278 7810

The Money Charity

This is a charity that helps with money management, as well as free and confidential advice. They also supply money management apps such as “spendometer”.
the Money Charity website
Tel: 020 7062 8933

Christians Against Poverty

A national charity, working across the UK to lift people out of debt and poverty offering free debt counselling through a network of 260 debt centres.
Christians Against Poverty website
Tel: 01274 760720
Email: info@capuk.org

National Debtline

National Debtline is a debt charity supplying free, confidential and impartial advice and a library of online resources- including information packs, personal budget planning and sample letters and information that will allow you to determine whether you qualify for a debt relief order.
National Debtline website
0808 808 4000

PayPlan

Offers a fresh approach to dealing with financial difficulties. PayPlan are the UKs largest provider of free debt solutions, including debt management and Individual Voluntary Arrangements (IVAs)
PayPlan website
Tel: 0800 316 1833

Financial Ombudsman Service

This service was set up by law to resolve individual disputes between consumers and financial services businesses.
http://www.financial-ombudsman.org.uk/
Tel: 0800 023 4567

Civil Legal Advice

Legal aid can help you pay for legal advice, family mediation and representation in court and some tribunals. This could include housing, debt, family or education problems. You can also get legal aid if you’re accused of a crime
https://www.gov.uk/civil-legal-advice
Tel: 0345 345 4 345

Rethink

Rethink help to improve the lives of people severely affected by mental illness through their network of local groups and services, expert information and successful campaigning. Their goal is to make sure everyone severely affected by mental illness has a good quality of life.
We are Rethink Mental Illness
0808 801 0525

The Salvation Army

The Salvation Army is a worldwide evangelical Christian church. The mission is based in their faith in Jesus Christ.
www.salvationist.org.uk

01474 560 124

Money Advice Trust

The Money Advice Trust aim to provide a range of free materials for people in debt as well as organisations to help signpost people to their services.
https://www.moneyadvicetrust.org
0808 808 4000

Money Wellness

Money Wellness are on a mission to help everybody improve their financial wellbeing. They are here to help solve money worries with free independent advice and ongoing support.
https://www.moneywellness.com
0161 518 8285

Debt Advice Foundation

Debt Advice Foundation is a registered national debt advice and education charity offering free, confidential support and advice to anyone worried about loans, credit and debt.
https://www.debtadvicefoundation.org
0800 043 40 50