

## Corporate Debt Strategy

### 1. Purpose of Strategy

Gravesham Borough Council is required to 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 objectives of its Corporate Plan in *delivering a Gravesham to be proud of*.

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 of time. 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.

### 2. Scope of the Strategy

This strategy covers all debts owed to the council including:

- Council Tax
- Non Domestic Rates (NDR, known as business rates)
- Council House Rent
- Council Garage Rent
- Commercial Rent
- Sundry Debts (including Housing Benefit Overpayments and Former Tenant Arrears)
- Penalty Charge Notices and other Parking-related debt

### 3. Objectives of the Strategy

The objectives of the strategy are to:

- Ensure the prompt collection of payments due
- Prevent the accumulation of debt and arrears
- Provide help and support where possible to maximise customers' income, 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.
- Be firm but fair in recovery of debt, ensuring consistency in dealing with customers

- Share knowledge, information and expertise 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

#### 4. Understanding Our Customers

Debt can arise for a number of 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 prevents the accumulation of debt, the council aims to achieve good practice in revenue collection. To achieve this, the council will seek 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 provided to avoid the risk of debt accruing;
- Appropriate methods of payment are made available;
- Contact with the council can be made through a range of options including face to face, telephone, by email or in writing;
- Support is provided to those requesting assistance 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 and proportionate;
- 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 required;
- 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 various 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 assist customers by:

- Providing advice on the methods of payment available
- Entering into payment arrangements
- Assisting the customer in obtaining the correct benefit and debt management advice to enable them to pay their bills

- When liability for a debt changes 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.

## **5. Vulnerability**

Some customers may need additional support in dealing with their financial affairs. In such instances the council will apply the principles of the Vulnerable Persons Policy at Appendix Three in considering action to recover money it is owed.

## **6. Payment options**

It is acknowledged that the easier it is to pay, the more likely that payment will be made. In order 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 PayPoint outlets and the Post Office. 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.

## **7. 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. Appendix four 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.

## **8. 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.

## 9. Arrangements for the Repayment of Arrears

It is the council's expectation that monies owed will be paid by the due date. Anyone experiencing difficulty in making a payment is encouraged to contact the council at the earliest opportunity to discuss options for repayment, including making an arrangement to repay debt owed.

In making an arrangement 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.

## 10. 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. .

## **11. 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.

## **12. 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 arrears
- Council Tax arrears
- Non Domestic Rates arrears
- Commercial Rent arrears
- Sundry Debt arrears/ Overpaid Housing Benefits/ Garage Rent arrears
- Parking Debt arrears

## **13. 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 or where it has been demonstrated that the customer is deliberately choosing to delay or not make payments due to the council. Enforcement Agents used by the council will be members of the 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.

## **14. 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.

## **15. Write On and Credit Balances**

If a credit remains 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 ascertain whether they wish this to be applied to another debt held by the council or for a refund to be issued.

## **16. Information Sharing**

The council collects and stores personal data for the purposes of the effective billing, collection and recovery of sums due. Data retained for this purpose will be processed in accordance with the Data Protection Act 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.

## **17. Monitoring and Measuring Performance against this Strategy**

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

- Monthly reports to Budget Managers of outstanding debt
- Monthly 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
- Service performance monitoring arrangements of income collection and debt recovery
- Monthly Corporate Debt Case Conferences
- Bi-monthly reporting to the Corporate Debt Working Group of actions to improve payment processes and support the recovery of debt
- Periodic reporting to Members to update on the management of debt owed to the council, provisions for bad debt and write off levels
- In the event of the 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

## **18. Review of the Strategy**

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