

Corporate Debt Policy

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1.0 Introduction

- 1.1 This document outlines Cheshire West and Chester Council's policy on the recovery of monies due to the Council and is based on the premise that effective debt management is crucial to the financial health of this organisation.
- 1.2 The Council raises a significant proportion of its total income through local taxes and charges and has a duty to recover amounts outstanding. In the best interests of its customers the Council will seek to do so as quickly as is practicable and in the most cost effective and efficient way.
- 1.3 This policy is available electronically on the Council's website. It applies to all Council directorates and does not prejudice any legal action that the Council may wish to take.

2.0 Key principles

- 2.1 The following key principles apply to all types of debt owed to the Council by individuals, businesses or external bodies.
 - Customers have a responsibility to pay amounts that have been properly assessed as being due;
 - All amounts due to the Council will be collected in a timely and cost effective manner;
 - The Council acknowledges its statutory duty of care towards customers assessed as needing services;
 - Any debt recovery action taken will be transparent, consistent and proportionate;
 - Debt recovery processes will be efficient and effective demonstrating a fair approach to all customers including those that do pay on time; and
 - The Council fully understands its duties and obligations under legislation in relation to certain types of debt.

3.0 Scope of the policy

- 3.1 This policy applies to the collection of:
 - Council tax
 - Non domestic rates
 - Housing benefit overpayments
 - Penalty charges
 - Adult social care contributions (under both fairer charging and charging for residential accommodation requirements)
 - All other debt
- 3.2 The accompanying code of practice explains how this policy is to be applied with the aim that overdue debtor accounts are effectively managed to ensure the best possible outcome for recovering amounts that have not been paid by the due date.

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4.0 Policy aims

4.1 The key policy aims are:

- Ensuring customers are billed accurately and promptly to maximise the likelihood of payment on time;
- Securing advance payment, wherever possible, before the provision of goods and services or at the point of delivery;
- Reminding customers quickly if they do not pay on time;
- Ensuring that tax payers interests are protected by maximising levels of income collection and striving to collect all overdue debt;
- Encouraging regular contact with customers at every stage of the income collection and debt recovery process;
- Recognising that advice and early intervention is key to helping customers meet their obligations;
- Promoting financial inclusion by recognising that debtors may have underlying problems with money management or may not be receiving all the financial assistance to which they are entitled;
- Treating customers fairly ensuring that those who do pay promptly are not subsidising those who are not prepared to pay what they owe;
- Managing debts in accordance with relevant legislation and best practice;
- Ceasing provision of service to customers who do not pay to minimise incidences of debt that cannot be collected where this is legally possible.

5.0 Priority debtors

- 5.1 The Council will promote a co-ordinated approach towards sharing debtor information to help customers who have multiple debts as a priority.
- 5.2 The first call on any monies repaid by customers with multiple debts will be allocated to those debts which are the oldest. The Limitation Act 1980 allows 6 years to pursue most debts.
- 5.3 Customers with new debt will also be given priority to develop a culture of prompt payment and encourage those in need of help to get in touch with the Council at an early stage.
- 5.4 Notwithstanding the above, the Council will attempt recovery on all debts.

6.0 Contact with customers

- 6.1 The Council sets high standards for customer care and these standards will apply when dealing with customers on debt matters. The Customer care policy and Customer care standards are available on the Council's website.
- 6.2 This policy will be applied equally to all debtors. Customers will be treated fairly however diverse their needs.
- 6.3 Where it is apparent that a customer is unable to pay what they owe the aim will be to agree a payment arrangement which is reasonable in the circumstances and which minimises recovery costs.
- 6.4 An individual's ability to pay will be assessed on their disposable income in proportion to the level of debt. A financial statement may be required to evidence ability to pay and can be completed with the help of an independent agency such as the Citizen's Advice Bureau who can also assist with money advice.
- 6.5 A trading business is expected to meet any one-off or on-going financial obligations that it has with the Council.
- 6.6 Where customers fail to make contact or maintain their payment obligations, recovery action will continue in the wider public interest.

7.0 Recovery action

- 7.1 The Council will attempt at all times to use the most appropriate and effective method of debt recovery in order to maximise income due.
- 7.2 This will include obtaining court orders and using the most appropriate method of enforcement, determined on a case by case basis, and as set out in the Council's Code of practice on debt recovery. Such legal and enforcement measures will be considered for all types of debt due to the Council, including social care debt.
- 7.3 Recovery action will be proportionate and will take account of whether the debt is personal or commercial.
- 7.4 When pursuing debt the Council will take into account the customer's payment history and their ability to pay.
- 7.5 The Council will also use external agencies to trace the whereabouts of debtors who have left their last known address.
- 7.6 The Council reserves the right to take all available legal action to overturn the transfer of property or assets to other parties where it has reasonable evidence to believe that the transfer was effected with the intention of reducing the customers assessed contribution towards their social care under social care charging regulations.

8.0 Disputes

- 8.1 The Council may agree to suspend recovery action in the event of a dispute and will endeavour to resolve the dispute promptly and collect the proper amount due.
- 8.2 Recovery action will continue if the customer accepts the charge but does not pay or if the customer does not accept the charge and the Council is correct in making it.

9.0 Complaints

- 9.1 The Council will endeavour to resolve problems in relation to debt collection at an early stage and in an informal manner.
- 9.2 Where it is not possible to resolve problems in this way customers who are still dissatisfied will be advised of the Council's formal complaints procedure.

10.0 Refunds

- 10.1 There may be occasions where for legitimate reasons a credit is due to a customer's account to cancel or reduce a charge.
- 10.2 However the credit has arisen and prior to it being refunded at the customer's request, the Council will check to determine if the customer has other outstanding debts due to the Council.
- 10.3 Where other debts are identified the Council will seek to agree with the customer to transfer that credit to offset (in part or in full) those other debts.

11.0 Irrecoverable debts

- 11.1 The Council recognises that not all debts are collectable and therefore it will be appropriate and justifiable in certain circumstances to classify debts as irrecoverable.
- 11.2 The Council will ensure that there are guidelines in place which detail the criteria for determining if a debt cannot be collected and the actions to be taken prior to any decision to write off the debt.
- 11.3 The Council must make appropriate provision for bad debt. Debts recommended for write off will be approved in accordance with the limits specified in the Council's Finance and Contract procedure rules.
- 11.4 Debts will normally only be considered for write off where the customer account is closed and there are no reoccurring debts.
- 11.5 The Council will reserve the right to cease providing services to customers who owe the Council money where this is legally possible.

- 11.6 The Council will record all write off decisions and reserve the right in certain circumstances to reinstate the debt at a future stage.

12.0 Data sharing

- 12.1 Cheshire West and Chester Council are required by law to protect the public funds it administers and has a legitimate interest to recover monies owed to it.
- 12.2 The Council will share information provided to it for the purpose of recovering debt in accordance with its Information Sharing Policy.
- 12.3 Cheshire West and Chester Council will also share information internally and with other bodies responsible for auditing or administering public funds, in order to prevent and detect crime.

13.0 Policy review and monitoring

- 13.1 This policy will be reviewed and updated where necessary to take account of changes in legislation or new ways of working.
- 13.2 The operation and effectiveness of this policy and accompanying code of practice will be monitored by the Head of Finance.

14.0 Organisation

- 14.1 This section of the policy sets out the roles and responsibilities of key stakeholders within the Council.

Council members

- 14.2 It is the responsibility of Council members to approve the Council's debt policy.
- 14.3 The executive member for resources has responsibility for strategic debt management matters. Part of this role will include notification and consultation on significant debt issues.
- 14.4 Members of the full council must ensure that sufficient priority is given to the allocation of resources for the recovery of debt.

Section 151 Officer

- 14.5 The Section 151 Officer has overall responsibility for the implementation of this policy and will ensure that there is a suitable system in place for recovering debt and that relevant Members receive recommendations concerning sufficient resources being made available in terms of staffing and finance.

- 14.6 It is the responsibility of the Section 151 Officer to promote a positive culture within the organisation where income management and payment of accounts is integrated into all aspects of work and employees are encouraged and supported when dealing with debt recovery matters.
- 14.7 The Section 151 Officer will also ensure that the corporate management team receives an annual debt report which reviews the main debt issues and sets priorities and targets for the forthcoming year.

Directors

- 14.8 Directors are responsible for ensuring that there are robust income management procedures in place that work to safeguard against debts arising or where debts do arise these procedures facilitate successful recovery.
- 14.9 Directors are responsible for integrating income and debt management into directorate service plans including targets for timely and accurate billing and collection of income.

Director of resources

- 14.10 The director of resources has specific responsibility for debt management and as such has additional responsibilities to those of other directors, which are delegated to the Head of Finance. These include:
- The implementation of this policy;
 - Liaison with the nominated Council Member regarding debt matters;
 - Presenting debt reports to members;
 - Liaison with directors and heads of service on debt issues.

Heads of service

- 14.11 Heads of service are to adhere to the Council's finance and contract procedure rules ensuring that customers are billed accurately and promptly, and wherever possible, securing advance payment before or at the point of providing a service.
- 14.12 Heads of service are responsible for minimising incidences of recurring debt and should act where appropriate to cease to provide services to customers who do not pay where this is legally possible.