

1. Council Tax & Business Rate accounts

Recovery Strategy for Local Taxation

- 1.1. Our ultimate aim is to recover 100% of Council Tax and Business Rate debt by taking a “**Firm but Fair**” approach.

Our key objective is:

“To support those who cannot pay and take action against those who will not pay”

- 1.2. We will issue a recovery timetable each year and we will aim to recover outstanding instalments in a timely and efficient manner maximising cash flow and driving down arrears.
- 1.3. We recognise people and businesses do not pay debts for a variety of reasons:
- Some customers genuinely struggle to meet their payments and need advice and help in budget management
 - Some customers deliberately choose to set out to delay and not pay their debts
 - Some customers are not receiving the benefits or reductions they are entitled to
 - Some customers go through personal difficulties that result in short-term and long-term problems in paying their debts
 - The national and local economy affects individuals and businesses
 - Diversity brings complications in customer understanding and guidance may be needed.
- 1.4. At each stage we will encourage customer contact and liaise with internal departments and outside agencies e.g. Citizens Advice Bureau and welfare rights agencies to offer specialised advice and/or debt counselling to those we feel may be in need of help.
- 1.5. The Local Government Association and the Citizens Advice Bureau published the “Collection of Council Tax Arrears Good Practice Protocol” first launched in July 2009 and refreshed in June 2013. Officers of the Council and contractors acting on its behalf in Council Tax enforcement roles will comply with these standards.

- 1.6. The Lord Chancellor's Department has produced Taking Control of Goods: National Standards for Enforcement Agents brought in on 6 April 2014. Officers of the Council and contractors acting on its behalf in enforcement roles will comply with these standards.
- 1.7. We have guidelines and a Code of Practice for Enforcement Agents. Council officers and contractors acting on its behalf in enforcement roles will comply with these standards.
- 1.8. If we have reason to believe a customer is “vulnerable”, we will manage their account following our vulnerable protocol – Appendix A.
- 1.9. If any customer is unable to maintain a payment arrangement or is unhappy with the suggested level of payment under an arrangement, they will have recourse to a Lead Case Manager, Specialist or nominated officer to appeal.

Demand Notices

- 1.10. We will issue annual Council Tax and Business Rate bills as soon as practical after the Council has set its Council Tax for the forthcoming year.
- 1.11. We will issue adjustment notices as soon as practicable after the liability is known with payment(s) being due on the earliest date(s) allowed by legislation.
- 1.12. All cash bills include a monthly instalment arrangement. If the customer wants to change their instalment date, they must contact us as soon as possible.
- 1.13. We offer several different payment methods and dates for customers to pay their accounts. We offer an instalment date of the 1st of the month to all non-direct debit payers. We promote payment by direct debit, as it is the most efficient payment method. It also helps customers avoid missing instalments and being subjected to recovery action.
- 1.14. To encourage customers to pay by direct debit, we offer a choice of 5 instalment dates: 1st, 8th, 15th, 20th and 23rd of the month. We promote the setting up of Direct Debit over the telephone.
- 1.15. If a customer pays regularly, but fails to do so by the instalment date, we will still take recovery action, as payments are late.
- 1.16. In line with Council Tax and Non-Domestic Rating legislation customers can request payments over 12 monthly instalments. This request must be made before 1st April to allow us sufficient time to issue a bill over the whole period. Where this request is made part way through the year, instalments are reduced accordingly. Where applicable, when a customer

clearly demonstrates they are struggling to pay, this payment option should be made known to them.

- 1.17. Where a Council Tax or Business Rate customer cannot pay on the set instalment date, Officers will have the discretion to vary the instalment dates. However, the final instalment date must be before 31st March of the financial year in question. Such arrangements will only be considered where no recovery action has yet started for the account in question.
- 1.18. Where recovery action has started, payment arrangements will generally only be entered into where the debt is secured by a liability order and/or the debtor agrees to pay by direct debit. Arrangements will only be agreed by approved staff and will generally only be agreed where:
 - The debt will clear by the end of the financial year
 - The debtor's proposals are reasonable in comparison with the amounts that could be secured by taking alternative action
 - The debtor demonstrates a clear intent to honour the arrangement.
- 1.19. In cases where exceptional circumstances exist and it would not be in the interests of tax payers to pursue enforcement action, arrangements may be made by authorised staff before obtaining a liability order and without the debtor agreeing to pay by direct debit.

Reminders and Final Notices

- 1.20. We will issue reminders and final notices as requested after 14 days of the payment default to which they relate, following the recovery timetable. The reminder gives 7 days for the customer to bring their account up to date.
- 1.21. If we issue a reminder or final notice, we will advise the customer that if they pay by direct debit, they can spread any arrears over the remaining months of the financial year under a "special arrangement". This will be a "one time" offer. If the customer subsequently cancels the direct debit mandate or if the payment is rejected by the bank we will issue further reminders and if still unpaid we will escalate the account by requesting a Summons from the Magistrates' Court.
- 1.22. If the overdue instalment is paid, but the customer misses a future instalment, we will issue a second reminder. We will tell the customer that we will not issue any further reminder and that they must bring their account up to date within 7 days and maintain future instalments on the due date or we will issue a summons. A Business Rate debtor will only receive one further notice, followed by a summons if the account is not brought up to date.

- 1.23. A “Final Notice” is a courtesy letter and is not required in law. We will not issue more than three reminders in a financial year - a maximum of two instalment reminders and one final notice. We will issue Final Notices as an exception rather than a rule to closed accounts at year end to encourage cash flow.
- 1.24. If we have agreed a special arrangement and the customer fails to meet their duties under that arrangement, we will only allow further instalments by direct debit on immediate payment of any arrears i.e. before any future instalment. If we are not able to agree an instalment plan, then the whole outstanding balance becomes payable.
- 1.25. If we do not receive payment, we will request a summons from the Magistrates’ Court. Once a summons has been issued, the full amount of Council Tax or Business Rates is due, as well as the summons costs.

Summonses

- 1.26. We will issue summonses as soon as reasonably practicable after the default to which they relate. If the customer does not pay as the reminder, or second/final reminder instructs, we will request a summons from the Magistrates’ Court. The summons gives details of when the customer may attend court to explain why they have not paid their bill. The cost of the summons (from Final Notice to the Liability Order hearing) is added to their bill.
- 1.27. If the customer pays the full amount of the summons, including costs, before the hearing date, the customer’s name is removed from the court listing (by being marked as paid) and thus is not required to attend court.
- 1.28. If the customer makes a payment arrangement with us before the hearing, they do not have to attend court. However, we will ask the Magistrates’ Court to grant a “Liability Order” to secure the debt (explained below). Providing the customer keeps to the payment arrangement, we will not take any further recovery action.
- 1.29. At the court hearing, we must satisfy the Magistrates’ Court we have followed the correct procedures: that is, sending a bill, reminder and summons to the customer’s property, or their last known address or registered company address. We must also confirm the customer is liable for Council Tax or Business Rates and the debt is outstanding. If the Magistrates’ Court are satisfied with the evidence we present they will grant a Liability Order and the requested costs.

Liability Orders

- 1.30. A Liability Order is a decision by the court confirming the customer is liable to pay Council Tax or Business Rates and has not done so in accordance

with the law. It gives us powers to recover the outstanding debt using other methods. These are explained in more detail below.

1.31. A Liability Order gives us the power to:

- ask for financial information including the customer's employment status and employer details that must be provided
- prosecute for failing to provide financial information (Council Tax only)
- take money directly from the customer's wage using an Attachment of Earnings Order (Council Tax only)
- prosecute employers for failing to implement Attachment of Earnings (Council Tax only)
- take money directly from Members' Allowances (Council Tax only)
- take money directly from the customer's benefits, for example, Income Support, Jobseekers Allowance, Pension Credit, Employment Support Allowance or Universal Credit (Council Tax only)
- use enforcement agents to remove the customer's goods and sell them to pay the debt
- start insolvency proceedings (against companies)
- seek a Charging Order against the customer's property
- start committal proceedings for an individual customer's imprisonment for up to 90 days
- start bankruptcy proceedings (against individuals)
- instigate County Court proceedings, as an alternative to the Magistrates' Court.

These methods shall only be used with consideration to the principles set out within **2. The Key Aims and Principles of the policy**

1.32. The Magistrates' Court may not grant a Liability Order if the customer can provide a valid defence, such as:

- we have not demanded the Council Tax or Business Rates as the law sets out
- the customer/company has already paid the amount on the summons and provides evidence of the payment
- the customer/company is exempt
- the property is not entered into the relevant Valuation list
- the customer/company is not the person liable for Council Tax or Business Rates
- more than 6 years have passed since we sent a bill for the amount

- Bankruptcy, Debt Relief Order (DRO), winding up proceedings have commenced or an Administration Order has been made (and evidence is provided).

To save the court time it is reasonably expected that if any of the above situations apply (or the customer believes they may apply) the customer should contact the Council for clarity before the actual hearing as it may be possible to resolve the enquiry and therefore there will be no need to attend court. If the customer is not satisfied with the Council's response they have the right to appear before the Magistrates and dispute the application for a Liability Order.

1.33. It is not a valid defence if the customer is unable to pay because they have:

- applied a discount/exemption or relief (including Council Tax Support) that may reduce their Council Tax or Business Rates
- appealed to the Valuation Office Agency against the valuation band or rateable value
- money problems and simply cannot afford to pay.

Request for financial information

1.34. When we have a Liability Order we will send a “request for information form” asking the customer to supply details about their income and expenditure. They have 21 days to complete and return it. This letter also details what will happen if we ask enforcement agents to collect the outstanding debt.

1.35. If the customer does not complete and return the income details form within 21 days we can take action. Under Schedule 3 of the Local Government Finance Act 1992 a penalty can be imposed ranging from £70.00 to £280.00.

Attachment of Earnings

1.36. We can tell employers to deduct directly from the customer's salary or wages to pay their Council Tax debt. The amount deducted depends on how much the customer earns. If they have multiple Liability Orders we can make two deductions.

Table of deductions from monthly earnings for each order issued after 1 April 2010

Take home (net) wage	Percentage we can deduct	Amount to be deducted
Under £300	0%	Nil
Over £300 but under £550	3%	£9 - £16.47
Over £550 but under £740	5%	£27.50 - £36.95

Over £740 but under £900	7%	£51.80 - £62.93
Over £900 but under £1,420	12%	£108.00 - £170.28
Over £1,420 but under £2,020	17%	£241.40 - £343.23
Over £2,020	17% of first £2,020 plus 50% of the rest	£343.40 plus 50% of the rest

Table of deductions from weekly earnings for each order issued after 1 April 2010

Take home (net) wage	Percentage we can deduct	Amount to be deducted
Under £75	0%	Nil
Over £75 but under £135	3%	£2.25 - £4.02
Over £135 but under £185	5%	£6.75 - £9.20
Over £185 but under £225	7%	£12.95 - £15.68
Over £225 but under £355	12%	£27.00 - £42.48
Over £355 but under £505	17%	£60.35 - £85.68
Over £505	17% of first £505 plus 50% of the rest	£85.85 plus 50% of the rest

1.37. The employer can deduct a further £1 per order for their administration costs each time they make a deduction. Deductions continue until the Council Tax is paid in full. Customers must tell us within 2 weeks of any change in their employment.

Deductions from benefits

1.38. We can ask the Department for Work and Pensions to deduct directly from the customer's Income Support, Jobseekers Allowance, Employment Support Allowance or Universal Credit.

1.39. The money deducted is sent to us each month and continues until the Council Tax is paid in full, or benefit entitlement stops.

1.40. Customers must tell us within 2 weeks of any changes in their benefit.

Recovery of Council Tax through Member Allowances

1.41. Regulation 44 Council Tax (Administration & Enforcement) Regulations 1992 relates to an elected member of Taunton Deane Borough Council or a relevant precepting authority.

1.42. The Regulations allow an attachment of the allowances of an elected member to be made when Taunton Deane Borough Council has obtained a Liability Order. These provisions do not extend to Members of Parliament.

- 1.43. Taunton Deane Borough Council can make an order under which they can attach 40% from a member's allowances.
- 1.44. The allowances to which the order relates are those paid under:
- **Section 18 Local Government & Housing Act 1989**
 - This includes schemes for basic, attendance and special responsibility allowances for Local Authority Members.
 - **Section 175 Local Government Act 1972**
 - This includes allowances for attending both conferences and meetings.
- 1.45. Any decision on an attachment of allowances should be referred to a Lead Case Manager, Specialist or nominated officer who will also liaise with the Council's Monitoring/Proper Officer.

Charging Orders

- 1.46. Charging Orders are used when attempts to attach earnings, deduct from benefits and remove a debtor's goods have been unsuccessful. All Charging Order cases must be controlled by a Lead Case Manager, Specialist or nominated officer.
- 1.47. If the debtor owns a property a Lead Case Manager, Specialist or nominated officer can decide to apply for a Charging Order to be placed on it. This is similar to a mortgage and means we can recover the outstanding Council Tax debt from the proceeds of sale, should the debtor sell the property at a later date. While it is possible to enforce the sale of a property subject to a charging order, this would be the exception rather than the rule.
- 1.48. A Charging Order relating to Council Tax debt will not be pursued if the customer is considered as vulnerable. A Lead Case Manager, Specialist or nominated officer will only decide a Charging Order is fair and proportionate after they have:
- reviewed an accurate history of the origin of the debt and any attempts to recover it
 - considered information about the past, present, disputed or outstanding benefit claims or any discounts or exemptions that might be relevant
 - assessed that there is no realistic prospect of recovering the debt by other means in a reasonable timescale
 - gathered sufficient evidence about the debtor's circumstances
 - considered if a debtor's failure to pay and to respond to other recovery measures could arise from a disability (including a mental impairment)

with a long-term and substantial effect on normal day-to-day activities), and

- considered if the debtor's personal circumstances warrant them being protected from the consequences of recovery action.

1.49. Decisions about applying for a Charging Order should be recorded and the records retained with the information considered by a Lead Case Manager, Specialist or nominated officer.

Bankruptcy

1.50. All cases must be controlled by a Lead Case Manager, Specialist or nominated officer.

1.51. Any applications for bankruptcy relating to Council Tax debt will be scrutinised but will not be considered if the customer is considered as vulnerable (see the Council's Vulnerable Protocol Appendix A).

1.52. A Lead Case Manager, Specialist or nominated officer will only decide that pursuing bankruptcy is a fair and proportionate action after they have:

- reviewed an accurate history of the origin of the debt and any attempts to recover it
- considered information about the past, present, disputed or outstanding benefit claims or any discounts or exemptions that might be relevant
- assessed that the debtor has assets that will clear the debt if bankruptcy is pursued
- assessed that there is no realistic prospect of recovering the debt by other means in a reasonable timescale
- gathered sufficient evidence about the debtor's circumstances
- considered if a debtor's failure to pay and to respond to other recovery measures could arise from a disability (including a mental impairment with a long-term and substantial effect on normal day-to-day activities), and
- considered if the debtor's personal circumstances warrant them being protected from the consequences of recovery action.

1.53. Decisions about pursuing bankruptcy should be recorded and the records retained with the information considered by a Lead Case Manager, Specialist or nominated officer.

1.54. Written information should to be provided to the debtor when bankruptcy proceedings are being considered. That information should:

- warn the debtor of the serious consequences of bankruptcy and their continued failure to make arrangements to pay the debt, and
- urge them to seek independent advice and “sign-post” to local sources of advice.

Committal

- 1.55. Where all other recovery options have been exhausted and residence has been confirmed the case can be reviewed for Committal to Prison proceedings. Such cases will remain under the strict control of a Lead Case Manager, Specialist or nominated officer.
- 1.56. A pre committal letter will be issued to all cases warning of the seriousness of this course of action. This letter will also detail a final offer of repayment over a period deemed acceptable by a Lead Case Manager, Specialist or nominated officer.
- 1.57. A Committal Summons or a warrant will be issued by the Council on behalf of the Magistrates’ Court and this will include a request for reasonable costs.
- 1.58. Legislation states that for a Committal hearing to take place the individual concerned must be in attendance.
- 1.59. If an individual does not attend the Committal hearing due to illness both the Council and the Magistrates will only accept an official signed declaration from a doctor detailing why the individual cannot attend the hearing. The case will be adjourned to another time and date and the individual will be notified of this new hearing by the court. However, if there is no apparent reason for an individual’s non-attendance the Council will have no alternative but to request an arrest warrant from the Magistrates, due to non-attendance/contact. The Council is likely to ask for a warrant without bail, therefore, when arrested, the debtor could spend some time in custody until the Council and the court agree for the case to be heard.
- 1.60. In the case of a Committal Summons, warrants (both with and without bail) will be prepared in advance and will be taken to the court hearing in anticipation of non-attendance.
- 1.61. Any signed warrant will be promptly issued to an enforcement agent acting on behalf of the Council for the customer’s immediate arrest. When any arrest is imminent or when it actually occurs it is essential the enforcement agent keeps in regular contact with the Council to keep them well informed of the situation. If the debtor is subsequently held in remand or released on bail, the Magistrates’ Court will advise the Council of the hearing time and date.

- 1.62. At the Committal hearing the court must hold means enquiries for each unpaid financial year.
- 1.63. The Magistrates' decision should be duly noted and recorded on the customer's account for future reference. The maximum period of imprisonment the Magistrates can impose is three months (90 days).
- 1.64. Any Committal payment arrangements agreed by the Magistrates should be strictly monitored by the Council and where appropriate cases in default should be taken back to court for another Committal hearing.

Write Offs

- 1.65. The Section 151 Officer is responsible for the arrangements dealing with write off of irrecoverable debts.
- 1.66. Any write off per debtor greater than £25,000 in any year will be reported to the Executive for information.
- 1.67. The Section 151 Officer is responsible for establishing a scheme of delegations for write offs.
- 1.68. Where a debt becomes uncollectable, any debts written off shall be in accordance with the following procedures:

Threshold	Council Tax & Business Rates
£0 to £10	Customer Champion
£10-£100	Case Manager
£100-£1,000	Specialist / Senior Case Manager responsible for income activity
£1,000-£5,000	Head of Customer
£5,000 +	Section 151 Officer