

Somerset West and Taunton Council – Income and Arrears Management Policy (“The Policy”)

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1. Purpose – Why have a Policy?

This document details the Council's policies regarding the billing, collection, recovery and reporting of income due to Somerset West and Taunton Council.

Sums due to the Council can be a mixture of statutory and non-statutory charges. Statute tightly prescribes methods for billing and collection of the statutory income, and the Council has flexibility in approach for other income types. Our enforcement practices recognise this diversity.

Effective income and arrears management is crucial to the success of any organisation. The Council needs an effective policy and procedures to support the maximisation of income collection in an efficient, consistent and sensitive manner. In developing this policy we have considered guidance/advice from Officers, other Local Authorities, the Local Government Association, Audit, The Local Government Ombudsman and other Government directives. The Council will make every effort to support customers in both paying their bills and managing their arrears, and will direct customers to and engage with relevant welfare agencies on an ongoing basis.

This document sets out the general principles we will apply to income collection and arrears management across all the Council income streams.

Mission Statement

“Somerset West and Taunton Council seeks to collect all monies owed to the Council for the benefit of all its residents. Bills and invoices will be issued promptly and correctly and in cases where recovery action is required, the Council will act quickly, fairly and impartially, but with due regard to the social welfare and human rights of all of our customers”

2. Key Aims and Principles

This Policy aims to strike a fair balance between the financial needs of the Council and the social needs of our customers by:

- making sure the correct reductions are awarded and benefit entitlements are claimed
- identifying customer vulnerability at its earliest stage and acting or responding appropriately
- signposting to external advice agencies for help
- taking prompt billing and enforcement action before debts become unmanageable
- adopting a clear hierarchy to prioritise collection
- offering a wide range of payment methods
- taking a commercial approach when coordinating income collection
- applying costs, fees or penalties and recovering in accordance with law and local policy
- issuing all documentation in plain language and provide free translation and interpreting services
- transferring customer credit balances to reduce any other amounts they may owe
- producing accurate and timely management information
- recognising that failure to recover monies impacts on the Council's ability to provide key services, only in exceptional circumstances will the Council write off amounts owed

We will operate the policy in keeping with our core values of:

Integrity - we will be honest, do what is right and stick to it

Fairness - we will consistently treat everyone equally, respecting their individual needs and abilities

Respect - we will always show respect for everyone

Trust - we will show trust and confidence in our staff and Councillors.

We will be firm and fair, polite and professional.

3. Scope

This Policy applies to the collection of all income streams, including:

- Council Tax
- Non-Domestic Rates (Business Rates)
- Housing Benefit Overpayments
- Sundry Income (invoices raised on the Corporate Finance system for a variety of Council Services)
- Council House Rents

4. Priority of Debt

There are many types of debt, but those considered as “priority” debts are those that are owed to creditors who can take the strongest legal action against an individual who does not pay. To be clear it isn't the size of the debt that makes it priority but what creditors can do to recover their money and as a result individuals are not always aware of the consequences of failure to pay.

The Council will look to raise awareness in this area with its customers. Officers must factor in other non-Council priority debts when giving consideration to a customer's ability to repay monies owed to the Council.

The procedures supporting this Policy will ensure that officers can effectively deal with repayments to debts.

Priority debts are listed below:

Equal priority debts

The Policy identifies these as:

- Rent arrears – as it can result in eviction
- Mortgage arrears – as they can result in repossession
- Council Tax and Business Rates – as they can result in enforcement action, deductions from earnings/benefits (Council Tax only), bankruptcy or imprisonment
- Other secured loans – as they can result in the loss of a home

Other priority debts:

- Fuel debts – as they can result in disconnection
- Income Tax & VAT – as they can result in bankruptcy or imprisonment

- County Court Judgements – as they can result in enforcement agent action, Attachment of Earnings, Charging Order or bankruptcy
- Fines or Compensation – as these can result in imprisonment
- Hire Purchase – will be considered if, for example, it is for the purchase of a car needed to get the owner to work
- Benefit Overpayments – as it can result in deductions from ongoing housing benefit, or deductions from benefits or earnings
- Maintenance or child support – as it can result in enforcement agent action

Non priority debts

Credit/Store cards, unsecured personal loans, bank overdrafts, credit/interest free/hire purchase agreements, catalogue debts and money borrowed from family and friends.

All income and arrears will be actively pursued in accordance with this policy, however, in instances where multiple debts exist due regard the hierarchy of debt detailed should be taken.

5. Vulnerability

The Council has drawn up a new protocol (Appendix A) and this will be used to engage with our external stakeholders to deliver on our promise to help the vulnerable. Although not an exhaustive list for reference these stakeholders include the Citizens Advice, Step Change, Christians Against Poverty and Shelter. The Council recognises that personal indebtedness and debt recovery action can potentially cause distress, particularly where the person has other debts or is on a low income. The Council will make every effort to support customers in managing their Council debts and will engage with relevant welfare and debt agencies where appropriate.

It sets out a strategy to increase the likelihood of successful collection without causing unreasonable distress.

Definition

A vulnerable person is a person who, by characteristics and/or circumstances, is unable to act or respond appropriately to the normal collection procedures, or for the same reason is unreasonably affected by them. The Council recognises that vulnerability can come in many forms and it can also be multi layered. Vulnerability can also be temporary, permanent or come in a series of episodes and anyone at any time could potentially be deemed vulnerable. The characteristics or circumstances that **may** lead to identifying a person as vulnerable are as follows:

- Carers
- Care Leavers
- Cognitive impairment
- Debt Management Agency involvement and overall debts need to be managed
- Disability
- Financial poverty
- Learning difficulty (including literacy difficulties)
- Language difficulty
- Late term pregnancy

- Lone parents – with young children
- Medication
- Mental health (including personality disorders)
- Physical health (including fragility due to advanced years)
- Possession proceedings
- Probation Service involvement
- Recent bereavement
- Severely Mentally Impaired
- Substance abuse
- Social Care services involvement
- Terminal illness
- Victim of abuse
- Victim of war

This list of factors is not definitive and all of our customers' circumstances must be taken into account.

6. Methods of Payment

The Council recognises that the easier it is to pay, the more likely that payment will be made and the less likely that debts will accrue. The Council's preference is for low cost payment methods and those that provide a high degree of accuracy and certainty, such as Direct Debit, internet banking, use of the Council's website and automated telephone payments.

To provide our customers with the greatest flexibility to pay the AllPay facility is offered where customers can use a wide range of payment methods at any Pay Point outlet or by using the Allpay App on a tablet or telephone.

The Council remains proactive in trying to channel shift customers, where possible, to encourage them to make payments that cost the least in transaction fees.

The Council no longer takes cash in any of its offices.

7. Payment Arrangements

Although various scenarios are encountered, in general terms, any arrears should be paid within a maximum of twelve months from when they were incurred. However, in many instances, officers will make informed decisions to spread the arrears over a longer period to aid repayments. It is Council policy that only in exceptional circumstances could an arrangement be made up to a maximum of ten years.

8. Offsets (Credits)

In the interests of efficiency, the Council will offset any customer credit balances against other amounts they may owe, before providing a refund - any such arrangements will be undertaken in a fair and legal manner and with the customer's agreement wherever possible.

9. Write Offs

The Council recognises that a small proportion of its overall income may not be collectable due to matters beyond its control. Where a debt is assessed to be irrecoverable it will be

subject to a write off process that is consistent with recognised accounting practices. The Council will seek to minimise the cost of write offs by taking all appropriate action to recover all amounts due.

Income deemed irrecoverable must satisfy one of the pre-determined criteria including but not restricted to:

- the customer has died and there are no or insufficient funds in the estate
- the customer cannot be traced
- it is uneconomical to pursue the debt
- the income is uncollectable due to bankruptcy/insolvency
- all recovery methods have been exhausted
- it is not in the public interest to pursue e.g. at risk and vulnerable service users
- the debt is prescribed under the Limitation Act 1980

All write offs will be carried out in accordance with the relevant provisions contained within the Council's Financial Regulations.

It should be noted that just because a debt is written off it does not rule out the possibility of writing the debt back and pursuing it to the full extent of the law. Examples of this may occur is if a debtor absconds with no forwarding address but is subsequently traced or when an individual/company goes bankrupt or is made insolvent, partial/full dividend(s) can be received many years later and the payments written back onto the account.

Where a cash credit is showing on an account and the Authority is unable to refund or transfer, the Authority we will write the value back on returning the account to zero. These accounts would have to be in credit for a period greater period that 13 months before this housekeeping takes place.

10. Performance Monitoring

The Council recognises that prompt recovery action is essential for effective debt management. The Council will:

- seek to maximise income generation and maximise income received by the due date
- regularly monitor the level and age of its debt;
- set clear targets for the recovery of debt;
- have clearly documented recovery procedures;
- assess recovery methods to ensure maximum returns; and
- regularly review irrecoverable debts for write off.

To ensure the Council achieves its objectives a range of high level indicators has been developed to monitor performance. Key indicators include:

- In year collection targets - Council Tax and Business Rates
- All years collection - Housing Benefit Overpayments
- Top 30 outstanding Sundry Debts progress report
- Old Sundry Debt (frozen at 31 March) targeted reduction in following financial year
- Housing Income Collection Rates, responsive maintenance, housing voids and tenant satisfaction

The Council recognises that failure to achieve income and collection targets will have financial and service consequences. Performance will be reviewed on a quarterly basis by the Business Intelligence and Performance Manager, liaising as appropriate with other relevant staff, and this information will be reported as part of the Council's wider performance updates to senior officers and members.

Where an external enforcement agency assists in the Council's collection it will also be required to produce detailed performance and management information on a regular basis.

11. Data Protection/Confidentiality

We will use the personal information and financial details you give us, and any supporting evidence you send us, to process your claims for example for, Housing Benefit, Council Tax Reduction, Discretionary Housing Payments and any other local award or reduction that you might be eligible for that the local authority is responsible for administering.

We will also use the information to provide you with any money advice and support needs that you may have.

We may pass the information to other agencies or organisations such as the Department for Work and Pensions, the Inland Revenue, as allowed by law. This authority is under a duty to protect the public funds it administers, and to this end we may use the information you have provided for the prevention and detection of fraud. We may also share information with other bodies responsible for auditing or administering public funds for these purposes. We may check information you have provided, or information about you someone else has provided, with other information held by us.

We may also collect data or information about you from certain third parties, or give them information to:

- * make sure the information is accurate
- * protect public funds
- * prevent or detect fraud and any other crime
- * support National Fraud Initiatives
- * provide money advice and support

These third parties include government departments, local authorities and private-sector companies, including creditors, credit reference agencies and other organisations such as banks and financial institutions that may lend you money. We will not give information about you to anyone else, or use information about you for other purposes, unless the law allows us to in accordance with our data protection registration and in observance of the requirements of the Data Protection Act 2018.

The Council will ensure that all information about a customer's personal and/or financial circumstances is secure and dealt with in the strictest confidence.

12. Operational Procedures – Segregation of Duties

The Council will ensure that processes/transactions around income and arrears management are governed by robust controls, with clear segregation of duties. Where a risk is accepted sufficient checks will be put in place to counter this risk. Financial decisions will be made by

identified officers and reviewed by appropriate managers. These arrangements will be clearly detailed in Financial Procedure/Rules, and operational procedures and guidance.

13. Complaints

The Council will endeavour to resolve problems in relation to income and arrears collection at an early stage, in an informal manner.

If this is not possible to resolve problems this way then customers who are still dissatisfied will be advised of the formal Corporate Complaint Procedure.

14. Review and Version Control

The Policy will be reviewed at least every three years by the Executive. This review will take account of changes in legislation, service improvements, regulations and wider policy initiatives. Any proposed changes will be discussed with appropriate stakeholders and updated in line with related policies.

Delegated authority has been given to the S151 Officer, in consultation with the relevant Portfolio Holder, to make minor revisions including changes as a result of organisational management arrangements such as changes to named posts within the Policy.

The approved policy will be held centrally on the Council's Sharepoint site and be subject to version control to record its approval, monitor revisions under delegation and schedule a full review date.

Supporting Documentation

- Appendix A** - Vulnerability Protocol
- Appendix B** - Equality Impact Assessment Form
- Appendix C** - Council Tax & Business Rates Recovery Strategy
- Appendix D** - Overpaid Housing Benefit Overview
- Appendix E** - Sundry Income Overview
- Appendix F** - Housing Rent Accounts(HRA) Recovery Strategy
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