

Draft Harrow Council

Corporate Debt Recovery Policy

“Collecting money responsibly, sensitively and effectively”

August 2013

Introduction

Harrow Council levies rent and charges for a variety of services and is responsible for the collection of local taxes. Harrow Council has a duty to its residents to ensure prompt and cost effective billing, collection and recovery of all sums due to the Council. Whilst the majority of customers do pay on time arrears of payment can arise for a variety of reasons.

Delays in the collection of the debt owed to the Council results in less funding available to provide services to the local community.

This document is an overarching draft policy setting out the Council's proposed approach to debt collection providing a framework for debt collection services across the Council. This policy links the specific recovery policies for the different income types to the Council ensuring that a hierarchy for recovery of multiple debts is followed, ensuring priority debts are collected first, minimising income loss and ensuring consistency in approach. All Departments involved will develop processes to cross-refer in order to provide a holistic service to those in debt. The intention is that this will have a much more effective outcome both for individuals and for the Council, and will ultimately improve on and maintain upper quartile collection rates.

Harrow will adopt a fair and caring approach to recovery of debts from Council Tax, Business Rates, Housing Benefit Overpayments, Housing Rents, Commercial Rents Services charges and Sundry debts ensuring that both preventative and early recovery action is taken.

The Council will consult on this policy and when it is finalised the Debt Collection Services will update their individual debt recovery policies to reflect the principles of the Corporate Debt Recovery Policy.

Scope of the Policy

The policy relates to the following Debt Recovery Services:

- Council Tax
- Housing
- Business Rates
- Sundry Debts(Includes Adults and Children's Services)
- Parking PCN

Principles of the Corporate Debt Recovery Policy

The driving principle behind the policy is to maximise income for the provision of services in Harrow whilst collecting debt responsibly, sensitively and effectively across all the Council's debt collection services.

We aim to pay particular emphasis on early identification of debt with early contact with the debtor to prevent debt occurring. We will work with debtors to ensure they maintain a minimum payment to ensure arrears do not increase.

To deliver this effectively customers can expect Harrow Council to:

- Comply with relevant legislation and have regard to identified good practice
- Put in place effective arrangements for the provision of advice and support which include:
 - o Working with independent organisations i.e. Citizens Advice Bureau (CAB) to ensure debtors are given independent advice
 - o Internal staff are trained in the maximisation of benefits uptake, debt collection and negotiation skills.
- Staff will treat customers with respect at all times and respond courteously
- To offer a wide choice of payment options to help our residents to pay their bills to the Council whilst ensuring we offer the most efficient and economical methods to reduce costs to the Council
- Advise customers promptly about the existence of their debt
- Put checkpoints in place at key points of the recovery process to identify where a customer may be vulnerable and to offer advice
- Where customers owe more than one debt to the Council consideration will be given to a hierarchy of debt in order to identify priority debts.
- Use data collected by the Council and partner agencies – debt collectors, bailiffs, insolvency practitioners etc. to review and report on the impact of this policy and associated service specific policies and procedures.

The Council would expect that customers who have a debt, or who have a liability to pay a charge to the Council would follow the following principles:

- Pay amounts due promptly to ensure receipt by the Council on or before the date that payment is due
- Inform the Council promptly of any changes to their circumstances that may affect the amount to be paid or the ability to pay

- Notify the Council promptly if their address changes
- Contact the Council promptly if it is believed the amount charged is not correct, both where the amount may be too much or too little
- Contact the Council promptly if unable to pay an amount that is due
- Respect the Council, its employees and its agents and respond to them courteously
- Be frank and honest when providing information in connection with the billing, collection or recovery of sums due to the Council

Vulnerability Criteria

Harrow Council recognises that some people require additional support to be able to manage their financial affairs and their circumstances may make them vulnerable. This criteria defines who the Council will consider as vulnerable and how this will be reflected in our approach to debt collection.

When managing the collection of debt the fact that someone is vulnerable does not mean that they will not be required to pay their debt. Each case will be looked at individually and, dependant on their circumstances the following will be options considered:

- Ensuring the person has access to all relevant benefits, discounts or other entitlements
- Referral to other sources of advice
- Payment arrangements for the debt
- Allowing longer to pay
- A temporary arrangement with lower repayment than would normally be agreed
- Postponing enforcement action

The Council does not have one integrated IT system where all debt with the council is collated. Therefore the effective operation of this policy is reliant on processes being put in place to enable Officers to be able to share information regarding vulnerability appropriately and ensure the correct flags are highlighted on systems. It is however recognised that there will be limitations to the effective sharing of information. A pilot is going to be undertaken between Council Tax Recovery and Adult Services to get a clear understanding of how the following process works

operationally. Further to the completion of the pilot the process for identifying vulnerability will be expanded across other debt collection services, with data sharing agreements put in place if appropriate.

The intention is that if a person is considered to be vulnerable, under the criteria listed below, their case will be highlighted on the appropriate IT system/s. This will notify services that they need to look into the individuals circumstances, and/or contact the relevant professional support worker before any further action is taken. To ensure that every opportunity is taken up to identify whether the service is dealing with a vulnerable debtor the following checkpoints will be put in place at the following key points of the recovery process where the IT system allows this to take place:

Council Tax

- Summons
- Cases sent to the Bailiffs
- Bankruptcy/Committal/Charging Order
- Sale of House

Housing

- Notice Seeking Possession.
- Court Action.
- Application for an Eviction Warrant
- Eviction

Currently the Sundry Debtor system would require a reconfiguration of the system to allow flags to be inserted to identify vulnerability. This service will fall within the second phase of implementation along with Housing when the pilot is complete.

Vulnerable Groups

A person may be considered vulnerable on a temporary or permanent basis, All Council Services will ensure records are kept updated to ensure appropriate advice and support is given. The following list identifies the groups of people that may be considered vulnerable:

People with a Physical and/or Sensory Disability

A person who has a physical disability is not necessarily vulnerable for the purposes of debt collection, however they will be considered vulnerable if their disability prevents them from managing their financial affairs effectively and need support.

Mental Illness

The person has a mental health need and it prevents them from managing their financial affairs effectively and need support.

Learning Disability

A person who has a learning disability will be considered vulnerable in respect of debt collection if they are unable to manage their financial affairs effectively and need support.

Autism

A person who has autism will be considered vulnerable in respect of debt collection if they are unable to manage their financial affairs effectively and need support.

Serious Illness

A person who has a long term serious illness or who is terminally ill, or a member of their close family, may be considered vulnerable if this affects their ability to manage their financial affairs effectively and they require support.

Language Difficulties

A person who does not understand either written or spoken English, especially where they do not have the support from family who can speak or read English

People with Literacy Issues

A person with literacy issues who does not understand written communications, especially where they do not have the support from family could be considered as vulnerable.

Elderly Persons

An elderly person, may be considered vulnerable for the purposes of debt collection. This will be in cases where they are frail, ill and living on a limited income or where they have recently suffered the death of a partner who has previously managed their family finance.

Families with children

A family with children may be vulnerable if they have complex needs and are unable to manage their financial affairs effectively without support. Where the family's needs are so complex that they are allocated a Social Worker or lead professional, the family would be considered as vulnerable.

Young people leaving care

Young people leaving care and may be unable to manage their financial affairs without support and would be considered as vulnerable.

Homelessness

A person who is homeless or about to be made homeless and is unable to manage their financial circumstances would be considered as vulnerable.

Bereavement

A person who has suffered a recent bereavement of a close relative could be considered vulnerable if they are unable to manage their financial affairs effectively without support.

Fleeing violence

A person who has recently been the victim of violence or hate crime could be considered vulnerable if they are unable to manage their financial affairs effectively without support.

Prisoners and Detainees

Prisoners and detainees who have a debt to the Council and are detained will be considered as vulnerable.

Non-European Economic Area (EEA) and Refugees

A person who is a non EEA national or refugee may be considered as vulnerable if they are unable to manage their financial affairs effectively without support.

The above list identifying vulnerability is not exhaustive. If somebody is highlighted to the Council as vulnerable, either from internal or external communications their individual circumstances will be considered.

Management of financial affairs criteria

The criteria the Council's Debt Collection Services will consider when determining whether a person can manage their financial affairs effectively include the following:

- If the person has multiple debts
- The person has been granted support from the Emergency Relief Scheme

It is acknowledged that there may be instances where vulnerability may not be identified however the Council is working in partnership with external agencies to ensure these instances are minimised.

The Council is taking forward a pilot between Council Tax Recovery and Adult Services to identify how the checkpoints for the identification of vulnerability operate and therefore the feedback from this trial, as well as feedback from consultation on the policy, will influence this criteria and its operation.

Methods of Payment

The Council offers a range of payment methods for customers to pay their bills to the Council. These include Direct Debit, Online and Telephone Payments, Cash and Cheque. Direct Debit is the Council's preferred method of payment. Credit card payments will always be subjected to a surcharge except where legislation specifically prohibits it.

Assessment of Ability to Pay

When assessing the ability to pay Harrow Council will work with the customer to ensure their income is maximised by providing advice on available benefits. The Council works closely with Advice and Support Agencies in Harrow and will support the customer to access individual advice and support if this is required.

Both Housing and Adult Services assess potential customers for the ability to pay prior to them receiving Council services and therefore there will be prior knowledge on the customer's ability to pay. The information gained from this process will inform these services collection processes if debt is accrued.

Both Sundry Debts and Council Tax Recovery will not have this prior knowledge and therefore are only able to make a financial assessment of the customer's income, expenditure and whether all benefits have been claimed when the debt has been incurred.

Where customers are unable to pay the debt in one lump sum an arrangement can be made for the customer to pay by instalments. Provided the arrangement is kept to, no further recovery action will take place. The Council will work with the customer to make a realistic instalment arrangement and where possible will consider payments the customer may need to make to clear other priority debts.

Where multiple debts to the Council are known the Council will work with the customer to help them prioritise the repayment of their debt with a view of avoiding the most serious consequences if debt is not repaid. In these cases the hierarchy outlined in Table 1 will apply:

Table 1

Priority	Debt Type	Commentary
1.	Council Tax	Can result in bailiff action, attachment of earnings/benefits bankruptcy or imprisonment
2.	Rent/Commercial	Can result in eviction

Priority	Debt Type	Commentary
	Rent	
3.	Service Charges	Can result in repossession
4.	Housing Benefits/Sundry Debts including Adult Social Care	Mostly unsecured debts which due to their nature need early recovery or quickly become unrecoverable. Due to their small amounts depend on debt collection techniques with a view to the debtor volunteering to make regular payments – the Authority having no court orders to enforce. Exceptions are large debts where County Court action or insolvency used.

Once the priority debts have been considered the financial assessment will consider debts where non-payment could lead to loss of the customer's home or imprisonment as shown in Table 2 below

Table 2

Debt Type	Commentary
Fuel debts	Can result in disconnection
Income Tax and VAT	Can result in bankruptcy or imprisonment
County Court Judgements	Can result in Bailiff action, Attachment of Earnings or bankruptcy
Fines or compensation/costs orders	Can result in imprisonment
Maintenance/child support	Can result in repossession of goods or even imprisonment
Hire purchase will be considered if necessary for work i.e. car	Can result in repossession of goods
Water rates	Can result in Bailiff action/disconnection
Maintenance or Child Support	Can result in Bailiff action or imprisonment

Multiple Debts

Some customers may owe more than one debt to the Council. If the customer is also on a low income or experiencing financial hardship the Council needs to be clear on the debts it considers a priority to pay and these are shown in Table 1.

As stated earlier in the policy the Council does not have one IT system for debt collection and therefore it will be difficult for services to automatically understand whether multiple debts are owed to Council Services. However this information will be sought from debtors within the financial assessment process. For vulnerable

customers, where vulnerability is known, checks will be made with the relevant service. If multiple debts are owed repayment will be discussed taking into consideration prioritisation of debt.

Enforcement

Reasonable efforts will be made by the Council to recover debts without having to resort to enforcement action. However where debts are not paid enforcement, including court action, will be necessary. The Council will use all legal means to recover debts and these include:

- Attachment of earnings orders
- Deduction from Benefits
- Deduction from Member's Allowances
- Bailiffs and debt collection agencies
- Possession proceedings
- Bankruptcy
- County court money judgements
- Committal to prison proceedings
- Charging Orders
- Sale of properties
- Eviction

The Debt Recovery Agents contracted with the Council have signed up to the Council's corporate vulnerability criteria and Code of Conduct.

Writing Debts off

If all appropriate recovery methods have been exhausted and the council is unable to recover the debt then a recommendation will be put forward that the debt is written off. All debts to the Council will be actioned in accordance with its Financial Regulations.

Monitoring the Policy

The Council use data collected both internally within the Council and externally with our partner agencies, debt collectors, bailiffs, insolvency practitioners etc. to review and report on the impact of this policy and associated service specific policies and procedures.