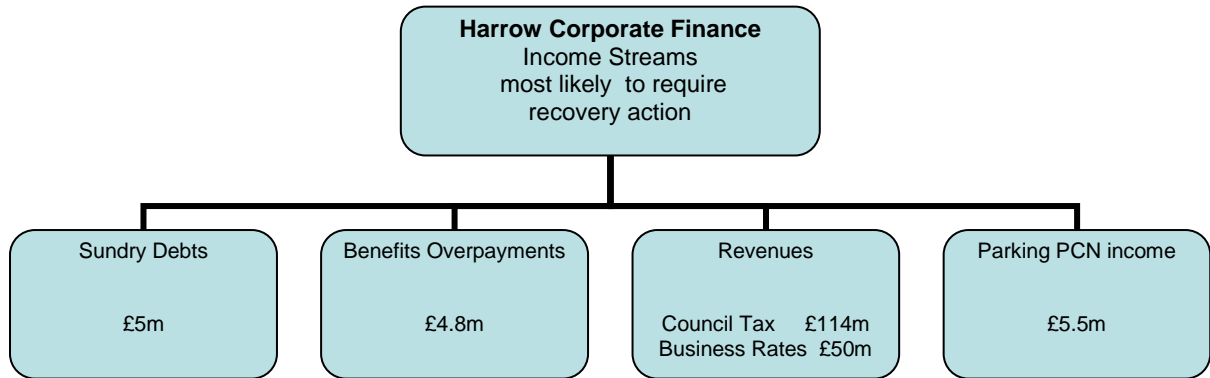


# Harrow

## Debt Management Policy

“Collecting money responsibly, sensitively and effectively”



*The above figures are intended to demonstrate annual income “traffic” as opposed to residual, or current arrears.*

It should be noted that collection performance is good and the vast majority of our customers pay on time. However, this policy sets out what Harrow will do where recovery action is required. The more detailed actions are set out in the associated service specific policies, namely

- **The Council Tax Recovery Policy**
- **The Business Rates Recovery Policy**
- **The Housing Benefit Overpayments Recovery Policy**
- **The Sundry Debtor Recovery Policy**
- **The Parking PCN Recovery Policy**

This document therefore acts as the overarching policy setting out what will be done as well as what the council intends doing in future to ensure a single view of the customer to ensure improved collection rates for the benefit of all tax payers.

This Policy’s objective is to maximise collection through joint working and sharing of information. Logic demands that as budgetary settlements tighten, the amount of income from our collection processes is key and must be maximised further. The Borough has developed high performing collection teams in Revenues and Sundry debtors, that achieve high performance in terms of percentage of cash collected. The business competence for high income collection is already available in-house, and it is right that more joint working should occur to ensure that the high rates of collection already achieved in some areas are applied to all “credit income” streams available to the Council.

The Revenue generated from Council Tax collection forms a significant proportion of the Authority's overall Revenue budget and as such we recognise our responsibility to maximise collection to protect the overall financial health of the Authority. We also aim to recover overpayments of Housing and Council Tax benefit to ensure that the impact of Subsidy loss to the Council is minimised.

In addition to the above, we recognise the importance of maximising collection from the other significant income streams such as housing rents, commercial rents, parking enforcement and sundry debts. We recognise the diverse nature of Harrow as a Borough, with pockets of affluence and areas of deprivation. In carrying out our duty to collect outstanding monies, we aim to take account of differing customer needs and circumstances and to reflect these in our policies for recovering each of the said debts. The minimum objective of this policy is that an individual's indebtedness to the council does not worsen. In overall terms, we aim to deal robustly with those who are wilful non payers using all recovery options available to the council, including where relevant, using bankruptcy as a method of debt recovery provided the debt exceeds the "bankruptcy level", and to deal sensitively with those who are willing to pay but are experiencing difficulties in doing so and to ensure that payment arrangements are fair.

This overall debt management policy, links the specific recovery policies for the different income types ensuring that a hierarchy for recovery of multiple debts is followed, ensuring priority or unsecured 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 collection rates.

This document provides guidance for staff to help them to identify the most urgent debts and which debts should be recovered first. It also encourages staff to consider allocation of monies based on appropriation rules or percentage allocation should one single weekly or monthly payment arrangement be agreed to take account of the debtor's total cumulative debts to the authority.

Harrow will adopt a fair and caring approach to recovery of debts from council tax, business rates, housing benefit overpayments, rents, commercial rents, service charges and sundry debts ensuring that both preventative and early recovery action is taken. Staff will treat people with respect at all times and provide a range of methods for debtors to pay their charges which are the most efficient and cost effective including Direct Debit, debit and credit card payment facilities as a minimum.

Harrow will place emphasis on instilling a responsible payment culture amongst its customers, the early identification of vulnerable residents

and the offer of holistic collection as well as debt advice and support. The policy is based on a high level of contact with the debtor, with reminders and final notices issued as soon as possible following default and with telephone contact, face to face interviews or personal contact via debt recovery agents or bailiffs at key stages of any recovery.

We aim to pay particular emphasis on early identification of debt and 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, and in areas such as council tax we will endeavour to obtain a payment that ensures council tax debts are paid in year.

It is our aim to:

- Come to a payment arrangement with the debtor that contains arrears and stops the position worsening
- If practical, agree an overall payment to the Council that encompasses all debts owed to Harrow
- Sustain tenancies for tenants and home ownership for owners

This will help Harrow Council to:

- Collect higher levels of outstanding debts
- Avoid costs associated with recovery and other charges including officer time, court costs, bailiff charges or insolvency costs
- Reduce the number of evictions and associated costs of void loss and repairs costs on empty homes / commercial property from abandoned properties and a higher turnover
- Reduce the number of empty commercial properties
- Improve Key Performance Indicators and customer satisfaction levels

Harrow will:

- Have regard to relevant legislation and good practice
- Provide training to all staff involved in income maximisation to include aspects of welfare advice including housing Benefit, debt advice and cost effective recovery procedures
- Where practical, have mechanisms to identify vulnerable debtors and to offer advice
- Regard every contact with the debtor as an opportunity to seek repayment as well as to assess and advise on potential income from benefits
- Work with Access Harrow Customer Advisors to ensure recovery staff and AH are working together on the focus of this policy, especially as AH has the most contact with our customers

- Work with CAB to ensure debtors are given independent advice
- Use data collected including that by the Access Harrow Customer Relationship Management System (AH CRM), 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.

#### Debt Hierarchy - *Personal debt only*

Priority	Debt type	Commentary
1.	Council Tax	Statutory annual debt where non payment can lead to committal to prison
2.	Rent / Commercial Rent	Eviction is an option and this is down to service specific policy
3.	Service Charges	Can be secured against property
4.	Housing Benefits / Sundry debts	Mostly unsecured debts which due to their nature need early recovery or quickly become uncollectible. 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. Exception are large debts where County Court action or Insolvency used.

Harrow notes that ultimately it is up to the customer to decide which debt they wish to pay off first. However in cases where debtors approach Harrow with a view to amalgamating their debts, then in those cases the above hierarchy will apply.

#### Write offs

Whilst we will always pursue the collection of outstanding debts, there will be occasions where the debt is unrecoverable. Should a write off be required, then this will follow the guidance set out within the Council's Financial Regulations and any write off procedure set out within the individual service specific policies, as amended from time to time. Our aim, in this respect, is to keep up to date with write offs and have transparency regarding bad debt provisions rather than accumulate old debt.

#### Vulnerable Debtors

Harrow has many debtors who are elderly, vulnerable through mental or physical disabilities, have young dependent children and who have literacy or language problems. These debtors, if identified as such through the

course of recovery, will be treated fairly and in accordance to their needs within this policy and in accordance with the requirements of the Disability Discrimination Act. Harrow staff will always try to carry out a range of Customer Welfare Checks to ensure that we are providing the best advice and following the best practice to meet customers' needs when maximising income for Harrow. These checks will have the objective of increasing the take-up of financial entitlements including housing and council tax benefits and discounts to reduce the levels of debt and increase the debtor's income. Harrow will provide advice and support, work with other organisations and will access information on behalf of debtors where appropriate.

**FS Oct 2009**