

# Runnymede Borough Council Corporate Debt & Financial Inclusion Strategy 2024 - 2027

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# Corporate Debt Policy

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# Corporate Debt Policy

## Introduction

Runnymede Borough Council's vision is to build success and prosperity alongside our residents, businesses, and partners, while safeguarding vulnerable individuals and promoting financial inclusion. This vision hinges on continuous performance improvement, responsible resource management and equitable access to financial services. We deliver a diverse range of high-quality services, often working collaboratively to meet customer needs and provide exceptional value.

Effective financial management is crucial to achieving this vision. One key aspect is maximising the collection of Council Tax, Business Rates, and other owed funds. To achieve this, we'll leverage technological innovations to ensure reliable and efficient financial transactions. However, efficient collection must be balanced with responsible practices.

Risk management is paramount in debt collection. Overly aggressive tactics can damage our reputation and relationships with the community. A balanced approach is essential, emphasising efficient collection while maintaining good customer service. Realistic collection targets and bad debt provisions account for uncollectable debts. Additionally, the policy incorporates safeguards to prevent fraud and protect sensitive financial information.

By prioritising these considerations, we ensure our debt collection efforts are efficient, responsible, and minimise potential risks. Effective income management, encompassing various revenue streams, is a core business function for the Council.

## Corporate goals

We aim to:

- Deliver cost effective services.
- Be financially stable.
- Have very satisfied customers.
- Provide customers with a range of channels to interact with us.
- Have sound leadership and governance.
- Train, develop and motivate our staff.
- Have a clear performance management system.
- Be a more agile organisation responsive to changing circumstances.

## How this policy links to the Council's Overall Goals.

At the core of our service delivery lies a commitment to economic efficiency, effectiveness, and customer focus. We strive to provide high-quality services that are both cost-effective and meet the needs of our residents and businesses.

This economic focus extends to our approach to debt collection. Identifying genuine hardship allows us to offer support and prevent situations from escalating. By developing affordable long-term payment arrangements, we can maintain positive relationships while ensuring the Council receives owed funds.

Additionally, prompt and efficient debt recovery efforts are crucial for maintaining the Council's financial resources. This liquidity ensures we have the necessary funding to continue delivering essential services for the community.

## Why should we have a Corporate Debt Policy and what is it?

Runnymede Borough Council is committed to achieving best practices in revenue collection. This includes ensuring accurate liability calculations, reasonable enforcement actions, and support for vulnerable residents facing financial hardship. However, even with these best practices, central government resources and locally generated funds from Council Tax and Business Rates may not fully cover all our statutory obligations.

Developing a focused corporate debt policy can address this challenge. By efficiently managing outstanding miscellaneous payments that are past due, we can reduce costs, save time, and maximise the resources available to deliver essential services for our community. For the purposes of this policy, Sundry Debts refers to any outstanding payment owed to the Council that has not been settled by the due date.

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## What types of debts are owed to the Council?

The Corporate Debt Policy covers debt owed for a wide range of things including:

- Council Tax
- Business Rates
- Benefits Overpayments
- Miscellaneous Sundry Debts
- Parking Fines
- Rent Arrears (commercial and domestic)

## How will we operate a Corporate Debt Policy?

This policy outlines the key principles guiding the Council's approach to debt collection. Our primary goals are:

- **Fair and Proportionate Recovery:** We aim to strike a balance between recovering owed funds and minimising the burden on debtors. Enforcement actions will be proportionate to the debt size and consider the debtor's circumstances.
- **Increased Revenue Collection:** The policy seeks to improve the efficiency and effectiveness of debt collection efforts, maximising the Council's income.
- **Professional and Consistent Approach:** We are committed to a professional, consistent, and timely debt recovery process across all departments.
- **Understanding Debtor Circumstances:** We recognise that not all debtors can pay equally. The policy emphasises assessing individual circumstances and differentiating between those unwilling and those that are unable to pay.
- **Coordinated Debt Management:** The Council will adopt a coordinated approach towards sharing debtor information and managing all debts owed.
- **Early Intervention and Debt Advice:** We recognise the importance of early intervention and will offer referrals to external debt advisors for customers facing financial difficulties. This aligns with the government's anti-poverty strategy.
- **Compliance with Legal Frameworks:** All debt management activities will adhere to relevant legislation and best practices.
- **Minimised Administration Costs:** The policy aims to streamline processes and minimise the administrative costs associated with debt collection.
- **Safeguarding Measures:** Clear separation of duties will be implemented to protect the Council and individuals involved in the debt recovery process.
- **Legal Enforcement Framework:** The policy establishes a legal framework allowing legal action where necessary to recover outstanding debts.
- **Financial Regulation and Standing Orders:** All debt collection activities will comply with the Council's financial regulations and standing orders.
- **Fair and Respectful Treatment:** The Council is committed to treating all individuals consistently and fairly, regardless of age, sex, gender, disability, or background. Furthermore, we ensure compliance with individuals' rights under General Data Protection and Equality regulations.

Financial obligations are a part of everyday life. However, unforeseen circumstances can sometimes lead to late or non-payment of debts, which can create hardships. The impact of debt can extend beyond the individual or business to families, dependants, and the broader community. The Council recognises the seriousness of this situation.

The Council will, within reason, take account of these issues when making decisions upon the collection, recovery, or enforcement of debt. Every effort will be made to ensure that any preventative measures, support options, or financial assistance programs are made known or offered to the individual or business concerned.

The Council understands that some residents and businesses may face unexpected challenges that impact their ability to pay on time. We will work with them to explore solutions. However, the Council will pursue all legal means to collect debts from those who deliberately choose not to pay.

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Additional fees will be charged where appropriate, to reduce the cost of collection to the Council and ensure fairness for those who pay their debts promptly.

## Good Practice Principles for Debt Recovery:

- **Efficient and well-trained staff:** Empowered and well-equipped staff are crucial for effective debt recovery.
- **Accurate and prompt billing:** Clear and timely bills should detail what, when, and how to pay.
- **Efficient administration of benefits and flexible repayment options:** Streamlined benefit administration alongside flexible repayment plans can support residents facing financial hardship.
- **A wide range of payment options:** Offering diverse payment methods provides convenience for customers.
- **Provide clear and informative debt recovery documents:** Debt recovery documents should be easy to understand and explain procedures, consequences, and available options for settling the debt.
- **Offer referrals to qualified debt advisors:** The Council should connect residents with qualified debt advisors who can provide personalised financial guidance.
- **Multiple contact channels:** Make it easy for residents to reach the Council through various channels like face-to-face meetings, home visits, phone, email, text, or written communication.
- **Proactive identification and support for vulnerable individuals:** The Council should proactively identify vulnerable residents and offer them support to help them meet their financial obligations.

The Council encourages everyone who owes us money to follow these principles to ensure a smooth and efficient payment process:

- **Make timely payments:** We appreciate receiving your payments promptly by the due date.
- **Follow payment instructions:** Please follow the instructions provided on your bill to ensure your payment is accurately credited to your account.
- **Communicate changes:** If your circumstances change and may affect your ability to pay or the amount owed, please let us know as soon as possible.
- **Verify the amount:** If you believe there may be an error in the amount due (either too high or too low), please contact us promptly to discuss.
- **Contact us about payment difficulties:** If you're facing difficulty paying an amount that's due, please reach out to us as soon as possible. We're here to help explore options.
- **Treat everyone with respect:** We value courteous communication with our staff and agents.
- **Provide accurate information:** We appreciate your honesty when providing information related to your bill or the collection process.

## Accurate and prompt billing

Whilst some services require upfront payment, others necessitate invoices for processing. Delayed billing can inadvertently lead to debt problems for residents and businesses. To avoid unnecessary pressure, the Council is committed to accurate and prompt billing practices.

Here's how we'll achieve this:

- **Timely Invoice Issuance:** Invoices will be raised as quickly as possible by relevant service areas to minimise delays and potential debt accumulation.
- **Clear and Comprehensive Bills:** All bills will be accurate, easy to understand, and contain the following information:
  - Debtor's full name or initials
  - Contact address
  - Phone number (if available)
  - Email address (if available)
  - A clear description of the charges
- **Responsive Communication:** We are committed to responding promptly to changes in circumstances and applications for exemptions, discounts, or reliefs. Recovery staff may identify

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potential eligibility for discounts or exemptions, but final approval will be granted by Customer Services or Revenue Managers after verification to ensure accuracy.

- **Timely Benefit Processing:** Fast and accurate delivery of benefit entitlements and amendments will minimise financial burdens for eligible residents.

**Backdated Discounts and Exemptions:** Please note that discounts and exemptions can only be applied retroactively to a maximum of April 1st of the preceding year, provided clear documentary evidence of entitlement is presented.

The information provided with the bill will be clearly written, in plain English and will show:

- **What the bill is for:** A clear description of the charges or service being billed.
- **The amount due:** The total amount owed, including any instalment details and payment deadlines.
- **How to make a payment:** Instructions on various payment methods available.
- **Our contact information for inquiries:** Contact details, including email and website address, for any questions about the bill.

## Additional Information for Housing Benefit Overpayments:

For bills related to Housing Benefit overpayments, the following additional information will be provided:

- **Deduction details:** If the overpayment will be recovered through deductions from future benefits, the amount deducted will be clearly stated.
- **Right to request a written statement:** Information on the right to request a detailed written statement about the overpayment and the timeframe for making such a request.
- **Appeal rights:** Explanation of the right to appeal the overpayment decision and the associated timeframe for submitting an appeal.

## Payment Options

The Council recognises the easier it is for customers to pay their bills, the more likely it is that payment will be made. We will provide a choice of convenient methods of payment for bills and invoices and details of these options will be advised on each bill.

In order to reduce the cost to the Council and, therefore, local taxpayers the most cost-effective methods of payment will be encouraged. For most bills, this will be Direct Debit because it is, by far, the most economical collection method available. It is also very reliable, easy to set up and cancel, and is backed by a refund guarantee. It is also the cheapest and most convenient method of payment for the customer.

A range of payment options currently includes Direct Debit, Standing Order, Pay–point at various shops and post offices, GooglePay and ApplePay and general debit and credit card (which can be made 24 hours a day, 7 days a week using the Council's website). We will endeavour to explore cost-effective payment methods for people who do not have access to bank accounts or debit / credit cards.

## Working with You to Manage Debt

We understand that unexpected circumstances can sometimes make it difficult to pay bills on time. The Council is here to help.

## Making Repayment Arrangements

If you're facing difficulty paying your Council debt, please contact us as soon as possible. We'll work with you to explore a reasonable repayment plan that considers your unique financial situation. This may include setting up a payment schedule or obtaining a court order to formalise the agreement and protect the Council's interests.

## Providing Information to Assist Us

To establish a suitable repayment plan, we may ask you to complete an income and expenditure form and provide supporting documentation. This information helps us assess your circumstances and confirm details.

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## Benefits of Early Contact

Reaching out early allows us to explore solutions and potentially minimise the need for court action or additional fees. However, the Council may still need to pursue recovery measures to protect its financial interests.

## Consequences of Non-Engagement

If you fail to contact us or maintain your agreed-upon repayment plan, we may be forced to take further action, which could include involving Enforcement Agents or initiating attachments of earnings/benefits.

## Staff Guidance

Our staff are empowered to create repayment arrangements that are fair and in the Council's best interests. For complex situations, they may consult with senior officers for additional guidance.

## Improving the Repayment Process

The Council is committed to streamlining the repayment process for residents.

## Key Points to Remember:

- **Early contact is crucial:** The sooner you reach out, the sooner we can work together to find a solution.
- **We consider your circumstances:** Repayment plans are tailored to your individual situation.
- **Information is essential:** Providing accurate financial information helps us establish a sustainable payment plan.
- **Court orders may be necessary:** In some cases, a court order may be required to formalise the agreement.
- **Consequences of non-engagement:** Failure to cooperate may result in further recovery action.
- **Prioritising Debts:** In accordance with responsible debt management practices, we may ask you to prioritise repaying essential debts owed to the Council before addressing other outstanding debts.

## For Customers Who Consistently Default

The Council prioritises working with residents to establish manageable repayment plans. However, in cases of persistent non-payment, we may need to pursue alternative recovery methods, such as involving Enforcement Agents or initiating attachments of earnings/benefits.

## Improved Information Access for Staff

To ensure a coordinated approach, we are committed to making debt-related information and computer systems more accessible to our staff. This allows them to gain a comprehensive view of a resident's situation, particularly when dealing with multiple outstanding debts. Additionally, we may explore utilising credit reference agencies to gain a clearer understanding of their financial situation and inform potential solutions.

## Help When You Need It

We understand that unexpected financial situations can make it difficult to pay bills on time. If you're facing challenges, please reach out to the Council as soon as possible. We're here to help you find a solution.

## Working Out a Repayment Plan

When you contact us, we'll work with you to create a personalised repayment plan that considers your specific circumstances. This plan may involve spreading out the payments over a longer period.

## Providing Supporting Information

In some cases, particularly when you're requesting a longer repayment timeframe or if the debt cannot be settled by the end of the financial year, we may need some additional information to assess your situation effectively. This could include financial documents like income and expenditure forms.

## Transparency and Co-operation

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To establish a sustainable repayment plan, we rely on open communication and complete information. If essential details regarding your ability to repay are not provided, entering into a formal agreement may not be possible.

## Prioritising Debts

As a responsible creditor, the Council may encourage you to prioritise repaying essential Council debts before addressing other outstanding debts. This ensures you meet your most important financial obligations.

## What is a Priority debts

These are debts that can result in loss of an essential service, loss of a person's home or imprisonment such as:

- Mortgage or rent
- Council Tax
- Utilities including gas, electricity and water
- Telephone
- Secured loan
- Child Support
- Income Tax or VAT
- Court fines

## What is a Non-priority debts

Examples of non-priority debts are:

- Credit Card and Store Card arrears
- Catalogue arrears
- Bank overdrafts and loans
- Hire Purchase for goods that aren't essential e.g. a television
- Money borrowed from family and friends

## Important Information About Repayment

If you haven't contacted the Council to discuss your outstanding debt, or haven't offered a repayment plan, legal action may become necessary. This could involve court orders and the potential involvement of Enforcement Agents.

## The Council's Repayment Principles:

- **Full Repayment:** The Council seeks to recover all outstanding debts as quickly as possible.
- **Considering Your Situation:** We may assess any other Council debts you owe and your overall financial ability to meet a repayment plan.
- **Ongoing Debts and Payments:** If your debt is ongoing (e.g., monthly charges), any repayment plan will typically require payments exceeding the regular amount. Exceptions may be considered in extraordinary circumstances where your financial situation is expected to improve soon.
- **Prioritising Current Debts:** Priority will be given to collecting debts from the current year, unless it conflicts with existing arrangements for past debts.
- **Court Orders and Local Taxes:** Repayment plans for local taxes may involve the Council pursuing a court order to enforce payment.
- **Refusal of Repayment Plans:** The Council may deny repayment plans if:
  - There's a high risk of the debt not being fully recovered (e.g., potential insolvency).
  - You appear to have available resources (funds or assets) that could settle the debt but are unwilling to access them.
- **Confirmation of Agreements:** All approved repayment plans will be confirmed in writing, outlining the payment amount and frequency.
- **Your Responsibility for Timely Payments:** It remains your responsibility to ensure payments reach the Council by the due date. Factor in processing time when making payments.



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## Supporting Residents in Reducing Debt

The Council recognises the valuable role that welfare agencies play in assisting residents with debt management. We actively collaborate with these organisations whenever possible. We will train our staff involved in the recovery of debts on anti-poverty and social inclusion awareness.

This will enable us to:

- inform customers of their entitlement to Housing Benefits, Universal Credit and Council Tax Support, discounts, reliefs and exemptions and hardship applications
- inform customers of the general availability of other income related benefits such as Disability Benefits, Universal Credits and Pension Credits
- give advice on all benefit entitlements
- direct customers who need help and advice on money management matters to the Citizen's Advice or online benefit calculators
- Inform customers who are at a serious stage of recovery, to seek independent help and advice from Citizen's Advice and other advisors such as "Step Change" or independent legal advice.

To make our services more accessible we promote use of technology through the Council's website. In addition, a range of support organisations providing help with debt advice are signposted on the Council's website at [Benefits and Support](#)

## Access to advice and information at every stage of the collection and recovery process

We recognise the importance of keeping our customers informed about the recovery process, the consequences of not making payments and where they should go for help and advice.

We will:

- invite and encourage customers to make contact with us as soon as they begin experiencing difficulties paying their accounts
- ensure that advice and information given to customers by members of staff is consistent and that customers are treated fairly and equally
- assist customers with language and sensory communication difficulty by offering a translation service where appropriate
- ensure that all documents use plain English
- advise customers where to get help and advice about council tax support and money matters
- ensure that members of staff providing advice at the Magistrates' Court have access to account information
- Introduce arrangements to make direct referrals with debt advice providers
- The council reserves the right to refuse to accept offers of payment arrangements.
- Where a payment arrangement has been agreed but payment is not received strictly in accordance with the agreement, action to enforce payment will be recommenced promptly following the default in payment.
- Where a debtor has failed to make payments as agreed, further payment arrangements will not normally be considered unless the debtor's circumstances have changed.
- The customer must contact the Council if they can't keep to the payment arrangement, for example because they have a temporary change in their income or some unexpected expense. If the customer doesn't contact us and payment isn't made, we will take further action and may not be able to agree any further arrangements

In addition to the information we include with bills and invoices we will provide the following information via the Council's website:

- general information about debt recovery, Housing Benefit and Council Tax Support, Council Tax, Business Rates, Rent Arrears and Sundry Debts
- on-line forms (for example moving properties, Direct Debit instructions, discount forms etc.) and links to benefit and council tax support information
- E-billing to enable customers to make balance enquiries

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All communications with customers will be conducted professionally and all information collected is governed by the Data Protection Act 1998.

## When to take appropriate recovery action

We will always seek to make realistic arrangements to clear outstanding debts by regular payments in preference to taking legal action for recovery.

Any reminders we issue will convey a willingness to discuss matters with customers and encourage them to make contact if they cannot pay as advised. They will also make the customer aware of the consequences of failing to pay or keep to arrangements.

If a customer fails to make contact or maintain arrangements, we have a duty to collect what is due and will use all legal means available to recover debts using the following actions;

- **Enforcement Agents** it is important as a result of the Tribunals, Courts and Enforcement Act 2007 that became law from the 6<sup>th</sup> of April 2014, that liability orders are passed correctly as they will only be called back from the Enforcement Agents under extenuating circumstances which include
  - Errors on account
  - Vulnerability of debtor

This is because the Council could be held liable for the costs of enforcement action taken. Proof of extenuating circumstances is required as appropriate except where an error has been made.

Enforcement Agents and “Taking Control of Goods regulations” is a pre-requisite of higher-level enforcement action for Council Tax and Business Rate and will be used routinely to evaluate the prospect of obtaining payment for those debts. Removal of goods will, however, only be undertaken where sufficient goods, stock or possessions are available to recover the cost of the taking control of goods process and either a full or significant partial settlement of the debt involved. Removal of goods will not be used where the effect would be punitive and nothing more. Enforcement agents used in the enforcement process will be certificated and comply with a specific code of conduct agreed with the Council regulating their activity.

- **Attachment of earnings or allowances** will be used where a voluntary arrangement has failed, or previous payment history indicates an attachment to earnings has been successful and a voluntary arrangement is unlikely to be effective. The law allows different attachments to run concurrently. Officers will use their discretion if that situation occurs to ensure that hardship is not inadvertently created.
- **Attachment of benefits** will be used routinely to secure payment. Regulations control the way in which this remedy is applied. Consequently, the Council has little or no discretion and may be a better option than enforcement agents given the debtors circumstances.
- **Charging Orders** will be used where the individual concerned cannot make payment and an equitable solution is to allow or enable payment of the debt from the equity within a property at a later date.
- **Bankruptcy proceedings** will be used as a last resort and only where sufficient equity is believed to exist to support a full or partial settlement of monies outstanding. In doing so however the Council recognises that there may well be situations where it is in the interest of the individual to take that option as a solution to their overall situation.
- **Liquidation** applies to companies and normally will only be used where sufficient funds to clear any debt either partially or in full, will be created from the outcome. However there may be occasions where a company is using the law to avoid payment. In that case the Council will take action to force a liquidation of the company.
- **Committal Proceedings** will be used to recover Council Tax and Business Rate where there is no evidence of hardship or extenuating circumstances.
- **County Court Judgement** may be used for Housing Benefit overpayments which are recovered through the County Court

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- **Third Party Debt Orders** are usually made to stop the defendant taking money out of their bank/building society account (the money the LA is owed is then paid to them from the account). It can also be sent to anyone who owes the debtor money.

Where contact or payments are not made for miscellaneous (accounts receivable) debts, we will consider whether to terminate any non-statutory services.

We will follow the principles of enforcement outlined below:

- our action will be proportional – we will strike a balance between the potential loss of income to the Council and the costs of taking a course of action
- our approach will be consistent – with the aim of achieving consistency in the advice we give, the use of our powers and in the recovery procedures we use
- our action will be transparent – to help customers to understand what is expected of them and to explain the reasons for taking any recovery enforcement action.

Where a debtor moves addresses and does not inform the Council, they will be traced using the latest technology and recovery will continue as appropriate.

## Tracing People

The Council will make all necessary attempts to trace any debtors to ensure that outstanding payments are recovered. This will include checking internal and external sources of information and sharing information with other authorities where necessary. Third party systems and Tracing Agents will be used if the Council feels that is appropriate.

## Evasion and Fraud

The unlawful evasion of payments due to the Council reduces the financial resources available to the Council and has a direct impact on all residents, businesses and other organisations that rely on Council services. Unlawful evasion or fraud to avoid payment will not be tolerated and where this is identified then in addition to taking action to enforce payment, the Council will seek to impose such further penalties or sanctions as the law allows. Where debts arise through evasion or fraud, the Council will seek to recover payment in full as quickly as possible and will only agree payment arrangements in very exceptional circumstances.

## Review of irrecoverable debts

Despite our procedures for recovering debts there are always cases that may be deemed impossible or not cost effective to pursue. There are a variety of reasons why this might happen, these include:

- the amount outstanding is below an agreed lower limit
- the customer has left an address and we are unable to trace them
- the customer has died and there are not sufficient funds from their estate to pay the amount owed
- the customer is bankrupt or if the company is insolvent (however we do submit a claim in bankruptcy and any payments received from the receiver are credited to the account accordingly)
- it is uneconomical to pursue the debt
- health and financial considerations
- statute barred – An invoice is irrecoverable if six years have elapsed from the date of the invoice, date of service or last payment date, whichever is the latter. If the debt is acknowledged by the debtor, the six years runs from this date. All debts which are statute barred will be processed through the agreed write off procedures as irrecoverable.
- Local Authority error for Housing Benefit overpayments, where the customer could not reasonably be expected to know they were being overpaid.
- Housing Benefit overpayments where the authority decides that it is unreasonable to recover the debt.
- Excess Council Tax Support where the authority decides that it is unreasonable to recover that part of the Council Tax liability.

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We will monitor all outstanding debts to ensure that they are recoverable and will take prompt action when irrecoverable debts are identified to write them off in accordance with our financial standing orders.

The Assistant Chief Executive (Section 151 Officer) has delegated authority to write off all debts to the value of £15,000. The Corporate Head of Customer Digital and Collection Services has delegated authority to write off debts in relation to Council Tax and Business Rates to the same value of £15,000. The Senior Exchequer Services Officer has delegated authority to write off Sundry Debts up to £1,000.

Where the court has remitted the debt, a copy of the court order should be sent to the Data Control Officer to do. All other writes off should be prepared in the usual way and checked by the appropriate senior officer or corporate head and then forwarded onto the Assistant Chief Executive (Section 151 Officer) for approval.

For write offs over these limits, a committee report must be prepared in the required format.

The formal 'writing off' of any debts will not rule out recovery action being taken in the event that a customer's circumstances change.

All officers, members and contractors will ensure that they have no work-related involvement with any account involving any Related Parties. This means any relatives, friends, close associates, organisations of which they or their relatives are members or previous employees of Revenues & Benefits. This includes making any decisions on how money owed to the council is collected and recovered.

An interest is as follows:

- the debt is owed by a relative, including relatives by marriage.
- the debt is owed by a relative of a current or former partner.
- the debt is owed by a friend or neighbour.
- the debt is owed by an organisation of which you are a member.
- the debt is owed by an organisation of which a relative is a member.
- the debt is owed by a company or individual with whom you have a business relationship.

## Breathing Space

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020, effective from 4 May 2021, introduce a scheme known as 'breathing space' for people in problem debt who receive professional debt advice.

Upon seeking professional debt advice from an accredited debt advisor, a person in problem debt may be entered into a 60-day period which pauses enforcement action from creditors and freezes charges, fees and certain interest on qualifying debts for up to 60 days. For people receiving mental health crisis treatment, this scheme creates an alternate route where the protections of a moratorium may be accessed and remain in place for the duration of their crisis treatment, plus 30 days.

An approved Mental Health Professional (AMHP) will need to certify that an individual is in receipt of mental health crisis care. The AMHP must be satisfied that in their professional judgement, the person meets one of the three criteria as follows:

- has been detained in hospital under the Mental Health Act for assessment or treatment (including under Part 3 of the Mental Health Act 1983).
- has been removed to a place of safety by a Police Constable or;
- is receiving a specialist mental health crisis service such as Home Treatment Team

In addition, the AMPH also needs to:

- Ask for consent to share personal information
- Identify a nominated point of contact as specified in the guidance
- Submit the evidence form at [www.maps.org/mhcbs](http://www.maps.org/mhcbs)

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On receipt of the evidence form, a debt advisor will decide if the individual is eligible for a mental health crisis breathing space, linking in with the nominated point of contact.

This scheme is administered by the Insolvency Service who will send notifications to the Council and upon receipt we will search for all qualifying debts owed to the Council and suspend all recovery action for the duration of the breathing space period.

The intention of the breathing space is to give the professional debt advisor time to review the individual's financial situation and propose a solution which might include a payment plan to cover the debts owed to the Council. It is a matter between the professional debt advisor and the individual as to whether or not a solution is found. The Council is not involved in and has no say in this process.

## Refund Policy for Debtors in Arrears

Only officers authorised to do so may cancel a debt or raise a credit note. Acceptable reasons for doing so are if:

- The debt was not due in the first place
- An incorrect person was charged
- The service in question was never provided

Staff are not authorised to issue refunds to individuals with outstanding council debts. Any existing credit on the account should be applied towards the oldest debt first.

In cases where the credit pertains to a separate service (e.g., garden waste), staff must seek approval from the customer before offsetting it against outstanding debts like rent or council tax arrears.

## Exceptions for Council Tax and Business Rates Refunds

Refunds for Council Tax and Business Rates may only be considered under specific circumstances, even if the account is not currently in credit. These exceptions include:

- Direct Debit indemnity claims
- Banding reductions applied retroactively to 1993 with a corresponding decrease in future instalments
- Account errors, such as duplicate payments
- Reductions in rateable value for business properties in previous financial years, provided the current year's assessment is up-to-date

## Refunds to Prevent Homelessness

Refunds may be considered in exceptional circumstances where the individual facing eviction demonstrates a risk of becoming homeless. This creates a potential future liability for the Council. Proof of impending eviction is mandatory before considering such a refund. All such cases require approval from the Corporate Head of Service.

## Refunds in error

Where a refund has been refunded to an incorrect account, a replacement refund should not be made until confirmation has been received from payments or Revenues Data Control Officer that the monies have been returned. The exception to this is where the lack of refund would cause the customer additional financial hardship and again proof must be obtained prior to proceeding.

Refunds can only be authorised by Corporate Head of Service or Corporate Head of Finance. Staff should have a clear separation of functions;

- Prepared by                      Officer doing refund
- Not previously paid          Officer doing refund
- Checked                              Approval officer (Revenues Manager, CS Manager,)

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- Authorised CHoS/ CHoF

Recovery staff should not authorise refunds as this is a conflict of duties and should pass refund applications to the Customer Services, Revenues or other service team for processing.

The approving officer should only authorise refunds where all the paperwork/evidence is available for reviewing and should reject any refund irrespective of level of officer who has prepared it where the relevant paperwork is not present. The procedure for checking all refunds over £350 plus 10% check remains in force for Council Tax credits.

## Supporting Vulnerable People

The Council acknowledges that some residents may be vulnerable and require extra assistance managing their finances. While vulnerability doesn't absolve them from legal obligations, the Council can offer additional support, such as:

- **Extended payment plans:** Allowing more time to settle outstanding debts.
- **Delayed enforcement action:** Temporarily postponing collection efforts.
- **Referral to independent advice:** Connecting individuals with resources to navigate financial difficulties.
- **Accessible information:** Providing materials in formats that cater to specific needs.
- **Reduced payment arrangements:** Offering temporary agreements with lower repayment amounts.
- **Reporting safety concerns:** Informing the Adult Care Directorate if a debtor's well-being appears at risk.

Vulnerability can be temporary or permanent, with varying degrees of severity. Generally, it refers to individuals who struggle to manage their financial affairs independently. There's no legal definition, so each case will be assessed based on its specific circumstances.

## Considering Extenuating Circumstances

The Council recognises that some situations extend beyond the debt itself. We may consider the potential impact on the individual, family, household, or business involved before taking action. This approach aims to:

- Protect vulnerable people, such as the elderly or very young in a household.
- Avoid creating problems elsewhere, like potential homelessness.
- Consider the impact on the local community.

Examples of such circumstances include:

- Chronic illness, terminal illness, or recent bereavement in the household.
- Potential homelessness due to debt.
- The debtor's ability to make payments (applies to individuals and businesses).

### For Businesses:

Additional factors may be considered for business debts, such as:

- Potential job losses for employees if the business closes.
- Loss of essential services or facilities for the local community.
- Situations where a payment plan is the only viable option due to lack of assets.
- The negative impact on the community if the business were forced to close.

**Please note:** This list is not exhaustive. It provides examples of situations where the Council might adjust its debt recovery approach.

Unless otherwise authorised, referral to enforcement agents for taking control of goods will not be made for less than £100.00. This covers Local Taxation debts where the power to remove goods is granted by the Magistrates Court. For Sundry Debts, this is granted by the County Court.

# Corporate Debt Policy

Agents used by the Council must comply with The Lord Chancellor Department's 'National Standards for Enforcement Agents' and the Council's enforcement agent contract.

## Recovery of court costs

Court costs will not be withdrawn unless an error has been made by the authority or by senior staff agreement. Costs will be pursued through to Enforcement Agents where appropriate. The level of costs charged by the authority will be reviewed each year and will be increased as required with the agreement of the Magistrates court.

## Local Land Charges

The provision of a Local Land Charges Register is a statutory function which is maintained by the council. Specific financial charges arise where the council is empowered by statute to carry out works in default, for instance under the powers of the Public Health Acts, the Highways Act 1980 and the Building Act 1984. An example of when a charge arises is where the council incurs expenses whilst having to deal with a dangerous building (Section 78 of the Building Act 1984). Such charges are registered as a local land charge (specific financial charge) against the land or property and are binding against successive owners or occupiers.

It is the responsibility of management within the Service to inform the Local Land Charges Officer of the details of the works carried out in default, in order that a specific financial charge can be registered on the Local Land Charges Register. If the debt on which a Land Charge has been applied is re-paid to the council within ninety days of the Land Charge being applied then no interest will be applied to the debt. If the debt is not re paid within the first ninety days, then interest will be charged from day one of the debt at the relevant approved rate.

## Salary Overpayments

If a salary overpayment is made to an employee this will be recovered via salary deductions. Where an employee leaves during or before the start of an agreed recovery period, the balance of the overpayment will be taken from their final salary. If the overpayment is greater than the employee's last salary or notification of leaving is received after the final salary then a sundry debtor's invoice will be raised.

## Maximising Efficiency and Cost Savings

We are committed to delivering debt recovery and enforcement activities in the most efficient and cost-effective way possible. Here's how we achieve this:

- **Optimising Partnerships:** We utilise external services like tracing and enforcement agents, while constantly evaluating alternative providers for recovery, legal, and enforcement-related services.
- **Leveraging Technology:** We actively invest in IT and technology solutions to streamline processes, improve efficiency, and ensure consistent execution of our debt recovery efforts.

## Monitoring

We will monitor our policies and procedures to ensure that they are effective. Monitoring will include:

- quality checks on work processes to ensure fairness and consistency
- audit and quality checks on work processed by individuals
- rate of collection – to identify our performance against the targets set for the collection of debts
- number of cases at each stage of the recovery process
- complaints received – to assist us with making service improvements
- setting of targets to improve performance
- consultation with our customers and with advice agencies
- regular monitoring of Service Level Agreements

## Resolving Errors and Complaints

# Corporate Debt Policy

We are committed to accurate debt collection practices. If you believe an error has occurred, please use our established complaints process.

However, sometimes new information comes to light after debt collection proceedings have begun or even finished. These facts might significantly change the situation. In such cases, the Council will take the following steps to rectify the situation:

- **Immediate Halt:** We will immediately stop any ongoing legal proceedings.
- **Account Update:** The debtor's account will be adjusted to reflect the new information.
- **Court Notification:** When applicable, the involved court will be informed.

## Addressing Misrepresentation:

The Council strives to resolve any misrepresentation of the debt situation. However, once certain legal documents are issued, they require a court order to be withdrawn or "quashed". This process, known as judicial review, is expensive and reserved for exceptional circumstances.

For example, if the Council obtains a liability order for Council Tax based on valid information at the time, but later discovers details that would have prevented the court case, a judicial review might be considered.

## Focus on Public Interest:

The Council prioritises the public interest. Due to the high cost of judicial reviews, we only pursue them in rare cases where significant issues require intervention.

## Equality and Diversity

The Council's vision for equality and diversity is set out in its Equality and Diversity Policy – 'No matter Who'. We value the diversity of people within the Borough and are committed to:

- Eliminating unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equalities Act 2010.
- Advancing equality of opportunity between people who share a protected characteristic and those who do not.
- Fostering good relations between people who share a protected characteristic and those who do not.

Acting in accordance with this policy will help to ensure that the collection of sums due is conducted in a consistent and objective manner that will reduce the risk of inadvertent discrimination against persons with protected equality characteristics. It will also ensure that revenue collection and recovery is delivered in an equally accessible manner to all members of the community.

## Our Customer Care Code:

In order to ensure customer care, we will:

- Deal with all customers promptly and professionally.
- For personal callers, introduce themselves to customers giving their name.
- Where staff are concerned for their well-being, staff may refuse to give their name can use an alias or if requested, should identify the name of a more senior officer to whom the case can be escalated
- For Home Visits show an ID card without waiting for a request.
- Treat all customers with courtesy and respect. The Council also expects staff to receive the same treatment. Advice on how to deal with rude or aggressive customers is contained in your Aggression & Violence at Work Policy.
- Where staff are unable to agree with a customer request or point of view, staff should remain polite but firm, explaining as fully as possible the reasons why their request cannot be agreed with.
- ensure that customer views are used to inform policies and processes on collecting debt
- ensure that any new initiatives do not have a negative impact on vulnerable people



# Corporate Debt Policy

## Conclusion

Runnymede Borough Council is committed to a robust corporate debt and financial inclusion policy. This policy prioritises the efficient collection of owed funds while maintaining transparency, fostering responsible practices, and supporting residents facing financial hardship.

We achieve this through:

- **Clear and accessible communication:** We provide readily available information on debt collection procedures, payment options, and support services in multiple formats.
- **Flexible and tailored solutions:** Recognising financial challenges, we provide flexible payment plans and connect residents with resources to maximise income and promote financial wellness, ensuring solutions are tailored to individual needs.
- **Focus on customer service:** We prioritise respectful and professional interactions throughout the debt collection process.
- **Data security and privacy:** We implement strong safeguards to protect sensitive financial information.

By upholding these principles, Runnymede Borough Council ensures the responsible collection of public funds while promoting financial inclusion and fostering a sense of trust with our community. We believe this holistic approach fosters a more vibrant and equitable borough for all.

# Corporate Debt Policy

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