



LEEDS CITY COUNCIL

CORPORATE DEBT

POLICY

Summary of policy :

This policy details the principles to be adopted by the Council when undertaking the collection of debt in the City of Leeds from both citizens and businesses.

INTRODUCTION

The Policy has been developed to help meet the Council's Corporate Plan priorities, particularly in respect of the narrowing the gap theme, and is also part of a response to Central Government's agenda to provide solutions that have prevention and intervention as key drivers for public service delivery to local people.

It draws on best practice and Audit Commission guidance contained in the national report "Local Authority Housing Rent Income". Other sources of information used include:

- Lord Chancellors' paper Can't Pay, Won't Pay, 2003
- Effective Enforcement white paper by Lord Chancellor's Department 2003
- Citizen's Advice Bureau's key tips for dealing with debt
- National Debt Line Advice to public
- A view of other Local Authority debt policies where available

The Corporate Debt Policy is supported by other key players and agencies including: The Council's Chief Executive's Departments Customer Services and Welfare Rights Unit, Leeds Arms Length Management Organisations (ALMOs), responsible for managing council-owned homes, Leeds Citizens Advice Bureau (CAB), Leeds City Credit Union and Her Majesty's Courts Service (HMCS). A liaison group of these key players has been formed as a result of this policy with the remit of trying to improve how the Council and ALMOs interact with their customers around debt.

The policy is in 3 parts covering:

- The necessity and objectives of the policy
- Scope of the policy
- The policy in operation

The policy will be monitored quarterly by the Corporate Debt Liaison Group and subject to an annual review.

SECTION ONE:

1.0 The necessity and objectives of the policy

1.1 Purpose – Why Have A Corporate Debt Policy ?

Leeds City Council is required to collect monies from both its citizens and businesses for a variety of reasons.

In undertaking this collection function it is inevitable that the Council will be required to pursue the recovery of arrears from persons and or businesses who may experience difficulty in paying such accounts. An agreed policy of how the Council manages and collects debts is key therefore in ensuring consistency and best practice in such situations.

The Corporate Debt Policy identifies where responsibility for collection of different debts lie, and sets out the principals and standards in relation to contact , recovery process, repayments and benefit / money advice.

Integral to the policy is the provision of support mechanisms and practices to all customers. It details the approach to collecting debt in Leeds and also provides practical help, advice and support in the management of multiple debts.

The policy sets the framework for a consistent and sensitive approach to collecting debt whilst at the same time ensuring that the Council continues to maximise collection performance.

This policy covers all debts owed to the Council

Including:

- Council Tax
- Rents, both housing and others, e.g. garages and commercial
- Benefit overpayments
- Business Rates
- General debtors, e.g. unpaid fees and charges
- Legal costs
- Penalty Charge Notices (parking contraventions)

Appendix A summarises the types and priority of debt covered by this policy.

1.2 How Is It To Be Used ?

This policy will apply to all Council departments and Leeds Almos. Some of the citizens of Leeds may have multiple debts with the Council. The policy does not prejudice any legal action that the Council may wish to take.

It seeks to be “fair but firm” and the full range of collection and recovery methods will be used as appropriate if debts are not paid. The policy works within and takes account of relevant legislation e.g. on Data Protection, Human rights etc.

The Council and Leeds Almos will apply this policy and provide the same level of service at the initial enquiry stage. However, each will apply its' own procedures and processes in recovery of the debt.

1.3 Policy Objectives – What Are We Trying To Do ?

We are trying to :

- Maximise income for the Council, including rent income due to the Housing Rent Account for council houses
- Ensure that all Council Tax and rent payers interests are protected by striving to collect debts
- Achieve an equitable share of income available to pay across all Council and rent debts
- Achieve efficiency savings by identifying solutions for customers on debt issues at the first point of contact
- Be fair but firm
- Be “preventative” for example offering payment options and other advice
- Help where possible to maximise customers income
- Advise customers of advice and support agencies
- Encourage self help
- Ensure consistency in dealing with customers
- Share knowledge, information and expertise across the Council, including Leeds Almos and other agencies whilst striving to comply with legislation such as the Data Protection Act etc.
- Apply best practice in relation to debt collection

1.4 Contact With Customers

We will strive to improve contact with customers by :

- Encouraging the customer to make early contact in respect of debt related matters
- Using plain English techniques in written letters and documents
- Coordinating publicity and marketing campaigns
- Promoting advice and support services
- Provide communication assistance where appropriate e.g. translation/interpreting services

1.5 What Does It Cover ?

The policy covers the following:

- How people can access advice and support
- How ability to pay will be assessed
- How information may be shared
- How the Council uses collection and other external agencies
- How we will conduct personal visits to debtors
- How we will deal with irrecoverable debts
- Corporate approach for dealing with customer credits

- The Council's Corporate Complaints Procedure
- What procedures are used
- Arrangements for policy review and impact monitoring

Details for each of these areas is covered in section two of this document

SECTION TWO

2.0 Scope of the policy

2.1 Access, Advice and Support

Where appropriate, documentation will advise customers where to get help and advice about benefits and debt problems. This will normally include information about the Council's Welfare Rights Service, Leeds Citizens Advice Bureau, members of the Leeds Money Advice Project (MAP)¹ and Leeds City Credit Union. Similarly, where appropriate, information about claiming Housing Benefit and Council Tax Benefit will be included with arrears letters. In this respect, the Council will make every effort to advise people of their right to apply for benefit assistance, including pro-active take up campaign as appropriate. The Council recognises the importance of bringing such matters to the attention of individuals at the earliest opportunity e.g. when a new housing tenant signs up for a property.

The Council will also advise individuals / businesses as to the range of other discounts, reliefs and reductions available at both the time an account is issued and in subsequent communications.

Staff in personal contact with customers (e.g. in the Contact Centre, One Stop Centres, Estate Offices, visitors and other enquiry staff) will signpost them as to where they can obtain advice on benefits and debt matters appropriate to their needs. Customers may be signposted to partner organisations and projects in the city. These include the rollout of Credit Union facilities within some Council One Stop Centres, Government funded Face-to-Face Debt Advice Project and the Council's Financial Inclusion Strategy.

We will ensure that all written communications uses language appropriate to the intended recipient and that plain English is the standard wherever possible. We will explain complex terminology when it is required to be used by law. All documents will be issued in a timely manner, in accordance with statutory deadlines where appropriate and will explain the legal options open to the Council to collect debts in a factual manner, taking into account the stage of recovery achieved.

We will assist people with language and communication difficulties, by offering translation, interpreting and other services wherever possible.

2.2 Assessment of Ability to Pay

The Council, in pursuing debt recovery, will act in accordance with statutory regulations and advice issued by professional bodies, external auditors etc.

In terms of efficiency and effectiveness, experience shows that as a general rule, collection is maximised by pursuing debts on an individual basis in a timely manner. In addition, the existence of different recovery legislation in relation to Council Tax, Housing Rents, Sundry Income etc, tends to support this approach.

¹ Leeds MAP includes; Leeds CAB, Chapeltown CAB, Burley Lodge Advice Centre, St Vincents Advice Centre and Ebor Gardens Advice Centre

Where it is apparent that a customer is unable to pay an account, or a number of like accounts as requested, then the aim will be, to agree an arrangement to pay (where appropriate)², which takes into consideration the specific circumstances of the customer.

Ability to pay will be based on the disposable income in proportion to the level of debt, the extent of debts owing to the Council and that Council Tax and rent arrears are equal priority debts. The initial intention of arrangements to pay will be to clear the debt(s) as soon as possible and as a rule of thumb, the minimum position as far as the Council is concerned, should be that **an individuals indebtedness to the Council does not worsen.**

In practice this may mean ensuring that the current or most recent account is cleared, while making the maximum contribution to clearing other debts.

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

A financial statement may be required to support a request for an arrangement. This will be a list of the customers' household income and expenditure. Documents to support the information contained in the financial statement may be requested and required before an arrangement can be agreed.

A financial statement can be completed with the help of an independent agency such as the Citizens Advice Bureau or on-line.

Persons in multiple arrears will be offered the opportunity of independent debt advice.

2.3 INFORMATION

Provision Of:

In addition to detailing the amount payable and a description of the charge, the Council will include the following information on all accounts :-

- (a) The payment options available.
- (b) A contact number for queries in relation to the accuracy of the account.
- (c) A contact number for discussing payment arrangements where the customer has difficulty in paying the amount requested on the account.

Wherever possible the contact number in (b) and (c) will be the same.

Where it is necessary to issue recovery documentation (e.g. a reminder or summons) following non payment of an initial account, or because an instalment arrangement has not been adhered to, then the Council will include the information detailed above on such documents.

The Council will wherever possible provide information to meet specific communication needs in the following formats: -

² Pre charge registration Penalty Charge Notices (parking contraventions) on their own are excluded from the arrangement process.

- (a) - Braille
- (b) - Large Print
- (c) - Audio Tape / disc
- (d) - Community Languages.

In meeting individual needs the Council will, where practical, ensure that individual preferences are documented so that ongoing and future correspondence can be delivered in the preferred format.

The Council will ensure that wherever possible arrangements are in place to use accredited language translators / interpreters to assist persons whose first language is not English and BSL interpreters for those who are deaf.

Correspondence with customers will refer to and deal with all / or similar accounts outstanding wherever possible.

Sharing Of:

The Council will ensure that all computer systems used to bill and recover monies, satisfy statutory requirements and offer the full range of recovery options to be pursued.

Staff involved in the collection and recovery of accounts will be given appropriate training in the use of the various computer systems as required.

Subject to any limitations imposed by the data protection act and human rights legislation, access to debtors' information contained on different systems will be made available, in order that an individuals full indebtedness can be established and properly dealt with.

In order to be successful and ensure consistency, it is necessary to establish good working practices across Council Departments, statutory and voluntary agencies, and all service providers when dealing with multiple debts.

Partner organisations should have in place policies and procedures, to ensure compliance with data protection principals, appropriate customer service standards and investigating customer complaints.

2.4 Use Of Other Agencies

Leeds City Council, on successfully taking court action against a debtor, is empowered to enforce payment through a number of statutory remedies, including powers which impact on a person's possessions or liberty e.g. the right to seize goods, to evict a tenant, to request imprisonment etc and will apply the most appropriate remedy.

One of the remedies is Levy of Distress, which Leeds City Council exercises through the use of external Bailiff Agencies.

To ensure effective, consistent and appropriate application of Distress, Leeds City Council's appointment of bailiff services is through contractual agreement, including a detailed Code of Conduct which the bailiffs must follow.

The Council will ensure that these more 'severe' powers for example removal of goods, will only be used when all other reasonable methods have failed and where all appropriate internal and

statutory processes have been properly followed.

2.5 PENALTY CHARGE NOTICES (parking contraventions)

Penalty Charge Notices, pre county court charge registration, are excluded from the policy's arrangement process. Only post charge registration cases may be considered in any arrangement process, providing severe financial hardship is identified as a result of the parking debt adding to other council debts. Such consideration would normally be through partner advice agencies or the multiple debt referral process.

Penalty Charge Notices which have accrued due to non-payment or multiple tickets, but which do not contribute to other council debts are not included in the Corporate Debt Policy. However, in cases of financial hardship it may be possible to offer arrangements to discharge the debt over a period of six months or less. Parking Service's must be contacted direct.

2.6 VISITING CUSTOMERS

The Council or contracted External Debt Recovery and Enforcement Agents may undertake visits to persons / businesses in arrears in order to resolve accounts outstanding.

All staff or third parties making such visits will act in accordance with an agreed code of conduct.

The Council will make every effort where possible to co-ordinate visits to debtors so that where appropriate, different debts owed by the same individual / business can be addressed at the same time, including liaison with HMCS.

2.7 IRRECOVERABLE DEBTS

The Council recognises that not all debts are collectable and therefore it will be appropriate in certain circumstances to classify debts as irrecoverable, where pre determined criteria are met.

The Council will ensure that there are guidelines / policies in place which detail the action to be taken prior to an account being written-off.

In relation to the above, it is also recognised that accounts below a certain value will be uneconomic to collect.

2.8 CREDITS

Leeds City Council and Leeds Almos will develop a corporate approach to refunding credits, in that where ever possible, checks will be made for other outstanding debts to the customer, prior to a refund being made.

Where other debts are identified, it may be necessary to obtain the customer's permission, prior to a credit transfer.

Other credit refunds, for example compulsory purchase compensation and home loss payments will be included in this policy approach.

2.9 COMPLAINTS

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

Where this is not possible, debtors will be advised of the Corporate Complaints Procedure, should they wish to take the matter further.

2.10 What Procedures Will Be Used

Leeds City Council and Leeds Almos will develop a consistent “first contact” procedure in respect of information given to customers making a debt enquiry. All customers will be informed of the options available to manage their debt(s) and of the relevant service providers who may be able to offer assistance.

Leeds City Council and Leeds Almos each have established comprehensive procedures documents for the pursuance of debt. Each organisation will continue to apply its respective procedures and processes to recover debt and will also seek to improve and share good practice through the application of this policy.

The structures, points of contact, interdependencies, communication and information sharing protocols will be developed and shared with service providers and customers.

2.11 Policy Review And Monitoring

The Corporate Debt Policy and its effectiveness will be monitored. This will be carried out by the Corporate Debt Liaison Group, which will meet quarterly to discuss any problems and issues that have resulted from the policy.

The Corporate Debt Policy will be reviewed annually. This will enable it to be updated where necessary and take account of changes in legislation.

New approaches and ways of working will inevitably be introduced and the Corporate Debt Policy will need to be adapted to take these into account.

SECTION THREE

3.0 The policy in operation

3.1 We will take practical steps to:

- Raise awareness of debt with customers
- Identify how much / how it has occurred
- Raise awareness of the implications of non-payment

For those who can pay:

- We will provide information on how to pay by advising on methods, payment frequencies and at which locations people can pay
- The Council will encourage automated payment methods wherever possible, this being the most cost efficient option
- The Council will make arrangements for the payment of accounts outside of traditional office hours and through internet technology, 24 hours a day, 7 days a week
- Wherever practical the Council will request payments in advance so as to maximise cash flow and to minimise the necessity to issue accounts requiring collection, which in turn will minimise the opportunities for debt to arise
- The Council will make available the use of on-line billing and electronic forms

For those who can't pay

- We will advise what happens if debts are not paid
- We will inform who can give help / advice
- We will encourage people to get help from a range of sources
- We will make referrals to appropriate agencies

Our approach will be

- A supportive approach to debt recovery with a pro-active referral process where possible. We will deliver a service which meets the needs of each individual and sign post to other support agencies including Welfare Rights, Leeds MAP and Leeds Credit Union.
- Whilst the Council will ensure that arrears are pursued in a timely manner, it does recognise that certain individuals will require more sympathetic and sensitive treatment e.g. in the case of recent bereavement, major illness or where the customer requires special assistance in handling their financial affairs.

3.2 What Services Will Customers Receive ?

In determining how customers can best be supported and encouraged to address debt issues, it is important that service provision at the first point of contact is delivered in a sensitive way.

Key to this is the Council's Customer Strategy and Standards which supports the Corporate Plan priorities. The main purposes of the Strategy are:

- to establish the overall aims of the Council in placing the customer at the heart of all we do; with focus on external customers
- to set out a specific direction for the development of customer access channels, regardless of department or service
- to provide a framework for customer service improvement, based upon clear and agreed principles

Once a customer has made contact it is imperative that he / she is referred on to the most appropriate source of debt management support.

On initial contact with Leeds City Council or Leeds Almos, customers will be informed of the options available to manage their debt(s) and of the relevant service provider. Where appropriate, customers will be informed of debt advice and support services available to them outside the Council and Leeds Almos.

Customers presenting with a single debt will be able to make a payment or where the debt cannot be cleared, a realistic agreement to pay via the first point of contact or relevant Council Department.

3.3 What Service Will Customers With Multiple Debts Receive ?

Customers presenting with multiple debts need to believe that there is a solution to their debt problems and should be actively encouraged to share with staff, information on all monies owed, in order for the most appropriate referral to be made.

The Policy does not promote a "one size fits all" approach, but rather looks to work with the customer to take agreed steps to help address multiple debts.

To this end, the response to debt management will vary as different solutions will be needed to address the far ranging complexity of cases etc.

Alongside the debt owed to the Council and Leeds Almos, the Policy will enable customers to receive help, advice and support in reaching realistic payments to other creditors including HMCS (in respect of fines), utilities, credit companies and mobile phone suppliers.

The provision of individual responses will also take into account diversity and exclusion issues. Support will be offered including access to interpreters for customers whose first language is not English or for those who are deaf, ensuring staff attending appointments are able to address the individual customer's needs. Where requested the provision of supporting information for customers will be made available in an appropriate format, e.g. large print, Braille or audio.

Where practicable, we will also require our partners to ensure the same level of service is provided and encourage other agencies to mirror our approach to diversity and inclusion issues.

Appendix A

Priority Debt

There are many types of debt, but those considered as “priority” debts are those debts owed to creditors who can take the strongest legal action against an individual who does not pay.

It isn't the size of a debt that makes it priority but what creditors can do to recover their money.

Individuals are often but not always aware of the consequences of failure to pay and frequently pay to whoever shouts the loudest.

The procedures supporting this policy would ensure customer awareness of what priority debts are.

The Policy identified the following as equal priority debts:

Rent arrears – as it can result in eviction

Mortgage arrears – as they can result in repossession

Council Tax – as it can result in bailiff action, attachment of earnings / benefits, bankruptcy or imprisonment

Other secured loans – as they can result in loss of home

Other priority debts

Fuel debts – as they can result in disconnection

Income Tax and VAT – as they can result in bankruptcy or imprisonment

County Court Judgements - can result in bailiff action, Attachment of Earnings or bankruptcy

Fines or Compensation / Costs Orders – as they can result in imprisonment

Maintenance / child support – as it can result in repossession of goods or even imprisonment

Hire purchase – will be considered essential if, for example it is for the purchase of a car needed to get the owner to work.

Water Rates – as it can result in bailiff action / disconnection

Business Rates – as it can result in bailiff action, bankruptcy or imprisonment

Benefit overpayments – as it can result in deductions from on-going rent / benefits

Maintenance or child support – as it can result in bailiff action or imprisonment

Penalty Charge Notices (parking contraventions)- can result in bailiff actions

The following are considered 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.