



Wigan Council Corporate Debt Policy (CDP)

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Corporate Debt Policy (CDP)

“Debt is not a problem until someone is unable to pay it”

Part 1:

What is a CDP and why have one?

1.1 What is a Corporate Debt Policy?

The CDP is the Council statement on how it will work with its customers and partners to collect debt. It will outline what it will do to help those who are in debt. As a minimum, the Council will have as an objective that an individual's indebtedness does not worsen.

The Council has formalised the policy for the following reasons:

- It is a good practice and allows all involved in the policy to understand what the Council's debt management approach is. This promotes efficiency and consistency in the collection of debt. This is important as the collection of income is vital in providing resources to deliver services.
- The Council recognises that early and professional debt advice is an important element of the Government's Anti-Poverty Strategy and this policy promotes positive actions in assisting those who may be unable to access mainstream financial services.

1.2 Why have a Corporate Debt Policy?

Having a CDP is a good practice and ensures that all the people involved in the collection of money owed to the Council have a consistent approach and an understanding what that approach is.

This not only promotes efficiency, effectiveness and consistency in the collection of debt, it is an essential requirement to ensure the maximisation of revenue streams to provide resources which the Council needs to deliver services.

An understanding of an individual's or a commercial organisation's problems will enable them to access the appropriate help, assistance and benefits to allow them to pay their bills and help maintain the Council's cash-flow.

1.3 What is a debt?

For the purposes of the CDP, a debt is defined as any amount of Council income that has not been paid by the due date. All Council bills and invoices etc will be raised as soon as it is practicable, and will include clear, relevant and full information as to:

- What the bill is for
- When payment is due
- How to pay
- How and who to contact for further information and/or advice.

1.4 Why do people owe money to the Council?

People can owe the Council money for many different things including:

- Council Tax
- National Non Domestic Rates
- Housing Rents
- Housing Benefits and Council Tax Benefits Overpayments
- Market stall charges
- Income from Planning Applications, Building regulations and Land Charges
- Adult Services – Care fees
- Rental income from property e.g.: ground rents and leases
- Other invoiced items, statutory charges and the supply of goods or services.
- Fixed penalties for traffic violations and environmental crime

1.5 Balancing customer care with debt collection

It is very important to the Council that it is able to collect income due to it. This helps the Council to pay for the services it delivers and therefore customers not paying bills impacts on service levels. Although it is the Council's duty to collect all outstanding amounts owed to it, it also has a duty to be fair to all citizens.

When customers find themselves in difficulty in paying their bills the Council wants them to understand that we are here to help if we can and what our approach will be and that the approach is transparent, consistent and equitable.

There is a need to ensure that people, businesses and organisations pay their bills so that the Council can continue to provide services to its community, but the Corporate Debt Policy also recognises difficulties sometimes arise that affect the payment of bills. This policy will describe how the Council will approach this in Part 2 - Helping customers

Part 2:

Helping Customers

2.1 Introduction

We can make it easier for Customers to pay by making sure they know:

IF PAYING A BILL:

- How they can pay
- Where they can pay
- To quote the correct references so that their account is credited quickly and correctly.

IF THEY ARE UNABLE TO PAY IN FULL:

- That in the majority of instances, consideration can be given if a customer requires additional time to make payment
- The customer should contact the Council as soon as possible - as the Council may continue to take action to collect a debt if there is no response
- The Council will require the outstanding amount to be cleared as quickly as the customer's finances will allow.
- That Council's debt recovery staff are available to discuss Customers' circumstances, to provide guidance and, where possible, consider alternative repayment options such as instalments or extra time to pay.
- Where appropriate the Council will refer debtors to advice agencies for help with money management and debt.
- Customers should make contact immediately if they are unable to make an instalment payment or if their circumstances change that will affect their repayment.

2.2 The Council's approach to providing help and advice

The Council will offer early and professional advice to all of its customers and customers can help us to help them by contacting us as soon as they are aware that a problem exists.

CONTACT US FIRST:

All Council communications will state:

- How and who to contact for information, disputes and payment advice
- That early communications are essential in helping to resolve debt problems

The Council want to help its residents and businesses to meet their financial commitments. At the same time the Council has a duty to ensure that people and businesses pay their bills as quickly as possible in order for it to fund essential service.

The Council will endeavour to balance these two aims by taking the following action:

- Following this policy in helping to resolve problems
- Acting as early as possible to help those who are struggling to pay
- Attempting to assist the customer in sorting out debt problems before they escalate out of control.
- Identifying potential problems when and where possible and providing timely money advice where early contact has identified financial difficulty.
- Assisting customers that have multiple debts owed to the Council by liaising with relevant Departments to find the best way forward.
- Protecting customers and their families from harassment and undue hardship
- Allowing for an holistic appraisal and consideration of a customer's circumstances and provide arrangements for those who genuinely need time to pay their debts
- Asking customers to provide information regarding their finances, if required, in order to facilitate an arrangement
- Periodically reviewing instalment arrangements to ensure that a debt is being cleared as quickly as possible
- Informing customers that once an agreement has been made no further action will be taken unless the arrangement is broken or a review of the arrangement is made
- Acknowledging the customer's obligations and responsibilities to his or her dependants.
- Recognising and protecting the customer's rights at every stage of the process.
- Complying with the relevant customer care standards.
- Using plain English in letters and all other correspondence.
- Providing translation services where required.
- Treating individuals equally, consistently and fairly, regardless of age, gender, disability, and sexual orientation and to ensure that individual's rights under Data Protection and Human Rights legislation are protected.

2.3 If further or outside advice is needed

Customers who do not have the direct or specific contact details for the Council department or the debt in question can contact the Council at:

Wigan Council

Tel 01942 404364

<http://www.wigan.gov.uk/Resident/Consumer-Advice/Managing-Your-Money.aspx>

Some people or businesses may require the assistance of one of the following:

The Citizens Advice Bureau - for personal debt and housing advice

Tel 0844 826 9713

www.citizensadvice.org.uk

The National Debt Line

Tel 0808 808 4000

www.nationaldebtline.co.uk

Age UK for independent advice on benefits / financial concerns

Tel 0800 169 6565

www.ageuk.org.uk

Step-Change Debt Charity (Formerly: Consumer Credit Counselling Service)
0800 138 1111
www.stepchange.org

Money Advice Service
0300 500 5000
www.moneyadviceservice.org.uk

Unify Credit Union
01942 701 706
www.unifycu.org

Welcome Credit Union for personal loans and financial advice
01942 828 702
www.welcomecreditunion.co.uk

Wigan and Leigh Housing
Tel: 01942-705040
www.walh.co.uk

Free, confidential help and advice for Businesses can be found at:

Business Debt Line
0800197 6026
www.bdl.org.uk

There are many other advice call centres and websites available on-line, though many sites are profit-making and will charge for their services – customers are advised to use care and check for fees and charges when selecting any of these services.

Doorstep Loan and Pay-Day Loan Companies appear to be an easy option for obtaining cash but everyone should be made aware of the pitfalls of these loans and the very high interest rates that they charge. For this reason the Council has banned access to companies offering these services via Wigan Council computers and has prevented them from advertising in Council owned spaces.

All this information has been incorporated into a Council leaflet: “Debt Problems” which is available to collect at the Life Centres and other Council and information outlets throughout the Borough. (Copies can be obtained by contacting IncomeGroup@wigan.gov.uk or Tel 01942-488350)

2.4 Paying by instalments

When Customers find themselves in difficulty with debt and request instalments the Council will individually assess the customers' whole financial position (by taking into account all of their expenditure and all of their income) to assess their ability to pay. Where instalment arrangements can be entered into, the repayment rate will be based on a proportion of the customer's disposable income and realistic arrangements will be entered into for the repayment of debts in preference to taking legal action.

When agreeing instalments the intention is that all debts should be cleared as soon as possible, however, it may not always be appropriate to offer payment by instalments e.g.: where a customer has requested goods or services from the Council, (they would be expected to have the funds to pay for what they have ordered,) or where regulations (the law) prevent this or where the cost to the Council to collect the payment in instalments is greater than the amount of the debt or if the repayment rate/period is not viable.

The Council will consider what course of action is appropriate as follows:

- Payment can be made within 3 months – can often be agreed without the provision of a formal pro-forma for details of income and expenditure and verbal assurances may be sufficient.
- Payment would take longer than 3 months – would require the completion of a pro-forma with supporting evidence of income and expenditure.

NB: certain types of debt may require more detailed assessment or a greater level of additional or supporting documentation before instalments can be granted.

To determine the level of instalments, the Council will use a standard Income and Expenditure details pro-forma which takes account of the standards and guidelines available nationally and as operated by other public bodies e.g.: the County Courts.

Once an arrangement is made Customers are expected to comply with that arrangement but where that becomes difficult, contact should be made to discuss further options.

2.5 Complaints

Should any customer feel dissatisfied with how they have been treated the Council has a complaints procedure which can be accessed at <https://www.wigan.gov.uk/Council/Contact-us/Council-Complaints.aspx>

The corporate complaints procedure provides the Council with the opportunity to investigate and, where appropriate, provide a remedy in circumstances where the Council is alleged to have been guilty of "maladministration" which has caused injustice (and where there is no other reasonable avenue available to the complainant to appeal or seek redress). It is important to note, however, that the corporate complaints system cannot entertain objections against the merits of a decision which has been properly taken and which the complainant does not agree with.

In the event that the complainant remains dissatisfied after the Council has investigated the complaint, the complainant may refer his/her complaint to the Local Government Ombudsman, who is independent of the Council, but will not consider a complaint where more than 12 months has elapsed since the alleged act/omission.

NB: Some complaints in respect of certain debt matters are also supported by specialist or independent bodies e.g.: The Appeals service, The Housing Ombudsman and Local Government Ombudsman. Details of these bodies together with any external referrals will be provided to customers by the team dealing with the complaint.

2.6 Rights of Appeal

There are a number of ways in which people can appeal about decisions the Council may have taken:

Valuation Tribunal: For people who believe the Council has acted incorrectly on a Council Tax billing matter.

Magistrates Court: For people who are aggrieved by the recovery process for Council Tax, Fixed Penalties and Non-Domestic Rates and for Non-Domestic Rates payers who believe the Council acted incorrectly on a billing matter.

Appeal Tribunal: For decisions made on Housing Benefit claims

County Court: For those defending action to repossess Council houses, action taken to recover Housing Benefit overpayments and for Sundry Invoices.

2.7 Delivering the Policy

The Council will take steps to:

- Give early advice to the customer on repayment options and where to get assistance with debt problems
- Make all advice on how and where to pay clear and simple.
- Raise awareness of a debt as quickly as possible and take action when it says it will if the amount remains unpaid.
- Raise the implications for non-payment – review all reminders and letters periodically, change type face, font, printing and paper colours, if required to heighten the impact.
- Review each case individually, taking into account the known circumstances of that customer, if possible and endeavouring to find a remedy before taking any proceedings.
- If an account remains unpaid then advise the customer what will happen and let the customer know which organisations or agencies can advise them and how they can get in touch with them.

A leaflet has been produced titled “Debt Problems” in support of this policy which provides advice for individuals and businesses and this is available at the Life Centres, other council and information outlets and can be obtained by contacting IncomeGroup@wigan.gov.uk or Tel 01942 488350.

Part 3:

Additional Information

3.1 Welfare Reform Act 2012 and Universal Credit

The Welfare Reform Act 2012 introduced Universal Credit to transform many of the existing benefit options and to:

- Simplify the benefits and tax credits system
- Increase incentives to assist and encourage people back into work
- Care for the most vulnerable members of our society
- Improve the fairness of the benefit claiming and payment process for claimant and tax payer alike

Universal Credit is a principle part of these reforms and seeks to replace:

- Housing Benefit
- Income Support
- Child Tax Credits
- Working Tax Credits
- Income based Job Seekers Allowance (JSA)
- Income related Employment and Support Allowance

Wigan Council is committed to making a seamless transition for the reforms and to provide guidance and Personal Budgeting Support to all claimants, likewise this Corporate Debt Policy will encompass all relevant and associated debt matters that may arise from Universal Credit and provide the same understanding, assistance and equitable arrangements to assist all customers.

More information on Universal Credit can be found at:

<https://www.gov.uk/universal-credit>

3.2 Protecting the Council from Late Payment

The Council is supported by current UK and EU legislation to recover any amounts expended in recovering overdue amounts from debtors who unnecessarily avoid or delay payment. Examples of these fees are: late payment charges, Court action fees, Enforcement Agent' fees, interest and these may be charged to the debtor's account. The aim of the legislation is to reimburse the Council's costs in taking debt recovery action, prevents the citizens of the Borough having to bear the costs of recovering debt from this

minority of customers and also acts as a deterrent against deliberate or malicious non-payment.

The relevant legislation relating to recovering these charges is shown below along with links to obtain further information;

DIRECTIVE 2011/7/EU ON COMBATING LATE PAYMENT IN COMMERCIAL TRANSACTIONS

<https://www.gov.uk/government/publications/directive-2011-7-eu-on-combating-late-payment-in-commercial-transactions-consultation>

Late Payment of Commercial Debts (Interest) Act 1998

<http://www.legislation.gov.uk/ukpga/1998/20/section/2>

Local Government Act 1972

<http://www.legislation.gov.uk/ukpga/1972/70/section/111>

Local Government Finance Act 1992

www.legislation.gov.uk/ukpga/1992/14/contents

Local Government Act 2003

<http://www.legislation.gov.uk/ukpga/2003/26/section/93>

Localism Act 2011

<http://www.legislation.gov.uk/ukpga/2011/20/section/3/enacted>

Traffic Management Act 2004

www.legislation.gov.uk/ukpga/2004/18/pdfs/ukpga_20040018_en.pdf

Taking Control of Goods Regulations 2013 (comes into effect 6.4.14)

<http://www.legislation.gov.uk/uksi/2013/1894/made>

3.3 Recovery Action pathway

The following table sets out the various collection pathways for the major debt topics within the Council's debt portfolio, however it should be noted that the Council operates many of its recovery pathways in cooperation with private and public sector partners to rationalise services and achieve efficiency.

As such the Council retains the option to utilise collection and enforcement agents from both the private sector and the courts to carry out associated or appropriate enforcement actions on behalf of the Council to prevent or mitigate the need to escalate debts along the collection pathway shown below.

Corporate Debt Portfolio: Collection Pathways.

<u>Type of Debt</u>	<u>Charging Method</u>	<u>*Default Collection Pathway</u>	<u>Appeals</u>	<u>Option of Final Resort (Persistent/deliberate Default)</u>
Council Tax	Annual Bill	Magistrates Court	To the Valuation Appeals Office.	Fine and/or custodial sentence
Sundry Debt	Invoice	County Court	By application to District Judge	Deducts. from wages/bens., seizing possessions/bank assets, charging property.
Parking Penalties	Penalty Notice	County Court	To Independent Adjudicator	Bailiff action – seizing of vehicle
Housing Rents	Annual notification of weekly charge	County Court	By application to District Judge	Possession action and eviction
NNDR	Annual Bill	Magistrates court	To the Valuation Appeals Office.	Fine and/or custodial sentence
Housing Ben O/payments	Invoice	County Court	To the Tribunal and Appeals Service	Deducts. from wages/bens., seizing possessions/bank assets, charging property.
Adult Care Services	Statement invoice	County Court	By Judicial Review via the County Court	Deducts. from wages/bens., seizing possessions/bank assets, charging property.
Ground Rents	Annual Invoice	County Court	By application to District Judge	Deducts. from wages/bens., seizing possessions/bank assets, charging property.
Commercial Rents	Periodical Invoice	County or High Court	By Application to the Court/Judge	Possession action and eviction
Truancy Penalties	Penalty Notice	Magistrates court	To school for re-classification of un-authorised absence	Fine and/or custodial sentence
Environmental Crime fixed penalties	Penalty Notice	Magistrates court	Directly to the Magistrate	Fine and/or custodial sentence
Hsg.RechargeableRepairs	Invoice	County Court	By application to District Judge	Deducts. from wages/bens., seizing possessions/bank assets, charging property.

- Action following the exhaustion of all prescribed/standard recovery efforts e.g.: after written, electronic, verbal contacts and reminders have failed to illicit a sustainable payment response from the debtor.