

DRAFT

**NORTHAMPTON BOROUGH
COUNCIL**

CORPORATE DEBT POLICY

Revised Draft 6th May 2010

1 INTRODUCTION

1.1 The Council levies charges and rent for a variety of services and is responsible for the collection of local taxes. Whilst the majority of income due is paid on time, arrears of payment do arise for a variety of reasons. This policy sets out the principles that will be applied when recovering the unpaid rent or charges.

1.2 This policy has been created in order to formalise statutory requirements and best practice across the Council.

1.3 The Council outlines, which debts should be given priority for recovery.

1.4 As part of this policy an initial equalities screening has been completed that looks across all areas of corporate debt recovery. This has been published on the Council's website and can be found, alongside other Equalities impact assessments relating to debt at www.northampton.gov.uk

2 AIMS

2.1 The aims of the corporate debt policy are to:

- Facilitate a coordinated approach to managing multiple debts owed to the Council
- Identify where appropriate support, which may be required, to those owing money to the Council and ensure their circumstances are taken into consideration
- Apply best practice in relation to debt collection

3 SUPPORTING CORPORATE AIMS

3.1 The corporate debt policy and supporting principles support the delivery of the following corporate priority outcomes:

- Improved homes, health and well-being
 - Reducing homelessness
 - Meeting housing needs
- An efficient, well managed organisation that puts our customers at the heart of what we do
 - Improve our financial management
 - A well-regarded organisation

- Equitable services
- Efficient and effective management of services

- Strong partnerships and engaged communities

- Effective working with other public, voluntary and community sectors
- Understanding our customers

4 SCOPE OF POLICY

4.1 This policy applies to the collection of:

- Council Tax
- Business Rates (NNDR)
- Business improvement district levy (NNDR)
- Council Tenant rents
- Former Council Tenant rents
- Rent for temporary and bed and breakfast accommodation
- Collection of rent bond payments
- Service Charges for leaseholders
- Re-chargeable repairs – current tenants
- Re-chargeable repairs – former tenants
- Housing benefit overpayments
- Sundry debts (i.e. Council services)

4.2 There are separate specific rules and legislation, which govern the enforcement and collection of these debts.

5 PRINCIPLES OF THE CORPORATE DEBT POLICY

5.1 The following principles will be followed when seeking to recover debt from customers:

- Effective arrangements will be in place for access, advice and support.
- Debt recovery action will include, where the need is identified, carrying out an assessment of the customer's ability to pay. This will be based on a version of the Common Financial Statement (A budgetary tool operated by the Money Advice Trust)
- Customers will be advised promptly about the existence of debt

- Recovery action, including the provision of advice will be initiated within statutory periods or as soon as practicable.
- All letters will be clear and will give details of where to obtain advice
- Where customers owe more than one debt to the council, consideration will be given to a hierarchy of debt in order to identify priority debts
- Departments will work together to assess how much a customer can afford to pay
- Enforcement action for recovery will be taken where payment of debts owed to the Council are not secured at an amount agreed between the Council and the debtor
- The needs of customers will be taken into account and particularly where it is identified that customers are vulnerable. It is recognised that vulnerable customers may be less able to manage their financial affairs and additional support may be required. Vulnerable customers identified will be sign-posted to appropriate support agencies. Debt recovery action will take account of the vulnerability, for example, personal visits may be increased, assistance in filling in forms or writing letters may be provided, and liaison will take place with support agencies

Some examples of vulnerability include:

- Young people leaving care or those who have left care and are under 25;
- The elderly;
- Customers with mental health needs affecting their ability to sustain independent living
- Customers with substance misuse, learning disability, or physical disability support needs;
- Victims of Hate Crime;
- Victims of serious anti social behaviour;
- Victims of domestic violence;
- Customers with sensory impairment support needs;
- Customers with serious ill health or HIV/AIDS
- Customers who have been homeless recently
- Each case of vulnerability will be considered based on its individual circumstances

6 ASSESSMENT OF ABILITY TO PAY

6.1 Debt recovery procedures will include carrying out an assessment of a customer's income and expenditure, identifying unclaimed benefits, providing advice and assistance with claiming benefits and tax credits and identifying priority and other debts.

6.2 Where customers are unable to clear the debt in one lump sum payment, arrangements will be made for payment by instalment. Provided the arrangement is kept to, no further recovery action will take place. Instalment arrangements will be realistic (taking into account income and necessary expenditure) and allow the customer to make reasonable payments to clear all priority debts. Customers with multiple debts will be sign-posted to more in depth advice.

7 HIERARCHY OF DEBT

7.1 Some customers will owe more than one debt to the Council, and may be on a low income or experiencing financial hardship. In such cases, it needs to be clear, which debts the Council considers a priority.

7.2 Priority will be given to debts where non-payment could lead to loss of the customer's home or imprisonment. These relate to rent arrears and Council Tax, which are most commonly enforced through the courts as per statutory requirements.

7.3 Where housing benefit is in payment, recovery will be implemented at a rate that allows reasonable re – payment of other debts.

7.4 Other debts owed to the Council will be considered to be of lower priority.

8 ENFORCEMENT

8.1 The aim of this policy is to recover debt without having to resort to enforcement action. However, enforcement, including court action, will be necessary where debts are not paid. The Council will use all legal means to recover debts, including:

- Attachment of earnings orders
- Deduction from benefits
- Bailiffs and debt collection agencies
- Possession proceedings
- Bankruptcy
- County court money judgements
- Committal to prison proceedings

- Charging Orders

8.2 Eviction, committal to prison and bankruptcy are actions of last resort.