

## Sandwell Metropolitan Borough Council

### Corporate Debt Recovery Policy

#### General principles

The objective is to recover all money outstanding in respect of debts owed to the Council using the most cost effective methods, as quickly as possible and to minimise the risk of bad debts.

In achieving this objective Thematic areas will be responsible for developing clear written guidelines and procedures for all staff involved in recovery action that comply with the policy and for providing clear information to debtors and advice agencies.

The written guidelines must include responsibilities and standardised recovery cycles.

It is considered essential that action is only taken where warranted, the imposition of unnecessary costs detracts from the Council's policies and puts financial pressure on those who can least afford it.

In agreeing arrangements for payment of debts owing to the Council it is essential that all Thematic areas work together. The objective being to clear current debts first with arrears payments being pro rata to the total arrears.

At all times to negotiate payment arrangements which are both in the interest of the Authority and affordable to the debtor. A flexible approach at this stage ensures regular payments (where the debtor is willing) this reduces the risk of further action and unnecessary additional costs becoming payable it also maintains collection rates.

The Councils policy on Customer Care and its Anti-Poverty Strategy, where applicable, will be recognised during all operational activities.

## **Sandwell Council will:**

approach the collection and recovery processes for debt with the aim of :-

- ◆ addressing the none take up of benefits
- ◆ optimising income
- ◆ providing sympathetic financial advice and guidance to members of the public who experience financial difficulties in meeting their obligations
- ◆ maximisation of collection rates

## **Principles of Recovery Action:**

### **Sandwell Council will:**

- ◆ at all times in the billing and recovery processes ensure that all legislative requirements and Council policies are complied with;
- ◆ ensure that accurate bills and notices of rent are issued promptly and take account of any relief's that are applicable;
- ◆ ensure that payment terms are clearly defined;
- ◆ ensure that accurate records are maintained;
- ◆ in the event of default in payment take prompt action which helps identify payers in financial difficulty;
- ◆ listen sympathetically to debtors who prove genuine financial hardship and agree alternative payment terms;
- ◆ agree affordable repayment arrangements and maximise benefit entitlement;
- ◆ provide advice and information to debtors at every stage of the recovery process;
- ◆ offer advice to debtors with non priority creditors;
- ◆ in the event of a Compulsory Purchase Order, where funds are available, distribute them accordingly against outstanding debt;

and take account of the following factors:

- ◆ the authority's duty to protect the public purse;
- ◆ the cost effectiveness of recovery;
- ◆ the moral culpability of the person from whom recovery is sought;
- ◆ the effect of recovery on his or her life;
- ◆ the effect of recovery on his or her family; and
- ◆ the likelihood of the claimant losing her/his accommodation and the possible resulting financial burden on the authority.

## Procedures

- ◆ must be effective, ensuring that where debtors have the means, they fulfil their obligations by paying their debts;
- ◆ must state the standard acceptable payment period, e.g. within the current financial year. Any agreement outside of this period must involve an assessment of affordability utilising technology available;
- ◆ must acknowledge the debtors obligations to their dependants;
- ◆ must try to sort out debt problems as early as possible;
- ◆ must effectively distinguish between the debtors who cannot pay and those who will not pay;
- ◆ must allow for a full appraisal of a debtors circumstances;
- ◆ must be efficient and cost effective;
- ◆ must ensure that the risk of bad debts are minimised;
- ◆ must identify at an early stage cases of multiple debt and provide for referral to specialist advice centres such as the CAB;
- ◆ must provide for payment of current debts plus an amount towards any outstanding arrears.

## Detail:

**Payment arrangements will ensure that debts are promptly paid within parameters as set out in procedures:**

- ◆ arrangements to pay debts will be accepted within the parameters set out in the procedures;
- ◆ under the Council's policy on Customer Care and it's Anti Poverty Strategy, all circumstances will be evaluated.

## Standardised appraisal of a debtors circumstances

- ◆ payment arrangements will be negotiated within set parameters;
- ◆ debts should be consolidated and priority must always be given to payment of current liabilities and pro rata payments for arrears;
- ◆ where other substantial council debts are identified debtors should be advised of the contact officers name and phone number in the respective thematic area.

## Enforcement action

- ◆ termination of the service being provided unless there is a statutory obligation to provide the service;

- ◆ costs incurred are the responsibility of the debtor, the aim of the policy is to minimise such costs;
- ◆ court payment orders will take precedence over informal payment arrangements;
- ◆ where possible the use of Attachment of Earnings Orders or Deduction from Income Support will be the preferred method of obtaining payment rather than the use of bailiffs;
- ◆ bailiffs and/or debt collection agencies where instructed will be required to work at all times within agreed guidelines and Code of Practice;
- ◆ the efficiency and effectiveness of the bailiff will be monitored and appropriate action taken where required;
- ◆ the Council will use all legal means available to recover debts including;
  - attachment of earnings
  - deduction from benefits
  - bailiffs and debt collection agencies
  - possession proceedings
  - bankruptcy
  - liquidation
  - County Court Judgements
  - committal to prison proceedings.

### **Payment methods**

- ◆ all payment methods approved by the Council may be used for payment;
- ◆ the minimum payment frequency is weekly.

### **Monitoring**

- ◆ standard monitoring and checking procedures will be carried out on a regular basis as set out in procedures.

### **Bad Debts**

- ◆ prompt action will be taken when un-collectable debts are identified to write them off in accordance with financial regulations.