

POWYS COUNTY COUNCIL

COUNCIL TAX AND NON DOMESTIC RATE

BILLING, COLLECTION

AND

RECOVERY FRAMEWORK

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Powys County Council - Billing Collection and Debt Recovery Framework

This framework covers the collection of Council Tax and Business Rates.

Our duty to collect and recover...Powys County Council:

- Has a legal duty to ensure cost effective billing, collection and recovery of all sums due to the Council;
- Considers that people have a responsibility to pay.

Powys County Council believes in pursuing recovery of all debt types. Powys will strive to ensure that the manner in which this is undertaken is fair and consistent to everyone. The Council is also keen to ensure all activities in relation to recovery of debt are transparent and as part of this commitment has drafted this framework.

Powys County Council recognises that people do not pay their debts for a variety of reasons:

- Some people genuinely struggle to meet their payments and need advice and assistance in budget management;
- Some people deliberately choose to set out to delay, or not pay their debts;
- Some people are not receiving the benefits and reductions they are entitled to;
- Some people go through personal difficulties that result in short-term problems in paying their debts.

Our Mission...

- To issue the correct demand to the right person/business at the right property at the right time;
- Take appropriate action to maximise recovery of Debt;
- To maximise council tax reduction take up.

This framework compliments the Corporate One Powys Plan by offering to the customer the following:

- Inform people of their entitlement to Council Tax Exemptions and Discounts
- Inform businesses of their entitlement to Small Business Rates Relief, Charitable Relief and Hardship.
- A willingness to work with customers when genuine difficulties are being experienced.
- Arrangements made to spread repayment in genuine circumstances.
- A willingness to exhaust the benefit system to establish entitlement to council tax reduction and housing benefit.
- A prompt refund of credits of Council Tax and Business Rates.
- A robust recovery programme for debtors who appear to deliberately delay, or refuse to pay debt owing.

When people get into arrears, we will...

- Encourage customers to contact the Council immediately it becomes evident that there could be problems in paying their bills.
- Consider payment arrangements that reflect the ability to pay as well as the level of debt owed.
- On occasions, depending on the point of contact from customer, secure the debt prior to engaging with any arrangement to repay the debt.
- Maximise benefit take-up when appropriate and advise customers accordingly, working with the money advice team and C.A.B.

Billing Processes

The customer can expect...

An initial demand that sets out clearly information stipulating:

- What the demand is for
- The amount due
- How to contact the council
- How to make payment

Payment of Council Tax and Business Rates

At Powys we have tried to make paying your bills as easy as possible. Powys offers a variety of convenient methods, which include:

- Payment by Direct Debit
- Payment by Debit/Credit Card
- Over the Internet (<http://payments.powys.gov.uk>)
- Over the phone via an automated number (03300 889 578)
- Payment by cash – at Customer Services points offering this facility
- Payment by cheque- at Customer services points offering this facility, or through the post.
- Payment at a Post Office or paypoint outlet- via payment barcode.

Whichever method the customer chooses, payment **must** reach the Council by the due date, which is 21st of each month (payments by Direct Debit do have a choice of 5 payments dates, 5th, 11th, 21st 25th or 30th)

The council actively encourages people to make immediate contact if they are having difficulty paying their bills.

When Customers do not pay

Powys County Council believes in pursuing recovery of all debt types, but will also seek to ensure that the manner in which this is undertaken is fair and consistent to everyone. If there is a genuine problem facing the customer Powys will engage and establish an appropriate way forward. However, customers who deliberately delay, fail to make payments, or do not keep to agreed arrangements, will be subject to a robust recovery procedure as set out in this document.

Late Payments - Businesses

Under the Late Payment of Commercial Debts (Interest) Act 1998, the Council is able to charge interest on late payments when both parties are acting as businesses. Interest is charged 30 days after the date of the invoice at the rate of 8%. Powys County Council reserves the right to charge interest in accordance with the above.

Making an arrangement to pay

When a customer is genuinely struggling to meet their commitment, the Council will consider making an arrangement so as to enable the debt to be re-paid in full, within agreed time limits-pre summons arrangements we aim to collect monies by the 31st March of the financial year, however the council appreciates this may not be achievable in all cases.

The council will consider this information and in addition, will consider:

- The Department for Works and Pensions recommended amounts.
- Statutory deduction sums in relation to attachment of earnings.
- What would be a reasonable sum, taking account of residual income.

Customer Welfare and members of Vulnerable Group

Powys County Council is obliged to pursue recovery of all debt type and endeavours to apply a fair and consistent approach to all customers, regardless of age, gender, personal circumstance etc.

During various forms of contact, including telephone calls and written communication, received either directly from the customer or a 3rd Party Organisation working on behalf of the customer the Council will endeavor to establish whether the customer or their partner falls into any of the categories that may deem the customer as a vulnerable person. **Vulnerability does not exclude a person from being liable to pay the amounts they are legally obliged to pay,** however it assists the council in determining the most appropriate means of communicating with the customer whilst pursuing monies due.

When The Council determines that a customer is a vulnerable person it will determine the best way to proceed in collect outstanding monies. The Council will endeavour to do all it can to assist the customer in establishing a way forward. This may be to invite the customer for a personal interview, or visit them in their home, to establish if there is an appointee with

whom the Council can deal directly with or if a “care-of” address can be organised to send communication to.

Whilst not exhaustive, the Council considers the following as examples of members of a vulnerable group

- **Elderly** - the customer appears to be over 70 years of age and it appears may be easily confused by correspondence and financial matters.
- **Disabled** - this includes both mental and physical disability but does not include very minor disabilities.
- **Long term sickness or serious illness including the terminally ill** - this includes any illnesses that affect the customer's ability to pay or deal with their own affairs.
- **Family bereavement** - if the customer or their partner has suffered a recent bereavement of a close member of their family.
- **Communication difficulties** - where there are genuine and clear communication barriers, e.g. language difficulties, hearing impairments, visual impairments, learning disabilities, etc.
- **Young children in deprived household** - if there are children aged 3 years or under and signs of social deprivation.
- **Pregnancy** - if the customer or their partner is in the latter stages of pregnancy, or has just given birth.

Council Tax Recovery Processes

1. **Demand issued** – Payable over 10 months, April – January

Customer fails to make payment

2. **1st Reminder** – If customer pays within 7 days of 1st reminder normal payments can continue and no change to arrangements. If no payment made goes to final reminder.

Customer pays after 1st reminder but misses or pays another instalment late

3. **2nd Reminder** – This is the same as the 1st reminder but notifies the customer that if another payment is missed the right to pay by instalments is lost.

If customer misses one more payment after the second reminder

4. **A Final demand** - is issued requesting the remaining balance be paid within 7 days.

Non-payment after 2nd reminder or final demand

5. **Summons issued** – The Council will summons the customer to Court and £50.00 costs are charged to the customer. If payment is made in full by the court date, no further costs are added.

If the debt is not paid in full by the court date

6. **Liability Order** – The Council will go to Magistrates court and request a Liability Order. The council will seek further costs of £20.00.

Once a Liability Order has been granted...

7. **14-day letter**- The Council will issue a letter requesting details of employment and benefit's in payment. The debtor is under a legal duty to supply this information. Failure to do so is a criminal offence and those found guilty may be subject to a fine.

Where possible the Council will look to recover the debt by:

8. **Special Arrangement**-The Council may enter into a special arrangement with the customer to re-pay the debt as this will achieve the Council's aims of recovering monies due whilst at the same time avoiding additional costs being incurred by the customer-which many of the further recovery options available will involve. Defaulting on a special arrangement will result in one of the recovery actions mentioned below being pursued.

9. **Attach to Earnings**-The Council may make an Attachment of Earnings Order and serve it on the debtor's employer. The sums to be deducted are prescribed in the regulations and employers have a statutory obligation to comply with an Order. An employer may deduct £1.00 towards administrative costs on each occasion a deduction is made. Where there are two or more liability orders unpaid by the debtor, the Council may request a maximum of two Attachment of Earnings Orders be initiated.

10. **Deductions from Jobseeker Allowance / Income Support/Employment Support Allowance/Universal Credit**-The Council may apply to the Job Centre Plus for deductions to be made from Jobseeker Allowance / Income Support/Employment Support Allowance/Universal Credit.. The regulations specify the fixed weekly amount deductible which is 5% of the Jobseeker Allowance / Income Support/Employment Support Allowance for a single person aged over 25.

11. **Enforcement Agent** – The council will forward the account to an enforcement agency .

The enforcement agent will attempt to obtain monies due. Additional costs will be levied to the customer by the Enforcement agent. Costs incurred by the customer will be in accordance with the current legislation.

If the enforcement agent fails to obtain monies due the case is returned to the Council.

Debt that remains outstanding at this point will be passed to the Councils enforcement panel where a decision will be made on the most appropriate course of recovery action to pursue. The options of recovery that remain are:

12. **Committal** –The Council may forward the case to Court for committal proceedings where debt is over £200:00. The Magistrates Court will decide on appropriate actions. This will be either:

- Remit the debt, (cancel what is owing in full, or in part)
- Set up an arrangement to pay the debt, or
- Issue a prison sentence not exceeding 3 months.

Costs of £305:00 will be added to the debt.

13. **Charging Order**- An order may be placed on the debtor's property to secure the debt. County Courts are empowered to order the sale of the dwelling if the debtor does not pay. This option will be considered where debt exceeds £1,000:00

14. **Bankruptcy**-if sufficient assets exist to meet the outstanding debt the council can petition for Bankruptcy to the County Court, where the debt exceeds £5,000:00.

Business Rates Recovery Processes

1. **Demand issued** – Payable over 10 months, April – January

Customer fails to make payment

2. **1st Reminder** – If customer pays within 7 days of 1st reminder normal payments can continue and no change to arrangements.

Customer pays after 1st reminder but misses or pays another instalment late

3. **2nd Reminder** – This is the same as the 1st reminder but notifies the customer that if another payment is missed the right to pay by instalments is lost.

If customer misses one more payment after the second reminder

4. **A Final demand** - is issued requesting the remaining balance be paid within 7 days.

Non-payment after final demand

5. **Summons issued** – The Council will summons the customer to Court and £50.00 costs are charged to the customer. If payment is made in full by the court date, no further costs are added.

If the debt is not paid in full by the court date....

6. **Liability Order** – The Council will go to Court and request a Liability Order. The council will seek further costs of £20.00.

Once a Liability Order has been granted

7. **14-day letter**- The Council will issue a letter requesting an arrangement to re-pay the debt be set up.

If the customer does not respond to the 14 day letter, or fails to make contact with the council....or defaults on a special arrangement entered into with the Council....

8. **Enforcement agency** –The Council will forward the account to the enforcement agent.

The Enforcement agent will attempt to obtain monies due. Additional costs will be levied to the customer by the Enforcement agent. The costs incurred will be in compliance with current legislation.

If the Enforcement agent fails to obtain monies due the case is returned to the council

Debt that remains outstanding at this point will be passed to the Councils enforcement panel where a decision will be made on the most appropriate course of recovery action to pursue. The options of recovery are:

9. Committal – The Council may forward the case to Court for committal proceedings, where the debt exceeds £200:00. The Court will decide on appropriate actions. This will be either, 1. Remit the debt (cancel what is owing in full, or in part) 2. Set up an arrangement to pay the debt, or 3. Issue a prison sentence not exceeding 3 months. Cost of £305:00 are added to the debt.

10. Charging Order – The County court may place a charge/debt on the debtor's property. If the property is sold then the charge is repaid out of the money received. A charge can remain on a property for many years. This option will be considered where debt exceeds £1,000:00

11. Bankruptcy/liquidation-if sufficient assets exist to meet the outstanding debt the council can petition for Bankruptcy to the County Court, where the debt exceeds £5,000:00.

Write Off of Council Tax and Business Rates

Under the law, there is an obligation to take reasonable steps to collect debts. There are however circumstances where there is justification for writing off debts provided reasonable steps have been taken regarding each individual case. Therefore an active write off procedure is essential for collecting Tax and Business Rates

In accordance with the Councils financial regulations, standing orders and through delegated powers granted:

- Write off up to £200:00 delegated to Income & Awards Manager
- Write off between £200:01 and £500:00 Head of Business Services
- Write off between £500:01 to £1,000:00 Director - Resources
- Write off greater than £1,000:01 by Portfolio Holder for Finance.

Circumstances where debts may be authorised for write off:

Listed below are circumstances where an unrecoverable debt will be considered for write off.

1. Where the person is made insolvent (bankruptcies, insolvencies and administration orders).
2. The person dies and there are no funds within the estate to pay the debt.

3. The person has left the Authority and we are unable to trace their whereabouts. If whereabouts are discovered at a later date recovery of the monies will resume.
4. Where the cost of collection will be greater than the amount of the debt
5. Where other information obtained makes it clear that it is uneconomical or impractical to recover the debt.
6. Hardship cases where the individual circumstances of the debtor may lead to a decision to write off a debt.
7. Remitted by Magistrates Court, or following a committal to imprisonment.