



# **Corporate Collection Principles**

Reviewed: July 2020

## **Contents**

### 1. Executive Summary

Our Aim

Link to Corporate Values

Core Principles

### 2. Purpose of these Principles

### 3. How we are going to Achieve our Purpose

3.1 Understanding Our Customers

3.2 Making it Easy to Pay

3.3 Using Fair and Robust Collection

3.4 Improve Communication with Debtors

3.5 Income and Collection Team

3.6 Identifying and Supporting Vulnerable Debtors

3.7 Working with Advice Agencies

3.8 Scope of Debts

## 1. Executive Summary

For Blaby District Council, responsible financial management is critical to enabling the delivery of core services efficiently and sustainably. We have a duty to ensure that income is maximised and all monies owed to us (arrears and debts) are collected effectively for the benefit of residents and tax payers. We want to ensure that we pursue robust yet fair collection and enforcement action that takes into account the vulnerabilities of some residents and provides support to residents and businesses to prevent problematic debt wherever possible.

Blaby District Council has a vision of fairness for all. We believe that the financial challenges facing the District and its citizens and businesses require us to work together to build resilience, pre-empt and prevent problems as much as we can and be efficient in enabling residents and businesses to pay what they owe.

We expect those that can pay to do so promptly and we will come down hard on those who try to avoid their responsibilities despite having the means to pay what is owed, but we also want to better identify those that can't pay so that enforcement action can be appropriately tailored and we can make sure that they are supported to get to a position where they can better meet their obligations in the future.

These Principles will be underpinned by a detailed Corporate Collection Policy that sets out, for those who need to know, the detail of how we will collect income and manage debt in order to achieve the outcomes set out.

### **Our Aim:**

To maximise income collection and minimise levels of debt by the most fair, efficient and cost effective means whilst identifying and providing support for our most vulnerable debtors.

The Council will take a consistent and efficient approach to optimise income collection, with fair consideration to the differing debt types and individual debtors' circumstances.

### **Link to Corporate Values**

Put the customer at the heart of everything we do.

Be financially responsible.

### **Core Principles**

We will endeavour to help all individuals develop a culture of payment efficiently, transparently, proportionately and consistently by identifying those who:

- Can pay but do not pay and ensuring that recovery action is taken promptly
- Intentionally delay payment and ensuring prompt and efficient recovery action is taken
- Could pay with some help such as accessing an easier payment route, increased money management skills or receiving entitlement to a reduction or award of benefit
- Can not pay within a reasonable time period, to assist as appropriate in alleviating hardship and encouraging a future culture of payment
- Through disability (including mental impairment) are having difficulty in making payment or responding to recovery notices.

## 2. Purpose of these Principles

To maximise income to the Council by ensuring we collect all monies due in a fair, speedy, proportionate and consistent way.

## 3. How we are going to Achieve our Purpose

### 3.1 Understanding Our Customers

Listening to and understanding Blaby's residents and businesses helps us maximise the income we receive and ensures that we are able to provide targeted support when it is most needed.

We will:

- Present information about charges and debt in a way that is easy for our debtors to understand so they can take appropriate action to meet their obligations.
- Use our data to identify those that can pay (but choose not to) and those who can't pay (because of some difficulty or particular vulnerability they are experiencing). This will help us to tailor our collection and enforcement approach accordingly.
- Continue to talk to and listen to the people that we collect income and debt from and get feedback from partners who work with debtors so that we can improve the service we offer.
- Share the information we hold between teams to help us to have a better understanding of when residents or businesses are in multiple debt.
- Take steps to improve financial confidence and make debt and budgeting support available to those who need it.
- Help to make sure residents can maximise the income they are entitled to through benefits and credits.
- Ensure that ratepayers apply for reliefs for business rates in a timely manner, when eligible to do so.
- Aim to identify solutions for customer debt issues at the first point of contact.
- Ensure that all staff involved in collecting income are aware of the help available for those who are financially vulnerable.

### 3.2 Making it Easy to Pay

By making payment processes as simple and efficient as possible we will increase and improve levels of collection, and make things easier for our customers.

We will:

- Seek to prevent debt by offering accessible and varied payment options and payment periods and promoting them clearly.
- Continue to work with banks and the Credit Union to help residents who need it to set up a bank account so that they can have access to facilities like Direct Debits.
- Encourage automated payments, such as Direct Debits, wherever possible.
- Support use of 24/7 payment methods by making sure that payments can be made online or by using touchtone technology (24 hour payment line).

- Encourage and enable the payment of charges in advance so as to avoid late payments and to minimise opportunities for debt to arise.
- Offer residents/businesses the ability to pay their Council Tax/Business Rates over 12 months instead of the usual 10 months.

### **3.3 Using Fair and Robust Collection**

Robust collection is vital to ensure that all monies owed to us (arrears and debts) are collected effectively. At the same time, we want to ensure that collection and enforcement action takes into account the vulnerabilities of some residents and provides support to residents and businesses to prevent problematic debt wherever possible.

We will:

- Maximise income collection by the most fair and effective means, ensuring those that can pay do. This includes the use of court action and other appropriate enforcement methods.
- Ensure that the action taken at the late stages of the recovery process is proportionate and reasonable and that appropriate support and advice is provided.
- Offer efficient and cost effective payment methods and promote advance payment, Direct Debits and online payment.
- Work with the Department of Works and Pensions (DWP) to recover any housing benefit overpayment owed by individuals to the Council by deduction from certain DWP benefits (known as attachment of benefits).

### **3.4 Improve Communication with Debtors**

Making sure our communications are clear and timely is also important in preventing arrears and court action from occurring.

We will:

- Ensure that our communications are clear and to the point, including how much is owed and what will happen if it is not paid.
- Encourage our residents to make early contact with us regarding their debt if there is a problem or concern.
- Use a range of media (letters, emails, phone calls and face to face interviews) to communicate.
- Make online billing and online forms available and promote 'My Account' as a means of managing payments where possible.
- Take every opportunity to collect and update contact details of debtors.
- Ensure that all communication includes details of where to go and get advice/who to contact when they have difficulties.

### **3.5 Income and Collection Team**

Regular staff training, strong internal communication and consistently updated systems are essential for efficient income collection and minimising errors.

We will:

- Ensure that all staff involved in the collection and recovery of income and debt are given appropriate training to support them in their roles.

## Corporate Collection Principles

- Communicate better internally and utilise a more joined up approach to debt management.
- Minimise overpayments, late payments and take steps to encourage residents to notify us of any changes in circumstances so as to prevent arrears/debt.
- Ensure that consideration is given to passing on debt for others to manage if it is considered collectable and that the approach to this activity is joined up across the Council.
- Be proactive and consistent in writing off bad debt in accordance with the Council's Financial Regulations in the Constitution.
- Provide key staff access to debtor information contained on our different systems to help them establish a fuller picture of debt.

### **3.6 Identifying and Supporting Vulnerable Debtors**

Our collection and enforcement action will take into account the vulnerabilities of residents and provide support to those who need it most.

We will:

- Identify vulnerable debtors as early as possible and flag them on our systems so that, where appropriate, enforcement/collection activity can be customised.
- Ensure that debtors in financial hardship are provided with advice on relevant welfare rights, housing, discounts, reliefs and exemptions to prevent the situation from becoming worse for them.
- Support vulnerable debtors needing a bank account to get one and manage it successfully.
- Use our data to identify those that have multiple debt problems and reach out to them with an offer of debt support.
- Consider longer term payment arrangements for debtors suffering genuine hardship.

### **3.7 Working with Advice Agencies**

We will:

- Seek to work in partnership with local advice agencies and refer people who appear to have complex benefit or money advice problems.
- Wherever possible summonses issued on behalf of the Magistrates' Court for non-payment of local taxes will also include information about advice agencies and the services they offer.
- Advice Agencies will be provided with an email address and telephone number on which to contact the relevant Council service so that issues can be taken up and resolved quickly.

### **3.8 Scope of Debts**

- Council Tax
- Non-Domestic Rates (Business Rates)
- Business Improvement District Levy (BID Levies)
- Housing Benefit Overpayments
- Sundry Debts