

South Staffordshire Council Corporate Debt Recovery Policy

4.1 Introduction

The Council provides a range of services for which a charge is made (see Appendix 1), including use of leisure facilities, lease of properties and licencing.

Transactional Services (TS) within Finance, will provide the analysis and support to service teams. TS will oversee the management of hard to collect debt and co-ordinate the management of the debt portfolio. Additionally, TS will be resourced to provide in-house debt collection campaigns to improve collection of escalated debt.

4.2 Billing of Sundry Debts

The responsibility for raising Sundry debts is held by the service area that makes the charge. Billing and collection are performed by TS.

The Council will issue an invoice for any charges not collected in advance (e.g., Rent, grounds maintenance) or at the time of service.

Recovery of any arrears/debts is undertaken by the TS/Legal team; however the originating service area will be made aware of outstanding debts for their area on a monthly basis by way of the Aged Debt report (see section 4.3).

Any issues, queries and disputes relating to validity of the debt will be dealt with by originating service area and TS Services advised so as appropriate actions can be taken. (See Appendix 1).

TS will provide a monthly report of invoices in Dispute and with Legal Services for update.

4.3 Debt Collection Process (non-Direct Debit (DD))

The settlement terms for all invoices (unless DD) will be deemed to be 30 days from the date of issue of the invoice (other than Licencing which will be 14 days), unless terms are altered expressly by contract or if an invoice payable by instalments is issued.

First Stage – the finance system (EFIN) will automatically generate: -

- Monthly Statements
- Overdue Letter 1 - sent as soon as invoice becomes past its due date (Sample required)
- Overdue Letter 2 – sent out 15 days after due date (sample required)
- Aged Debt report sent during first working week of every month to:-

Accounts Receivable
Relevant Service Team Manager
Deputy151 Officer

Second stage - Overdue 30 to 60 days:-

Contact is made with customer by Service Team or TS.

Letter 3 – is sent out advising that failure to pay or make contact will result in further action.

Third Stage – After 90 days

- Service areas will continue to chase,
- TS will support debt recovery.

For debts above £500 and over 90 days old– County Court Action will be considered under the direction of the service area/Legal Services.

Dependent upon type of debt, value and where Service Area has agreed to Court Action:

- A '30-day notice' letter of intention to recover via County Court will be issued by TS,
- Once 30 days have passed (or date stated in above letter) and no payment has been made or communication with customer, court papers will be completed by Legal Services,
- Court will review case and decide in whose favour they award,
- If payment still not made – we may employ external debt collectors,
- If all the above stages fail and payment is not received - a decision will be made in relation to writing off the debt as per the write off policy detailed below. (Section 4.7)

For debts over £10,000 the Service Area to seek advice from Legal Service.

4.4 Debt Collection Process (Direct Debits)

Where accounts are collected by Direct Debit these will normally be called for payment on the 15th of each month (or nearest working day). In relation to standard tenancies this equates to two weeks in advance, two weeks in arrears.

The bank sends a report to TS Team the following day identifying any failed payments which is reviewed by TS

These will normally have one of the following descriptions: -

- Refer to drawer – this is likely to mean the account has insufficient funds,

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- Instruction cancelled – DD has been canceled by customer,
- Account no longer existing – customer has changed bank.

On the same day, an email will be sent to the customer, (copied to service team and Assistant Accountant) by TS, advising them that their DD has failed and that, either

- The DD will be re-called in 10 days' time,
- Asking them to re-instate the DD and contact Service team to make payment,
- Asking them to Provide updated bank details and contact Service Team to make payment.

For 'refer to drawer' a second attempt will be made to collect DD - 10 days from date of original request.

Following 2nd failure – the Debt Collection process as outlined in 4.3, will commence as soon as the account is one day overdue.

4.5 Payment Plans

Where a customer is unable to pay off their debt in full, payment plans may be offered. This could be a one-off lump sum or a monthly repayment plan or a combination of both. In most cases Payment Plans will be offered for a maximum of 12 months.

- Values in excess of £25k and for periods in excess of 12 months to be authorised by the Corporate Director of Finance & Resources,
- values between £5k and £25k, repayable within 12 months to be agreed by the Deputy S151 officer, and
- values less than £5k, repayable within 12 months can be authorised by the TS Team/Service Team.

Where period or value exceeds these limits, will need to refer to level above. TS Team will confirm the total debt in all cases.

Payment Plans will only be agreed in conjunction with a completed DD mandate. Alternative payment methods may be offered to Hinksford tenants.

4.6 Supressed Debts

A supressed debt occurs when a decision is made (by Service Team Manager and/or Transactional Service Manager) for values below £5k or Deputy S151 Officer/Assistant Director for values over £5k) that a debt will not be recovered by methods as previously described in Section 4.3 and 4.4. This may be due to a payment plan being in place, insolvency of the customer, disputed charges or where the customer pays by DD.

Suppressed accounts will be reviewed on regular basis by the Transactional Services Team Manager. If the condition of the suppression changes the collection of due debt may revert to standard collection process.

4.7 Debt Write-Off

The Council will seek to minimise the cost of write-offs to local Council Taxpayers, by taking all necessary action to recover what is due. All debts will be subject to full collection, recovery and legal procedures.

However, the Council recognises that each year a small number of debts become irrecoverable, and in such circumstances prompt and regular write-off of such debts is good practice.

The write off, of debt is only appropriate where: -

- The demand or invoice has been raised correctly, is due, and owing; and
- There is a justified reason the debt should not be pursued further.

Write offs must also be authorised in accordance with the Council's Finance and Contract Rules.

Debts under £50.00 – the Transactional Services Team Manager or Senior Accountant is authorised to write off debts below this value,
£50.01 to £250.00 – the Deputy Section 151 Officer is authorised to write off debts below this value,
£250.01 - £500 .00 – the Corporate Director of Finance & Resources/S151 Officer is authorised to write off debt below this value.

Write offs over £500 must be presented to the Corporate Leadership team and agreed with the Leader of the Council

Appendix I

Structure of income collection and debt recovery

There are four categories of debt collection in the council and Table A below shows the legislation that determines their income collection, debtor recovery and enforcement activities. The legislation listed in not necessarily exhaustive, and the council will use any appropriate legal means to collect income or debt.

TABLE A: Collection Teams and Legislation

Team	Function	Type of Debt	Main Legislation
Council Tax	Council Tax income collection and associated court costs	Personal	The Council Tax (Administration and Enforcement) Regulations 1992
Business Rates	National Non-Domestic Rates collection and associated court costs	Business	The Local Government Finance Act (1988)
Benefit Overpayments	Housing Benefit Overpayments	Personal	Housing Benefit Regulations (2006) Social Security Administration Act (1992) Social Security (Overpayments and Recovery) Regulations (2013) Welfare Reform Act (2012)
Sundry Debt	All Service income and debt not collected by other teams, includes: Commercial Property Rents	Personal and Business	Generally, collection is determined by the Local Government (Miscellaneous Provisions) Act (1976. Some debt is covered by specific legislation as stated below Commercial Rent and Arrears Recovery Act (2007)

	Planning and Building Control Fees		
	License Fees		Licencing Gambling Act (2005)
	Ground Rental and garage rentals (Hinksford)		Mobile Homes Act (2013)
	Trading Standard and Environmental Health Charges		
	Bereavement charges		
	Grounds Maintenance		

APPENDIX II

SERVICE SPECIFIC ACTIONS

- Licensing. Trading Standard & Environmental Health
- monthly report – revoke Licence to operate – not taken to Stage 3 collection
- Commercial Debt – monthly debt report, immediate advice of failed DD, imperative to act early so as deposits held (3 months) can offset. Option to issue ‘Notice to Leave’
- Bereavement charges/Grounds Maintenance – to be made aware of unpaid accounts
- Hinksford Ground Rent – monthly report with actions sent to site manager – can progress to Court
- Planning & Building Control Fees – payable in advance no work will be commenced until payment is received
- Legal – court costs awarded
- Finance – Repayment of Loans
- HR – salary overpayments