

INCOME COLLECTION & DEBT RECOVERY POLICY/STRATEGY

Balancing the books with care

Responsible and accountable for public money and providing a comprehensive range of quality financial services in a way which is both proactive and responsive to the needs of our communities.

July 2008

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Foreword by the Mayor (draft)

We need our new income collection and debt recovery strategy, put in place so that we can ensure fair and consistent treatment for all our residents in financial matters. The re-generation of the bay depends on a sound platform of operations that includes robust financial management.

There are national and local indicators showing areas of Torbay as being among the most deprived in the country with high rates of personal bankruptcy and business insolvency balanced against lower than average wages and high numbers of benefit recipients.

With clearly a clearly outlined strategy we can contribute to the economic health and well being of our residents by ensuring they fully take up of all possible income streams as part of our approach to collection of money.

Nick Bye

Links to corporate priorities

We are committed to **economic prosperity** for Torbay, central to a thriving economy in our community and this links to our priority work under **Towards Torbay's new economy**. In a weakened economy, collection of money is difficult and can reflect more general trends in the community.

This links to the Economic Regeneration Strategy, People First & the aims of the Torbay Strategic Partnership via the Community Plan

Executive summary

We are committed to collecting local taxes and all other money due to Torbay Council and this document sets out a platform for this activity that is fair and outlines our standards. It is the umbrella for the interpretation of government legislation relating to the council's financial operation and is linked to other policies that govern specific or discretionary elements such as special hardship relief.

What does it mean to the Bay Family?

The Bay family are all affected in one way or another by the management of debt and income collection. It can be about their economic well being in that there is clear policy covering rights or responsibilities or the safety net governing collection principles to make sure that the needs of the most vulnerable are recognised.

Demographic information

Council tax properties 63224

Band A- 12597

Band B- 16642

Band C- 15876

Band D- 9606

Band E- 4931

Band F- 2253

Band G- 1196

Band H- 123

Business rates 4884

Customer Care

We put our customers at the centre of all we do and have adopted standards to ensure that all residents and visitors are treated fairly and can access our services easily in line with their needs.

We will ensure that

- We offer advice on all of our services
- We ask our customers what they want from the service
- We develop interactive transactions such as E-billing to meet the changing needs of our customers
- Service is in line with corporate standards agreed with our Connections & telephone help centre teams
- We approach debt and non-payment of bills in an empathetic way looking for solutions to assist our customers

- We take a pro-active role in telling people about the benefits, relief and discounts available to help them meet their bills
- Intervene early in situations where payment is going to be difficult for customers
- Ensure we give priority to those debts most likely to affect a person's home or livelihood.
- Be clear that non-payment is not an option

Communications

We will ensure that all our communications are

- Written in plain English
- Timely
- Updated regularly to include changes in the law or charges
- Readily available in a variety of formats and languages to meet the different needs of our customers
- Communicated to our partners, local business associations, schools, colleges and welfare agencies to assist them in helping their clients
- Pro-active in maximising income and discounts, encouraging prompt payment or addressing issues when people cannot pay their bills
- Updated regularly on our web site

Consultation

We will ensure that we consult regularly with our service users and stakeholders who include elected Members, colleagues, Torbay Pound, the voluntary sector – specifically the CAB debt advice unit, contractors and any collection agencies with whom we work.

Closing the Equalities gap

Torbay has a very mixed economy with a higher than average older population plus higher levels of worklessness, part time or seasonal employment, self employment and citizens in receipt of incapacity benefit than the average for the south west or nationally. We also have lower than the national average wages, a growing eastern European community and up to a dozen personal bankruptcies or business insolvencies every week.

These factors combine to make collection of income and unpaid debt both sensitive and challenging.

We have commissioned Torbay Pound, our community banking partners to work on financial management for those of our residents who need support.

We work with CAB under a service level agreement to provide debt solutions and over 53% of all CAB enquiries in Torbay relate to this area of work.

We are increasing awareness of benefits, discounts and relief through joint training across the voluntary and statutory sector, advice leaflets, work with schools, colleges and business incubator units plus targeted Benefit take up campaigns.

We have also translated council tax information into Polish to assist our new citizens to understand their responsibilities.

Training

We will ensure that

- Our teams are trained to handle all aspects of income collection and debt management with empathy and understanding
- We are capable of maximising income streams & discounts for our customers
- That we offer training and support to partners, information providers and business associations
- We keep up to date with changes to legislation
- A procedures manual is developed to support our actions

Payment methods

The council has a variety of payment methods available and we have an advice leaflet and internet pages covering these.

They include

- On line card payments via our website
- Debit and credit card payments via the telephone or face to face at a number of council reception points
- Payment at post offices or PayZone outlets using bar-coded bills or a post office card
- Our automated cash machine in Torquay Connections
- By cheque in person or using the postal system.

We will continue to develop ways to make it easier for our customers make their transactions including the further use of barcodes and card payments in advance for services.

Debt & debt management

Debt is defined as any money owed to the council that has not been received, after appropriate billing that allows for a reasonable or a statutory time to pay and for the payee to make enquiries in cases when the sum is disputed which is outlined on the invoice.

Examples of this are

- Unpaid council tax
- Unpaid business rates
- Overpaid housing & council tax benefit
- Unpaid penalty charge notices (car parking)
- Unpaid fees or charges for goods and services
- Unpaid rent under leasing arrangements

The council needs to manage monies owed robustly for a number of reasons

- Sound financial management of the organisation
- Cash flow to enable business to operate
- Best use of resources
- Legal requirements
- Public accountability
- Performance benchmarks for central government

Collection and Recovery

The council will use the various means of recovery allowed in law subject to protection for our most vulnerable citizens.

These will include

- A programme of reminders and final notices when payments are overdue
- The use of arrangements prior to court action
- The use of the court system to obtain liability orders
- The council's legal services
- Collection agencies (bailiffs)
- Deductions from wages or state benefits
- Use of bankruptcy proceedings or charging orders

For vulnerable citizens we will work in an empathetic way with case workers, welfare advisers, advocates or solicitors to bring about the most appropriate individual solution for the customer.

The priority will be to encourage ongoing liability payments, stop further debt accruing and to ring fence and negotiate on the payment of arrears.

In respect of unpaid business rates, the council will explore all avenues to enable the business to continue trading and not take action that will cause the business to fail financially unless there is blatant disregard of our offers of assistance and failure to accept an assisted recovery plan.

Write off

When money owed to the council is considered to be uncollectible and identified as such by colleagues after all avenues have been tried, Debts will be recommended for write off in accordance with the council's financial regulations.

All debts written off in excess of £5000-00 will be reported to Overview & Scrutiny Board on a quarterly basis.

An example of a write off might be when the payee has died and has no estate from which to claim funds owed.

Controls

The controls in place are

- System checks and cross checks to ensure income balances with the sum due
- Scrutiny by internal and external auditors
- The Council's financial monitoring regime including Overview & Scrutiny reporting
- FIMS reporting
- Financial legislation such as Council Tax regulations
- Contract monitoring – collection agencies, Torbay Pound & Customer Services
- Procedures manual
- Staff training & quality checking

Partners & contractors

All contracts will be procured in line with the council's procurement policy Service Level or management agreements will be in place and monitored regularly

We will work with neighbouring councils to develop a consistent approach to income collection and debt recovery

Billing
Register maintenance
Legal service
Reminders
Summons
Court

Appendices & links

EIA
Special Hardship relief
Financial Regs