

**Norwich City Council**  
**SCRUTINY COMMITTEE**

## **Item No 5**

**REPORT for meeting to be held on 22 March 2018**

### **Norwich City Council debt collection policy**

**Summary:** The scrutiny committee has asked to review the implementation of the debt collection policy and that the council's use of enforcement powers to recover debts is consistent with the policy objectives.

**Conclusions:** The council has in place an effective debt collection policy and processes that allows debt to be collected whilst working with and supporting customers who have difficulty making payment.

**Recommendation:** That the scrutiny committee considers the evidence presented at this meeting and considers any recommendations it may wish to make.

**Contact Officer:** Anton Bull, Director of business services  
Tel: 01603 212326  
[antonbull@norwich.gov.uk](mailto:antonbull@norwich.gov.uk)

## **Debt collection policy**

1. In June 2014 Cabinet resolved to approve the updated debt collection policy.
2. This update (Version 1.2 - 25 June 2014) is the current debt collection policy for the council and is attached as appendix A.
3. The policy introduction states:

Norwich City Council is required to collect monies from both individuals and businesses for a variety of reasons and has a legal duty to recover all sums due to it efficiently and effectively. The debt collection policy reflects the legal requirements the council must meet for safeguarding public money.

In collecting these funds it is inevitable that the council will be required to pursue the recovery of arrears from persons and or businesses that do not pay such accounts. However, in accordance with the council's charging policy, wherever possible up front or point of activity charges will be collected so the council neither encourages nor incurs debt.

4. The policy sets out how the council manages and collects debt to ensure consistency of practice across council services.
5. The council seeks to be "fair but firm" and has access to the full range of collection and recovery methods if debts are not paid. This includes enforcement action if an arrangement for debts to be paid cannot be agreed, against deliberate non-payers or those who delay payment.
6. The policy covers all debts owed to the council including:
  - council tax
  - rents, both housing and others, e.g. garages and commercial
  - service charges / rechargeable repairs
  - benefit overpayments
  - business rates or national non domestic rates (NNDR)
  - general debtors, e.g. unpaid fees and charges
  - legal / court costs
  - penalty charge notices (parking contraventions).
7. The Scrutiny committee has asked to review the implementation of the debt collection policy and that the council's use of enforcement powers to recover debts is consistent with the policy objectives.

## **Key areas**

8. The most significant areas of debt by volume and value for the council relating to individuals are in the following areas:

- a. Council tax
- b. Housing rents
- c. Benefit overpayments
- d. Penalty charge notices (parking contraventions)

9. This report therefore focusses on these areas.

10. The other significant areas of income collection and debt are non-housing commercial rents and business rates or national non domestic rates (NNDR). However, as the focus of the scrutiny scope appeared to be in relation to personal debt these areas will not be explored in detail.

## **Council Tax**

11. In 2017/18 the total council tax charged is £63 million for 65,886 accounts (properties).

12. The council has a council tax reduction scheme in place offering significant financial support for customers.

13. The council encourages payment by a variety of methods including direct debit, standing order, bank transfer, payment at the post office or other pay points and cheque.

14. Appendix B shows the debt collection flowchart.

15. Appendix B shows the reminder process flowing through to a final notice before a summons would be issued. At any of these points, if the customer engages with the council every effort will be made to ensure a reasonable repayment plan is set up.

16. Where a customer does not engage a liability order will be obtained.

17. Again, after this, if a customer engages with the council an arrangement will be made to ensure a reasonable repayment plan is set up.

18. The council will also make use of an attachment to earnings or benefits if this information is known to ensure the debt is repaid.

19. As a final resort the council may instruct an enforcement agent to collect the debt.

20. Where all of these methods have failed, for council tax there is the option to apply to the court for committal to prison for the debtor.

21. The council always checks if the individual has any vulnerabilities before proceeding with committal action and this is always the very last resort after all our other options have been considered.

22. In the last 12 months for council tax 2071 cases were referred to enforcement agents with a value of £1.460m.
23. There are many examples of council tax collection that work well. Customers set up direct debits, standing orders, pay the whole amount at the beginning of the year as well as various other payment methods where customers maintain an up to date account.
24. Three council tax cases outlined below show examples where customers did not pay.
25. These were historic non-payers, with significant balances – all with a tendency to ‘stick their head in the sand’ (by their own words). Customer C also had told the enforcement agents that he wasn’t paying as the Council would ‘do nothing’. A summary of what the current situation is re each account is detailed below:

a. Customer A

Committal authorisation sought 05/2016. Balance owed at that time on the account was £9,524.89 (£6,431.91 included in committal application, with a further £1,811.40 passed for write off). Balance on account now is £0.00 – mainly because debtor received an inheritance and stated she wanted to pay it all off as she ‘didn’t want to go to prison’.

A serial non-payer and we had done a lot of attachment to earnings and benefits in previous years. Magistrates found the Defendant guilty of culpable neglect to pay and made a 3 Month Committal Order, suspended on terms that the Defendant pays £200.00 per month towards her outstanding Liability Order debts.

b. Customer B

Committal authorisation sought 07/2016. Balance owed at that time on account was £5,050.51 (£4,181.64 included in committal application, with £868.87 for current year un-summonsed at that time). Balance on account now is £2,049.02 – again, chiefly because debtor is afraid of the consequences of non-payment of the committal order (i.e. imprisonment).

Another serial non-payer and Magistrates found the Defendant guilty of wilful refusal to pay he is paying regularly now.

c. Customer C

Committal authorisation sought 01/2017. Balance owed at that time on account was £7,001.89, plus £899.57 in respect of one account (£5,725.48 + £899.57 included in committal application, with a further £1,276.41 for current year with enforcement agent at that time).

Balance on account now is £4,835.05, with the balance in respect of a further account now £0.00 – again, this is due to the fact that the debtor was terrified at the prospect of going to prison, and has resolutely stuck to the terms of the committal order since it was made by the Magistrates' Court.

Another serial non-payer that Magistrates found the Defendant guilty of wilful refusal to pay and imposed a 42 day custodial sentence, suspended on terms that the Defendant pays £200.00 per month towards the Liability Order debts contained within the committal application(s).

26. In each of the above examples, no vulnerabilities were identified.

## **Housing rents**

27. The Housing income service comprises teams collecting:

- Current tenancy rent arrears
- Static debt (former tenancy arrears, repairs recharges) and garage arrears
- A specialist team dealing solely with the new Universal Credit arrears cases
- A team providing budgetary and debt advice

28. The recovery of current rent arrears involves engaging with tenants to identify problems with rent payment and providing support to claim benefits, manage budgets or to make referrals to specialist support agencies where available.

29. Possession action is a last resort and can ultimately lead to eviction. In 2016/17 Norwich evicted 16 households. In 2017/18 the number of evictions so far is 19.

30. Statistics

- a. The income team collects rent from around 14,800 tenancies
- b. The total rent due annually is around £65m including around £5m collected in water rates for Anglian Water.
- c. Rent collection rate 96.48% (2016/17)
- d. Current rent arrears £1.96m (Q3 2017/18)
- e. Former tenancy arrears £1.1m, £208k collected
- f. Day to day repair recharges £64k, £4k collected
- g. Empty property repair recharges £760k, £25k collected

31. Enforcement action for current tenancies involves:

- a. the service of formal notice before legal proceedings can begin.
- b. a court hearing to obtain a possession order.

- c. The team will strive to engage with the tenant to reach an agreement prior to court so that a suspended possession order can be sought. In the event of no engagement a full possession order will be sought.
- d. With Introductory tenancies the process differs in that the grounds for possession are mandatory.
- e. The team will continue to offer support to ensure there are no issues with rent payment. However;
- f. If the tenant breaches a suspended order or does not leave the property after the expiry of a full possession order then an eviction warrant will be sought.
- g. Tenants are encouraged to apply for a warrant suspension which is often successful.
- h. This often results in many arrears cases going through the warrant application stage numerous times before the debt is cleared or, in a small number of cases, eviction takes place.

32. Recovery action for static debts involves:

- a. Letters and telephone calls to try and engage with the former tenant
- b. Referral to a debt collection agency
- c. Referral to the small claims court from 2019
- d. Write-off in the event of non-collection or non-engagement
- e. Housing do not employ enforcement agents nor uses taking control of goods
- f. Housing will not pursue a debt if it might jeopardise payment on a current tenancy rent account.

33. Recovery action for garage rent debt involves:

- a. A more commercial approach to collection
- b. A warning letter followed by one week's notice to quit the garage
- c. Repossession of the garage including costs for lock change

34. Case example- successful outcome without enforcement

- Single female and adult son occupying 3 bedroom house subject to water rates, bedroom tax and 'non-dependent' deduction from housing benefit.
- Suffering from PTSD due to historic abuse, would not engage, nor make any payments.
- Arrears at £1,300 and start of legal action overdue
- Budgeting adviser spent two months to obtain initial response by email
- Another two months taken for tenant to submit discretionary housing benefit payment claim form
- After six months the tenant agreed to a home visit which identified that HB claim should not be subject to non-dependent deduction and £700 rebate credited to rent account.
- Rent liability reduced from £40pw to £11pw

- The rent arrears aren't completely clear and the tenant will only engage with the budgeting adviser, but through perseverance the arrears have been reduced from £1,700 to £300

### 35. Case example- enforcement necessary

- Married couple in a three bedroom house, habitually in rent and council tax arrears since 2014
- Receiving external debt counselling and considering Debt Relief Order
- Suspended possession order obtained in 2015
- Continued spasmodic payments lead arrears to increase to over £2,000
- Warrant application adjourned by NCC in August 2015 on promise of payment
- Further enquiry revealed tenants payments all going to council tax so transfer to rent arranged.
- Payments stabilised in early 2017 but arrears increased to over £3,200 in August
- Interviewed by team leader and given one final opportunity to begin regular payments
- Eviction arranged for February 2018 but with assistance from Shelter this has been suspended and regular payments are now finally secured in a mixture of deduction from benefit and standing order.

### **Benefit overpayments**

36. Housing benefit overpayments are created when a claimant is given more housing benefit than they are entitled to.
37. Claimants are required to notify the council of any changes to their income or circumstances that could affect their housing benefit.
38. The current average time for processing changes of circumstances to the council is 7.4 days (average year to date).
39. The council also receives information directly from HM Revenue and Customs (HMRC) regarding income details for claimants. This is imported in to the councils systems electronically and the majority of changes are processed automatically. However, the council relies on the accuracy and timeliness of information supplied by HMRC who in turn rely on the accuracy and timeliness of information supplied by employers.
40. Overpayments are most commonly created when a claimant fails to notify the council of an increase in income or another change of circumstances that reduces the entitlement to housing benefit.
41. Housing benefit overpayments must be recovered like any other debt.
42. Where a claimant has been overpaid but is still entitled to housing benefit the overpayment will be recovered from the ongoing housing benefit as a

deduction from that housing benefit. There are restrictions on the amount that can be recovered each week.

43. An overpayment may also be recovered from a credit on a rent account if the claimant has a credit on their rent account.
44. An overpayment may also be offset against an underpayment. This may occur where a claimant has a fluctuating income and their level of housing benefit entitlement has fluctuated compared to what was actually being paid.
45. Underlying entitlement will also be considered for recoverable overpayments, except in cases where the overpayment has occurred due to a change in address. The outcome is that the overpayment is reduced by the amount of entitlement the claimant would have been entitled to, had all facts been provided at the correct time.
46. Where there is an overpayment and there is no ongoing entitlement to housing benefit, the claimant will receive an invoice for the total amount of the overpayment.
47. Where a customer engages with the council a reasonable repayment plan can be agreed.
48. Where the invoice is not paid or a repayment plan agreed the following stages may occur
  - a. Stage One (in order):
    - i. Final Demand
    - ii. Letter before legal action (LBA) – this threatens possible court action with the threat of a CCJ being raised.
  - b. Stage Two: (these can be actioned in any order)
    - i. Attachment to Dwp benefit
    - ii. Direct Earnings Attachment
    - iii. Enforcement Agency
    - iv. Legal Recovery in CCJ form
49. In the 2017-18 financial year the council has referred 217 cases to enforcement agencies.
50. Case example – successful recovery of debt

“Ms A” had an overpayment in excess of £16K. The customer was not engaging with the council but details of their support worker were on file. A member of the team liaised with the customer’s support worker and negotiated a one off payment of £5K to reduce the outstanding debt. The customer needed to make a new claim for housing benefit which was dealt



with via an appointment which has then enabled the council to continue ongoing recovery of the debt from housing benefit entitlement.

#### 51. Case example – unsuccessful recovery of debt

“Mr B” has an outstanding overpayment of approximately £40K, created as a result of a fraud investigation which discovered two undeclared properties. The customer has been very difficult to contact and during a visit to his home, it was noted that there was a large amount of unopened mail. We have reached the point in the recovery where court action is our next option. The customer also owes approximately £12K in unpaid council tax which is being pursued.

### **Penalty charge notices (parking contraventions)**

52. The process that leads to debt collection enforcement for Parking and Bus Lane Penalty charge notices (PCN's) is described below.

53. All Penalty charge notices are issued through either the Traffic management act 2004, in the case of parking by a Civil Enforcement Officer (CEO), or in the case of the Bus lane camera's under the transport Act 2000, Bus Lane contraventions (penalty charge, Adjudication and enforcement) England Regulations 2005.

54. The Traffic management Act 2004 / Transport Act 2000, Bus Lane contraventions (penalty charge , Adjudication and enforcement) England Regulations 2005, both clearly lay out the process which must be followed in the case of any Penalty charge notices and each PCN progresses through this route, from issue, through to payment, challenge or representation, appeal or the final stage debt collection.

55. The process:

- a. Following receipt of an issued PCN, the PCN recipient can pay at the discounted stage within 14 days or pay the full PCN value after 14 days.
- b. Or they can:

#### **Challenge (Parking)/ Make Representation (Bus Lane) procedure**

##### **Informal challenge/ representation**

- They can make an informal challenge/ representation up to 28 days after the parking fine has been issued.
- If their challenge/ representation is received within the first 14 days they will only have to pay 50 per cent of the fine if their challenge is rejected.

c. Notice to owner

If they fail to pay or challenge/ make representation for a PCN within 28 days of the date of issue the registered owner of the vehicle will be sent a Notice to Owner. This legal document it gives the option to:

- pay the full amount
- Make formal representations within 28 days providing relevant proof of why you believe the parking fine should be cancelled.

56. Appealing to the Traffic Penalty Tribunal

- If the council accepts the representations the parking fine will be cancelled.
- If the case is rejected the customer will be sent a Notice of Rejection and information about how they can lodge an appeal with the Traffic Penalty Tribunal.

57. What happens if the customer does not pay or make an appeal?

a. Charge certificate

If the customer fails to pay or challenge the Notice to Owner within 28 days a charge certificate will be issued. This will:

- Increase the charge by 50 per cent
- Give a further 14 days to pay before the debt is registered at the county court
- Confirm that the customer is no longer able to contest the charge.

58. Debt registration

If the debt is registered at the county court we will be authorised to send out a Notice of Debt Registration stating:

- a court fee has been added to the parking fine debt
- the customer has 21 days from the date that this notice is served to pay the new charge or complete a witness statement to confirm why they have not paid the parking fine.

If the customer does not respond to this notice the county court will grant the council the authority to issue a warrant and instruct enforcement agents to recover the debt on our behalf. The enforcement agents' charges are authorised by statute and can result in a significant sum added to the original debt.

59. In summary:

The process is transparent demonstrating that the council offers the vehicle owner/ registered keeper every opportunity to pay, present their

case for consideration or appeal. Only once the council has exhausted all these stages do they engage the enforcement agents to collect the PCN debts.

60. As a guide in 2016/17 the council issued:

- 25,255 parking PCN's
- 15,518 Bus lane PCN's,

61. From the 40,773 total PCN's issued, 2,729 PCN (7%) of cases were pursued to the enforcement debt stage, the action of last resort to collect the outstanding debts due to the council.

62. Cases that are taken to debt collection are varied, but will include persistent offenders, who have multiple PCN's all progressing at different stages of the process, and persistent evaders who don't engage with the process will work to exhaust the process to avoid paying the debt.

63. The enforcement agents the council utilises have been through the procurement framework process, and are bound to deliver the agreed government standards when acting on the council's behalf in line with their contract.

<https://www.gov.uk/government/publications/bailiffs-and-enforcement-agents-national-standards>

64. There are many examples where the customer will pay and there is no need for debt collection.

65. The following is an example where the council has negotiated with the Registered Keeper (RK), but payment has still not been received, so the case has been returned to the Enforcement Agent (EA).

- a. 27/09/16: PCN issued. Payment would be accepted at £35 if received within 14 days.
- b. 13/10/16: Full charge now applies £70.
- c. 02/11/16: Notice to Owner sent. RK has 28 days in which to pay at £70 or make representations.
- d. 29/11/16: Representations received.
- e. 20/01/17: Representations rejected. RK has 28 days in which to pay at £70 or lodge and appeal with the independent tribunal. Traffic Penalty Tribunal.
- f. 01/03/17: No payment or appeal from RK, so Charge Certificate sent, increasing the charge to £105.

- g. 19/03/17: Letter sent to the RK that explains that the case is due to be registered at county court.
- h. 06/04/17: Court registration details sent to RK. Charge increased by £8 to £113.
- i. 03/05/17: Payment of £5 received. Letter received from RK stating paying for £5 to park for the period, and stating won't be paying anything further.
- j. 19/05/17: We wrote back to RK stating that £108 is still outstanding and that the next stage is Enforcement Agency (EA).
- k. 01/07/17: Warrant sent to EA.
- l. A period when lots of communications went backwards and forwards.
- m. 15/02/18: Letter sent to RK stating that we would instruct the EA to return the case, and we would accept payment in full at £70 provided that it was received by 02/03/18.
- n. 12/03/18: As no payment was received, the extra £43 has been put back on the charge, and the case is returned to EA in order to continue recovery action.

### **General support available for all debtors**

- 66. Customers who are experiencing any difficulty in making payment are encouraged to make contact with the council at the earliest opportunity. This will allow discussion to agree any proposal to pay the debt.
- 67. Customers experiencing difficulty may also be signposted to help offered by other organisations such as debt advice charities and the Citizen's advice service.
- 68. A team providing budgetary and debt advice to housing tenants.
- 69. The council also grants funding for financial inclusion. Details of the latest grant for £169,000 were reported to Cabinet on 14 March 2018. This described the grant to the financial inclusion consortium (Age UK Norwich, Citizens Advice Norfolk, Equal Lives, Mancroft Advice Project, Norfolk Community Law Service and Shelter) as "a grant to work in partnership to deliver a range of social welfare advice, casework and representation services in order to reduce financial and social exclusion and inequalities".

### **Air BNB properties**

- 70. The scoping request for this paper also asked for consideration of loss of business rates and waste collection fees from Airbnb properties.

71. There are some Airbnb properties in Norwich and the council has tried to review some.
72. However, one of the issues in finding them is that unless you actually book the property you cannot get the actual address.
73. To be non-domestic property, it will have to be made available on a commercial basis for not less than 140 days
74. If the owner has only one commercial property and the rateable value is £12k or less per year (which an Airbnb property would most certainly be) they would receive full rate relief. They can have a second property and keep the full relief on the first as long as the rateable value of both does not exceed £20k.
75. It is likely that someone owning a second furnished property would pay less on business rates than council tax under these circumstances.
76. This is something the council has looked in to but did not get too far as they are very difficult to locate and investigate. The ones the council did track down were unoccupied and it was unlikely that they would have met the above criteria.
77. In these circumstances it appears to be more advantageous to receive council tax on the properties in question rather than have them with full relief from business rates.



**NORWICH**  
City Council

# Norwich City Council Debt Collection Policy

Version 1.2 – 25 June 2014

# Norwich City Council debt collection policy

## Introduction

Norwich City Council is required to collect monies from both individuals and businesses for a variety of reasons and has a legal duty to recover all sums due to it efficiently and effectively. This policy reflects the legal requirements the council must meet for safeguarding public money.

In collecting these funds it is inevitable that the council will be required to pursue the recovery of arrears from persons and or businesses that do not pay such accounts. However, in accordance with the council's charging policy, wherever possible up front or point of activity charges will be collected so the council neither encourages nor incurs debt.

An agreed policy of how the council manages and collects debts is required to ensure consistency of practice across council services.

This policy covers all debts owed to the council including:

- council tax
- rents, both housing and others, e.g. garages and commercial
- service charges / rechargeable repairs
- benefit overpayments
- business rates or national non domestic rates (NNDR)
- general debtors, e.g. unpaid fees and charges
- legal / court costs
- penalty charge notices (parking contraventions).

This policy will apply to all council services. Some individuals and businesses may have multiple debts to the council. The policy does not prejudice any legal action that the council take.

It seeks to be "fair but firm" and the full range of collection and recovery methods will be used as appropriate if debts are not paid. The policy works within and takes account of relevant legislation e.g. data protection, human rights, equalities etc.

## The policy

The council will try to collect all monies owed to it in a timely manner and will endeavour to remind people quickly if they do not pay.

The council will

- Send bills out in good time and, in addition to detailing the amount payable and a description of the charge, the council will include the following information on all accounts:
  - the payment options available and encouragement to debtors to pay through the automated telephone payment line or the website
  - the councils contact number for queries in relation to the accuracy of the account
  - where appropriate the councils contact number for discussing payment arrangements where the customer has difficulty in paying the amount requested on the account.
- Where requested provide information to meet specific communication needs in the following formats: braille; large print; audio tape / disc; community languages. In meeting individual needs the council will record individual preferences so that on going and future correspondence can be delivered in the preferred format. The council will use accredited language translators/interpreters to assist persons whose first language is not English and BSL interpreters for those who are deaf.
- Remind people quickly if they do not pay.
- Encourage people who have difficulty in paying to contact the council to reach an agreed way forward as soon as possible.
- Take enforcement action if an arrangement can not be agreed, against deliberate non-payers or those who delay payment.

We will encourage people who have difficulty in paying to contact the council to reach an agreed way forward as soon as possible.

Council staff will always seek to make realistic arrangements to clear outstanding amounts by regular payments, in preference to taking legal or other action for recovery. If an arrangement cannot be agreed however, enforcement action may be taken.

Where legislation or other provisions exist that allow the council to take action to recover debts without the need for court action, the council will make use of those provisions. For example the Social Security (Overpayments and Recovery) Regulations 2013 allow the council to recover housing benefit payments from



earnings using a notice to an employer to deduct sums and pay them to the council.

If the council finds it necessary to take court action against a debtor and that action is successful, the council will then be empowered to enforce payment through a number of statutory remedies, including powers which impact on a person's possessions or liberty e.g. taking control of goods, have an attachment to earnings order, to evict a tenant, to request imprisonment etc and will apply the most appropriate remedy.

One of the remedies is to 'take control of goods', which Norwich City Council exercises through the use of external enforcement agencies. To ensure effective, consistent and appropriate application of this, Norwich City Council's appointment of enforcement agency services is through contractual agreement which details the standards the enforcement agents must adhere to.

The council will ensure that these more 'severe' powers, for example, removal of goods will only be used when all other reasonable methods have failed and where all appropriate internal and statutory processes have been properly followed.

### **Irrecoverable debts**

The council recognises that not all debts are collectable and therefore in the last resort it may be appropriate in certain circumstances to classify debts as irrecoverable. The council will ensure that there are guidelines and policies in place which detail the action to be taken prior to an account being written-off.

**The council reserves the right to reinstate, within statutory deadlines any debt where it becomes apparent the circumstances for write off are no longer applicable. i.e. a debtor is traced / funds become available.**

### **Credits**

Norwich City Council and its services will adopt a corporate approach to refunding credits, in that, wherever possible, checks will be made for other outstanding debts to the customer, prior to a refund being made. Where other debts are identified, it may be necessary to obtain the customer's permission, prior to a credit transfer. Other credit refunds, for example compulsory purchase compensation and home loss payments will be included in this procedure approach.

### **Costs**

Where the council incurs additional costs as a result of non-payment, e.g., court costs, these will be added to the outstanding debt and (where allowed under statute) recovered from customers.

Where the council employs third party collection agencies, these agencies may apply their own costs to the amount to be recovered.

## **Appendix A - Principles supporting the debt collection policy**

### **1) Priority debt**

There are many types of debt, but those considered as “priority” debts are those debts owed to creditors who can take the strongest legal action against an individual who does not pay.

It isn't the size of a debt that makes it priority but what creditors can do to recover their money.

Individuals are often but not always aware of the consequences of failure to pay and frequently pay to whoever shouts the loudest.

The actions supporting this procedure should ensure customer awareness of what priority debts are.

### **The Procedure identifies the following as equal priority debts:**

- commercial rent arrears – as it can result in forfeiture, Commercial Rent Arrears Recovery (CRAR), attachment of earnings, bankruptcy, county court judgements, charging orders
- residential rent arrears – as it can result in eviction
- mortgage arrears – as they can result in repossession
- council tax – as it can result in enforcement agent action, attachment of earnings / benefits, bankruptcy or imprisonment
- other secured loans – as they can result in loss of home
- income tax and VAT – as they can result in bankruptcy or imprisonment .

### **Other priority debts:**

- fuel debts – as they can result in disconnection
- Income tax and VAT – as they can result in bankruptcy or imprisonment
- county court judgements - can result in enforcement agent action, attachment of earnings or bankruptcy
- fines or compensation / costs orders – as they can result in imprisonment
- maintenance / child support – as it can result in repossession of goods or even imprisonment
- hire purchase – will be considered essential if, for example it is for the purchase of a car needed to get the owner to work.
- water rates – as it can result in enforcement agent action and water companies can reduce supply to a trickle.
- business rates – as it can result in enforcement agent action, bankruptcy or imprisonment
- benefit overpayments – as it can result in deductions from on-going rent / benefits / earnings
- maintenance or child support – as it can result in enforcement agent action or imprisonment
- penalty charge notices (parking contraventions)- can result in enforcement agent action.

## **The following are considered non priority debts:**

- credit / store cards
- unsecured personal loans
- bank overdrafts
- credit / interest free / hire purchase agreements
- catalogue debts
- money borrowed from family and friends
- mobile telephone and TV subscriptions.

## **2) Customer standards and support**

The council's customer standards apply when implementing this policy.

Integral to the policy is the provision of support mechanisms and arrangements to all customers. It details the approach to collecting debt in Norwich and also provides practical help, advice and support in the management of multiple debts.

The council will maintain a consistent and sensitive approach to collecting debt whilst, at the same time, ensuring that the council continues to maximise collection performance. For commercial debt recovery it may be necessary to take a more business like approach to reflect any contractual obligations that may exist.

### **When people do not pay**

When people in debt make contact with the council they should, where possible, identify all debts they have with the council. This will allow the council to take a holistic approach to debt recovery and avoid duplication.

Where it is apparent that a customer is unable to pay an account, or a number of like accounts as requested, then the aim will be to agree an arrangement to pay which takes into consideration the specific circumstances of the customer.

Ability to pay will be assessed on the customer's disposable income in proportion to the level of debt, the extent of debts owing to the council and that council tax and rent arrears are equal priority debts. The initial aims of arrangements to pay will be to clear the debt(s) as soon as possible but as a minimum will ensure that the person's indebtedness to the council does not worsen.

In practice this may mean ensuring that the current or most recent account is cleared, while making the maximum contribution to clearing other debts.

A financial statement may be required to support a request for an arrangement. This will be a list of the customers' household income and expenditure. Documents to support the information contained in the financial statement may be required

before an arrangement can be agreed. A financial statement can be completed with the help of an independent agency such as the Citizens Advice Bureau (CAB).

The council's website also contains various details to help with managing money and who to contact. Visit [www.norwich.gov.uk](http://www.norwich.gov.uk) and use the search to find information on "money advice" or "debt".

Commercial tenants will not generally have access to CAB services but they may be able to get assistance from Business Link and the Consumer Credit Counselling Service (CCCS). These organisations may be able to offer some guidance on the provision of financial statements etc.

## **Penalty charge notices (parking contraventions)**

Penalty charge notices, prior to county court charge registration, are excluded from the arrangement process in the policy. Only post charge registration cases may be considered in any arrangement process, provided that severe financial hardship is identified as a result of the parking debt adding to other council debts. Such consideration would normally be through partner advice agencies or the multiple debt referral process. The council's parking services team must be contacted directly to make such arrangements.

## **Commercial debt recovery**

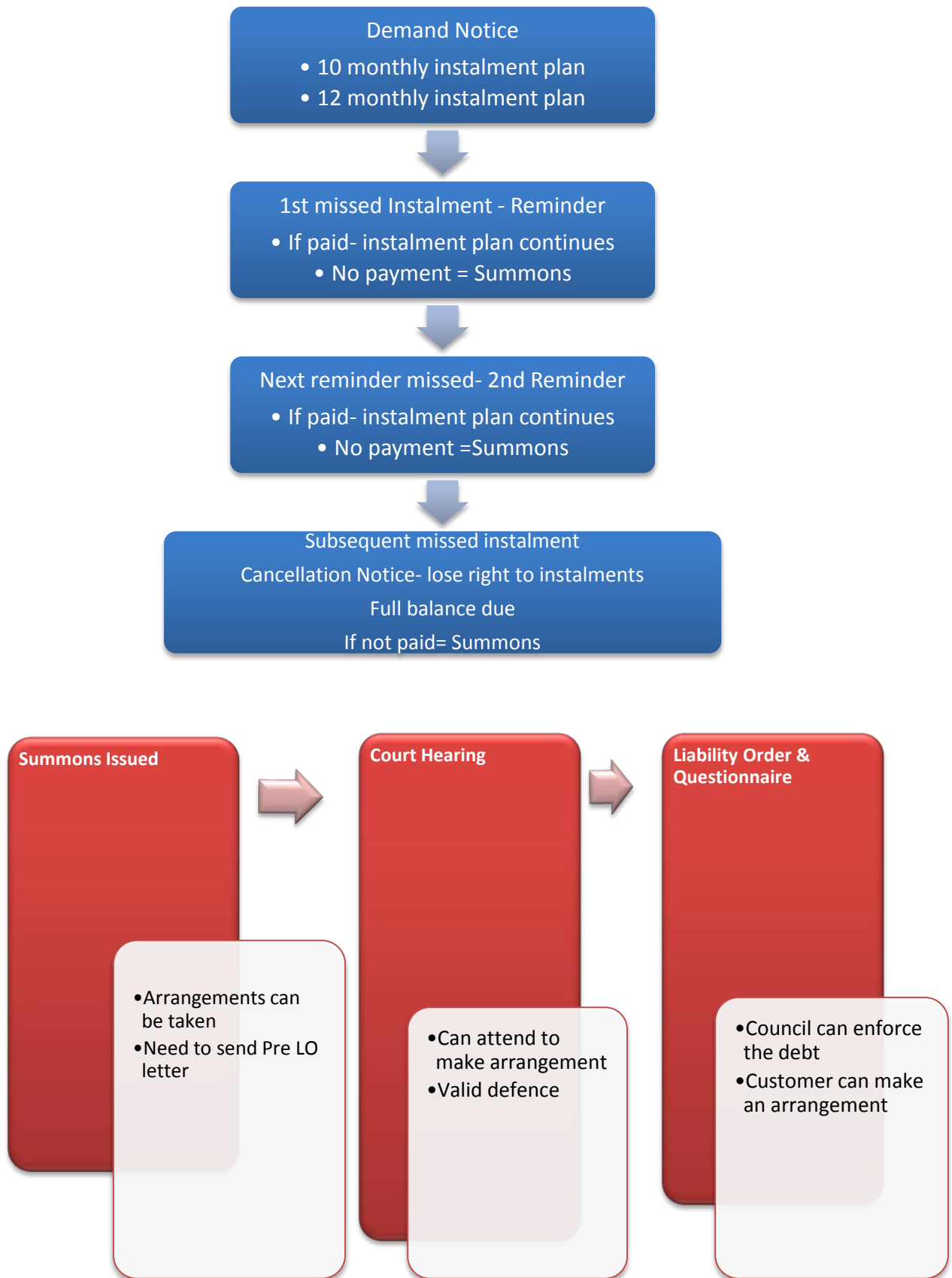
A separate debt procedure has been developed to help maximise debt recovery with regard to the council's commercial property portfolio. The procedure will operate in parallel to Norwich City Council's debt policy and will provide a consistent and business like approach, whilst reflecting the council's "fair but firm" policy. There will be occasions however, when it becomes necessary to pursue commercial tenants as per the terms of their lease agreement. This action may vary from the Council's debt policy, but it will reflect the tenant's contractual obligations.

## **Continued effectiveness of this policy**

Where minor amendments need to be made to ensure the continued effectiveness of this policy such amendments will be made after consultation with the deputy leader and resources portfolio holder.

# Collection & Enforcement Flow Chart

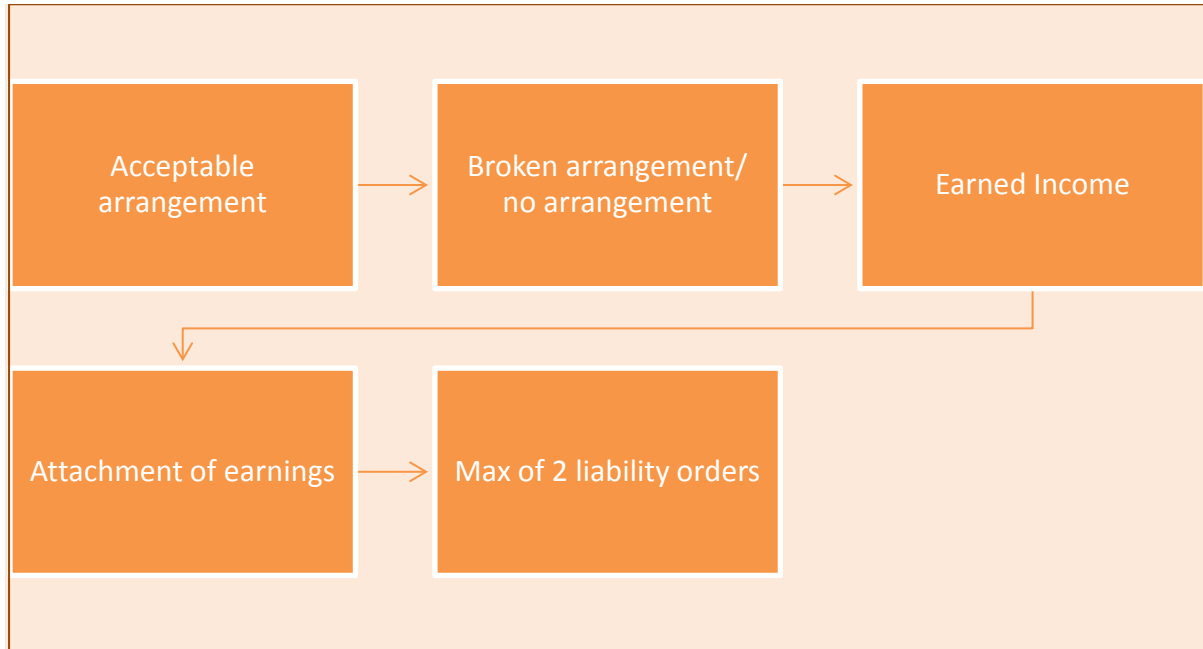
## APPENDIX B



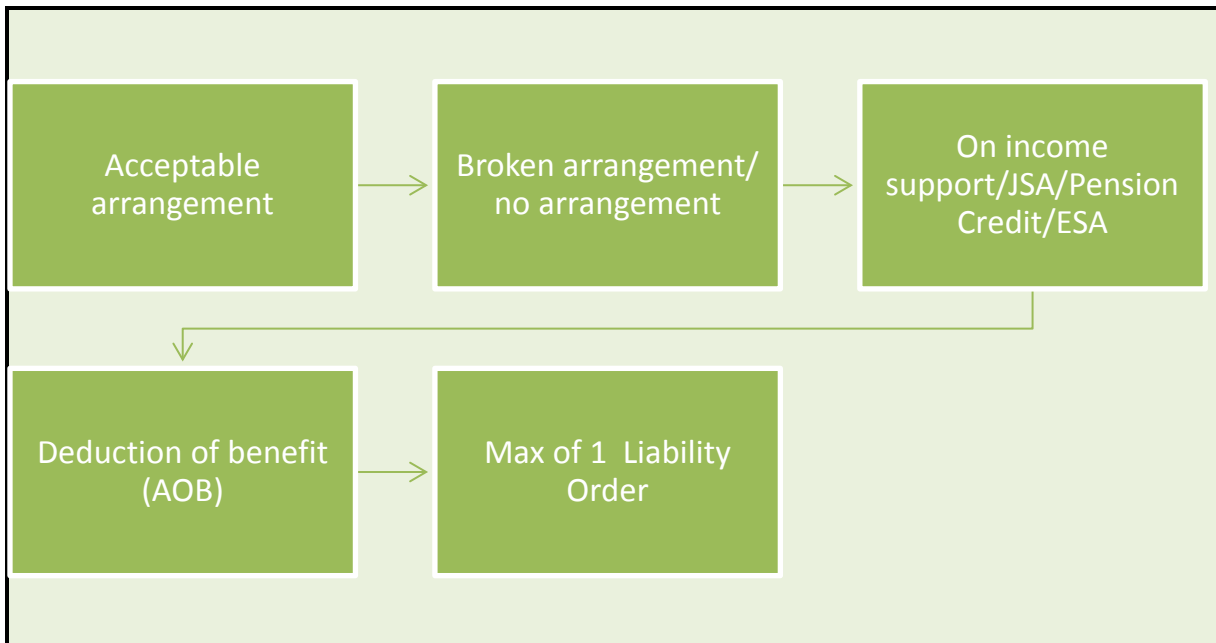
# Collection & Enforcement Flow Chart

## Enforcement of Council Tax Liability Order debts

### Earned Income

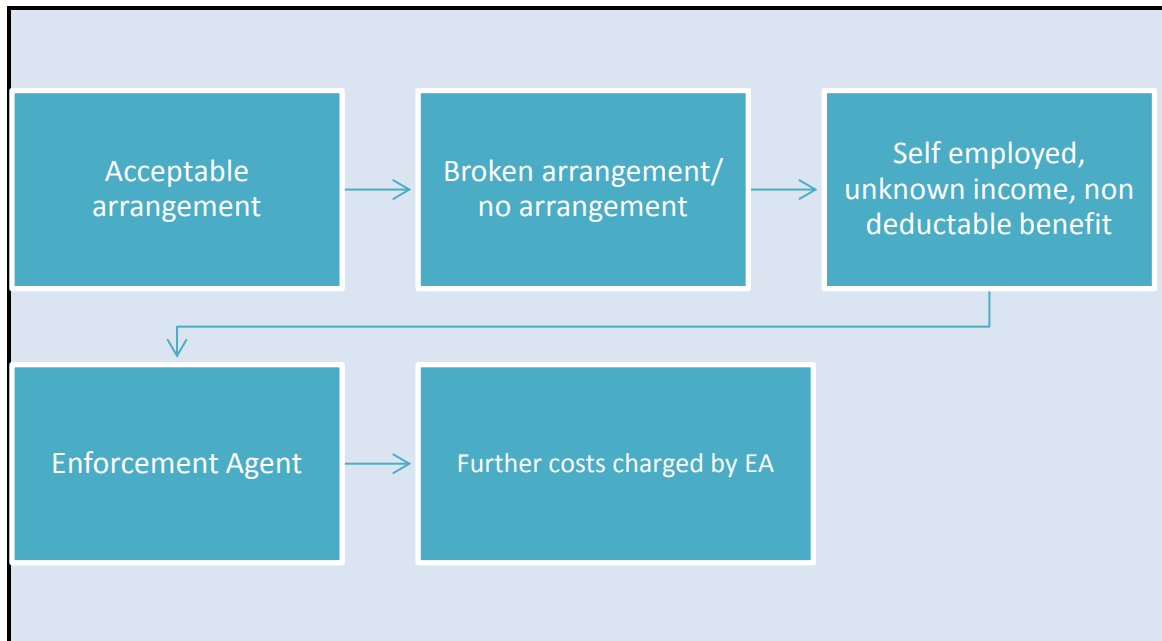


### Receiving Deductable Benefit



## Collection & Enforcement Flow Chart

**Self Employed/unknown income,/receiving non-deductable benefit ( eg child benefit etc)**



**Debt returned from Enforcement Agent**

