

LONDON BOROUGH OF ENFIELD **CORPORATE DEBT MANAGEMENT POLICY**

1. Introduction

This document sets out the Council's policy for the billing, collection and enforcement of Council debt. Debt management is the process for collecting income due to the council, 'writing-off' debts that are considered to be irrecoverable and monitoring performance regarding collection rates and speed of collection. Effective debt management is crucial to the success of any organisation.

2. Guiding Principles

The following 6 principles guide the Council's Debt Management Policy:

- Customers have a responsibility to pay amounts they owe to the Council. The consequence of non-payment is that the burden falls on those customers who do pay in the form of higher council tax or housing rents. This is inequitable.
- Recovery action will be targeted at those who can pay but who refuse or who delay payment. In addition, where appropriate, the provision of services to a debtor will be stopped where invoices remain unpaid.
- Contact is encouraged at every stage of the collection and recovery process.
- The Council will help customers to maximise their income by the promotion of benefit awareness.
- The Council acknowledges that debt management services need to be effective and sensitive to customers needs.
- The Council has a responsibility to collect revenue efficiently and effectively.

The guiding ethos is:

Where the Council collects money, it will do so by the issue of bills promptly and correctly. Where recovery action is required, the Council will act quickly, fairly and impartially with regard to the welfare and rights of our customers.

3. Scope

The Council raises charges for a wide range of services it provides as well as collecting local taxes from residents and businesses in the borough. A number of different systems are used and the methods for billing and recovery can also be diverse. This over-arching policy lays down general principles to be applied in relation to debt management across all services. This policy will be supplemented by detailed procedures and policies for each of the main sources of income the Authority collects.

4. Policy Aims

The aims of this policy are:

- To improve the level of income collected by the Authority.
- To provide a dedicated policy to raise awareness and improve the collection of income due to the Council.
- To ensure a professional, consistent and timely approach to recovery action across all of the Council's functions.
- To effectively pursue all debts owed to the Council, ensuring that those with the means to pay do so.
- To promote a corporate approach towards sharing debtor information and managing multiple debts owed to the Council.
- To ensure that charges are raised and debts are managed in accordance with legislative provisions and best practice.
- To treat individuals consistently and fairly regardless of age, race, religion, gender, disability and sexual orientation.

5. Council's Vision and Corporate Strategy

5.1 This document links to the Council's corporate strategy - Putting Enfield First, the Council's Vision and a number of other policies and procedures including the Medium Term Financial Plan and Financial Regulations.

5.2 The Council's vision is:

"To make Enfield one of the best places to live, work, study and do business."

For the Council this means promoting the social, economic and environmental well being of the local community and helping residents to improve their neighbourhoods and communities. The Council will set high standards for quality and value for money and will meet them, it will listen to its customers and citizens in delivering local democracy and will work with its partners to plan, shape and deliver services which meet real local needs in the most efficient way, reducing inequalities and protecting and enhancing quality of life in the Borough.

5.3 Three principles lay at the heart of the Putting Enfield First corporate strategy:

1. Quality value for money services
2. Leading communities and building a better future
3. Working for social cohesion

Underpinning these principles are the Council's organisational values:

- Focus on Customers
- Innovative and Forward Thinking
- Responsive and Fair
- Striving for Excellence
- Trained and Confident Staff

The Council's principles and organisational values are embedded in this Debt Management Policy. Furthermore this policy specifically supports the following objectives in the Council's Improvement Plan:

5(a) Deliver a customer-focused approach that helps all people access Council services.

5(b) Increase the efficiency, value for money and quality of services through continuous improvement and performance management.

5.4 The policy links to the Council's Medium Term Financial Plan, which has been developed to ensure that its key targets are met, including requirements relating to the funding of priority services, the maintenance of adequate contingencies and balances, and the aim to keep Enfield's Council Tax increases broadly in line with inflation.

5.5 The Council's Financial Regulations include the rules that apply to the recording and collection of all income and the process for writing off irrecoverable debts.

6. Debtor Types

6.1 The policy includes the following debtor types:

- Business Rates

- Commercial Rent
- Commercial Waste
- Council Tax
- Education Recoupment
- Homecare
- Housing and Garage Services
- Leaseholder income
- Meals on Wheels
- Parking fines
- Charges for Parks and Open Spaces services
- Residential Care
- Services to Enfield schools
- Community Alarms
- Other sundry debts

6.2 The policy takes into account the following factors:

- A wide range of payment methods is available to encourage payment. However the policy particularly aims to promote cost effective collection methods. The Council's preferred payment methods are payment in advance, payment at point of sale and direct debit whichever is appropriate to the service being provided. Not only are these methods cost effective but they also prevent customers missing payments and falling into debt.
- Different debts might have different enforcement methods, i.e. the terms of the court that the debt is referred to, and the recovery methods that can be legally employed.
- Not all debts are held on the same computer systems. While Council Tax, NNDR, Benefit Overpayments, Parking Fines and Housing Rents have their own systems all other debts must sit within the SAP system, except where agreed by the Director of Finance.
- Customers or their representative will be encouraged to contact the appropriate Council section as soon as they encounter a debt problem and will be asked if they have other debts owing to the Council that they also wish to be considered with a view to a holistic approach to collection.
- Where a customer has multiple debts that have reached the latter stages of recovery action the Council will take a co-ordinated approach to recovery action. Where there are competing demands over which debt should take priority the decision concerning priority will be determined by reference to:
 - The stage in the recovery process reached when the multiple debts are identified.

- The ease of collecting the debt in terms of information needed to pursue a debt and the legal processes that apply. In this respect the legal processes are more rapid and more effective for those debts dealt with by Magistrates Courts than those requiring County Court judgements.
 - The age of the debt. Older debts will take priority as the more recent the debt the more likely the debt is to be recoverable.
 - The statutory limit set on the debt that can be recovered.
 - The fact some debts are cumulative (e.g. continuing liability to pay Council Tax) and some are finite (e.g. the service is no longer provided).
 - All other things being equal the preference of the debtor.
- A commitment exists to promote the maximisation of benefit entitlement.
 - Generally where a debt is below £10 an invoice should not be raised except where it is legally required. Instead payment should be required in advance or at service delivery point.

6.3 As different legislative requirements apply to many of these income sources it is not possible to adopt a single set of procedures for all debts. For this reason this Debt Management Policy sets out common principles which, wherever possible, **MUST** be followed. These principles are set out in a Code of Practice in Section 7 and the Corporate Standards applying to Invoicing, Collection, Recovery and Customers in Sections 8 and 9.

7. Code of Practice

7.1 General

Where appropriate and permissible the Council will require pre-payments or payment at the service point for some services. While these arrangements should prevent debts arising the principles in this policy should still be followed in relation to payment receipting and dealing with customers.

7.2 Contact with Debtor

The appropriate section will:

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- Advise debtors in a clear, accurate and understandable way, at the earliest opportunity, of any sums due and, if applicable, provide advice on potential benefit entitlement, discounts, reliefs and exemptions.
- Send out all bills, benefit determinations, rent notifications, and reminder notices promptly and in accordance with legal requirements.
- Advise debtors that the Council will rigorously pursue those customers who do not pay.
- Encourage customers or their representative to contact the appropriate section as soon as they encounter a debt problem.
- Treat customers as individuals taking into account, wherever possible and appropriate, the known personal circumstances of each individual.
- Encourage customers to pay on time and regularly, where the service is recurring, and warn them of the implications of non-payment including the termination of service where appropriate.
- Keep the debtor informed of the action being taken at each stage of recovery.
- Provide effective support for customers with special needs in accordance with the Council's Customer Service Policy.
- Promote communication that is written in 'Plain English' that is free of jargon and unnecessary technical terminology.
- Regularly review and, where appropriate, redesign forms, letters and leaflets to ensure customers understand the implications of actions the Council can take and the help and advice that is available to them.
- Promote and work in partnership with sources of independent advice for debt management and maximisation of benefits, where applicable.
- Deal with all enquiries in accordance with the Corporate Customer Service policy.
- Deal with complaints in line with the Corporate Complaints Procedure.
- Share information with other sections within the Council to control debt corporately.
- Ensure contact details are held to assist contact by telephone, letter and electronic means

7.3 Collection and Recovery

The appropriate debtor section will:

- Ensure there is a clear set of procedures for dealing with the collection and recovery of monies within the guidelines of this code of practice.
- Ensure and adhere to time limits set in a dedicated timetable for recovery of debt.
- Promote a wide range of payment methods that are convenient and accessible with an emphasis on promoting cost effective methods.
- Ensure all payments are recorded and applied to relevant accounts within 48 hours of payment being received.
- Ensure that prompt and appropriate action is taken to recover money, before debts become unmanageable, taking account of entitlement to appeals and review timetables.
- Provide and make widely available clear and concise information about statutory procedures that are used in any recovery process.
- Notify the service area of customers that are in arrears and have made no arrangements to pay so that termination of services can be implemented where appropriate.
- Where applicable, apply the corporate write-off policy for all debts.
- Pursue the recovery of costs/fees in all cases except where it would not be in the public interest to do so.

7.4 Payment Options

The appropriate debtor section will:

- Encourage the most cost effective payment methods. Payment in advance is the Council's preferred method where appropriate to the service. For recurring services direct debit is a cost effective means of payment and will be compulsory where there is no legal impediment.
- For Council Tax and Business Rates, aim to clear the most recent debt first to avoid unnecessary additional recovery action being initiated once a payment arrangement has been agreed and is being maintained.
- For other debts, aim to clear the oldest debt first.

- Except where it is necessary to secure a debt by certain action, honour any agreement made to discharge debts before escalating recovery action.
- Provide customers with support to maintain payment arrangements by the use of letters, visits or telephone calls to remind them of overdue payments and by providing a contact point to discuss any problems with the maintenance of the debt.

7.5 Bailiff and Collection Agencies

The appropriate debtor section will ensure:

- Compliance with the corporate agreed bailiff arrangements
- Any third party engaged to collect debts operates within the appropriate code of conduct for these bodies.
- Where a case has been referred to bailiffs/collection agencies officers will not generally intervene with regard to the collection of the debt unless there are exceptional circumstances.

7.6 Benefits/Rebates

Where applicable the appropriate debtor section will:

- Encourage residents to take up all welfare benefits available to them by engaging in the use of promotional campaigns
- Provide guidance and assistance in completing application forms.
- Work with outside agencies and customer representatives to encourage benefit take up.

7.7 Customer Care

The appropriate debtor section will:

- Collect debts due in an efficient way, taking account of personal circumstances.
- Deal with debtors in a professional manner at all times displaying courtesy and respect.
- Provide facilities to enable customers to discuss their debts in a confidential environment offering assistance wherever possible.

8. Common Standards Framework

8.1 While different legislation may apply to billing, collection and recovery of different types of debt, it is important that common standards are applied across the Council to ensure consistency. Wherever possible the standards set out below **MUST** be followed.

8.2 Invoice Process

- Where an invoice is to be raised after provision of the service, it should be raised within 7 days of the service being provided.
- A reminder should be sent if payment is not received within 28 days or earlier if appropriate.
- If payment is not received a legal letter should be sent after 14 days of the first reminder.

8.3 Collection

- Paying of instalments:
 - is not to be encouraged for one off debt
 - requires authority to agree it and authorisation levels to be in place
- Direct Debit payment will be insisted upon (unless there is a legal impediment) for instalment debt payments.

8.4 Recovery and Write Offs

- Documented procedures must exist for recovery, including limits/thresholds for debt recovery action and authority levels.
- In accordance with Financial Regulations where a debt is deemed irrecoverable the reasons for write off and the evidence of recovery action taken must be documented along with authorities for recommending write offs.

8.5 Invoicing /Correspondence

- Full names, contact address and a phone number will be established wherever possible prior to service provision or invoicing/billing. The name on the demand will be that of a person or body possessing “legal personality”.
- All documentation relating to an invoice will be kept either in paper or scanned image format until at least six years after the demand is raised. In some instances the information may need to be retained for a longer period. If at the end of that six-year period the demand is still

unpaid, the documentation will be retained until either the bill is paid or the debt written off.

- All invoices will comply with the corporate branding and include clear, relevant and full information on:
 - What the bill is for;
 - When payment is due;
 - How to pay;
 - The name of the officer who has raised the invoice and the contact telephone number.

- All correspondence will:
 - Be written in plain English;
 - Explain fully what has been agreed and the consequences of non-payment;
 - Include appropriate contact details;
 - Encourage debtors to make prompt contact if they disagree with a bill or have difficulty in making payment.

- In the interest of economy all demands, reminders and final notices issued in hard copy form shall be sent by 2nd class post except where there are statutory requirements or exceptional circumstances that require faster delivery.

- All disputes and queries raised by customers will be responded to in accordance with the Council's Customer Service Policy and Standards.

8.6 Debtors seeking help

All debtors seeking help due to financial difficulties will be:

- Given the opportunity to have their ability to pay assessed by the relevant service area;
- Encouraged to use external advice services;
- Asked if they have other debts owing to the Council that they also wish to be considered with a view to a holistic approach to collection.

8.7 Procedures and Training

Although there are variations in the procedures relating to different debt streams, they must reflect the Council's requirement for the corporate approach to recovering debt set out in this policy.

8.8 Performance Measurement and Monitoring

- Clear and stretching targets will be set for the recovery of debt for each debt stream.
- Management information will be required for each debt stream on a monthly basis, including collection performance and aged debt analysis, and will be reviewed through monitoring arrangements agreed with the Director of Finance and Corporate Resources. Information will be reported quarterly to Cabinet.
- Action plans will be required where it appears that collection targets are not being met.
- Regular meetings between responsible officers nominated by each unit/section will be held on a bi-monthly basis.

9. Customer Service Policy

The Customer Service Policy and Standards, attached at Appendix A, sets out what customers can expect from the Council. These principles and standards apply to all Council services including the debt management function.

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Appendix A

Customer Service Policy and Standards

1. Customer Service Policy

Putting Enfield First sets out clearly the Council's desire to be a responsive organisation that puts the needs of the customer first. The Customer Service Policy sets out what this commitment means in practice, what customers can expect from the Council and what the Council expects of its customers. These are detailed in the Customer Charter and a set of Customer Standards.

2. Customer Charter

Enfield Council staff are committed to providing a responsive, caring and professional service that:

- Acts in a professional manner and is polite at all times
- Deals with each customer enquiry promptly or explains the reason for any delay
- Listens to customers and asks for their views
- Keeps our promises
- Is open and honest and explains our decisions
- Apologises when we make a mistake and put things right
- Accepts customer's right to complain and guarantees a full investigation and considered response
- Treats customers and their property with respect

We would like customers to:

- Give us the information we need to help them
- Treat all our employees appropriately and with respect
- Help us to improve by giving us their views and suggestions

3. Customer Service Standards

The Council is committed to high customer service standards.

We will:

- Answer telephone calls within seven rings
- Return calls within one working day if a message is left
- See customers within 5 minutes at our Customer Service Enquiry points
- See customers within 10 minutes at a Service Enquiry point (If customers need specialist advice, the wait may be longer)
- See customers within 15 minutes of an appointment time, but if we can't we will explain why and let customers know when they can be seen
- Reply to letters and faxes within 10 working days
- Acknowledge emails sent to enfield.council@enfield.gov.uk within 24 hours and respond fully within 10 working days
- Respond to complaints within 15 working days

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- Where it is not possible to meet these standards, we will provide an acknowledgement, contact details and an indication of when a full response will be provided.
- Adhere to timescales set out in the Council's Corporate Complaints procedure "How to Complain"
- Resolve a customer query at the first point of contact or provide details of who can help, together with timescales
- Communicate in plain language, providing interpreting and translation services when required
- Make sure our public buildings and events are accessible
- Display the opening times of reception areas and adhere to them
- Provide seating and somewhere to fill out forms in reception areas
- Provide information on waiting times or offer appointments for certain services where requested
- Provide comment cards at service points and monitor feedback
- Publish our customer service standards and our performance against them
- Respect customer privacy, offering private areas for discussion if required
- Provide identification on request
- Have well-trained and confident staff that have the skills and knowledge to do the job
- Treat customers' homes with respect when we visit