



Income & Awards

Income Collection Strategy

1. Introduction

Income & Awards core duty is to protect public funds and recover sums due to the Council for Business Rates, Council Tax, Sundry Income and Overpaid Housing Benefit while providing relevant awards for Council Tax, Housing Benefit and Social Care and Support.

We aim to collect in excess of 99% of Council Tax and 99.5% of Business Rates over a three year period. Sundry Income invoices are paid on average within 50 days. Over 60% of Housing Benefit overpayments have been collected.

Fewer than 10% of all Council Tax and Business Rates payers receive any form of formal legal action for non-payment of debts.

This document sets out a revised recovery strategy to ensure that practices maximise income collection for the Council through methods that are fair to everyone including those on low or limited income.

This strategy is to be used in conjunction with Debt Write Off policy, Hardship Policy and Individual Debt Collection & Write off policies.

2. Objectives

This strategy affirms the objectives for the Income & Awards service to:

Maximise income to the council by encouraging pro-active approaches to the collection of income, encourage payment in advance of service delivery thereby saving the costs of issuing an invoice, promote regular payments and develop an understanding of non payment to assist future collection rate increases.

Help to reduce the effect of debt on residents by maximising residents' ability to pay ensuring debtors understand the benefits in making regular and timely payments.

Having a consistent 'firm but fair' approach by evaluating systems and processes to improve efficiency, reducing duplication and unnecessary customer contact, managing performance, ensuring accuracy of databases, information or records relating to income collection while acknowledging the role of recognised partners and agents and working with such agencies wherever practicable.

Ensuring equality between those who do pay and those who don't by using the powers available to the Council to collect the debt from the customers "who can pay but don't pay", thereby giving assurance to those customers who do pay their bills that enforcement action will be taken against non-payers.

With the overall Strategy's Objective of: "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"

2.1 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

3. Income Collection

We will maximise income collection from the raising of a debit to collection of debt by utilising good practices, technology and systems available, applicable legislative collection practices, competent trained staff and good working practices with partners and third parties.

Collection of income and debt recovery comes at a cost. Where payments for services that have previously been collected by the issue of an invoice, customers will be encouraged to pay in advance of service delivery, using E-payments at the point that the service is arranged or delivered.

3.1 Billing

Maximum income collection shall be sought from the moment the debit is raised and the customer is billed. To assist this aim we shall:

- use all available methods to gather accurate information in order to issue bills to the organisation or individual who is liable to pay, at the correct address

- issue all communications in plain English utilising the most effective systems and processes
- issue accurate bills that comply with legislative requirements; are clearly identifiable as sums due to the council; show the gross charge, plus any reductions, reliefs or additional charges; payment terms; payment methods available; and contact details
- raise all debits as soon as practicable and issue all bills, reminders and final notices as close as possible to the day of production
- regularly review the minimum level below which bills will not be issued
- secure the most efficient and cost effective mechanism for the printing, issue and delivery of bills and other documents making best use of available technology

3.2 Payments

Maximum income collection shall be sought through the encouragement of prompt payments from customers. To assist this aim we shall:

- clearly communicate payment methods available to customers or debtors on all communications
- reinforce the need for timely payments in all communications to and conversations with customers or debtors
- identify, implement and promote the payment methods that are the most efficient, effective and cost effective

3.3 Collection and Enforcement

Maximum income collection shall be sought through the use of all collection and enforcement practices available. To assist this aim we shall:

- actively pursue all collectible debts by adhering to legislative timescales and employ the remedies appropriate to securing the debt
- ensure recovery action is prompt and effective; annually producing a recovery timetable based on timescales as close as possible to the minimum legal timeframe and in consultation with the Customer Contact Service.
- recover from the debtor any costs or fees legally and legitimately due wherever appropriate; only in exceptional cases, where it would not be in the best interest of the council or residents to pursue these fees or charges will they be waived

- monitor and compare current year's collection performance; weekly for Council Tax and Business Rates; monthly for Sundry Income and Overpaid Housing Benefit to ensure collection practices are effective
- monitor the level and age of older debt monthly to ensure collection practices are effective
- review methods employed to collect debts in the light of best practice information, legislative changes and technology developments
- promote early contact where customers are unable to make payments on time, offering realistic payment arrangements to clear debts within a reasonable time period appropriate to their circumstances
- work with all Income & Awards staff, front line staff, partners and agents to ensure customers are informed of any eligibility to reduce their liability and maximise their household income, sign posting to sources of advice, support and benefit
- work towards an integral corporate debt approach by the consistent prioritising of income collection; working with Income staff to recognise the priority of payments required from debtors with more than one debt to Income & Awards

3.4 Charging Orders, Bankruptcy Proceedings and Committal to Prison

Recent guidance from the Local Government Ombudsman makes a number of recommendations concerning the use of Charging Orders, Bankruptcy Proceedings and Committal applications. These have been incorporated in this strategy to ensure we use best practice and comply with all aspects of equality legislation.

Before considering taking any action that would lead to the granting of a Charging Order, the commencement of Bankruptcy Proceedings or Committal Proceedings the following actions will have been taken:-

- officers will have taken reasonable steps to contact the debtor in person, including visiting their home if necessary this may be undertaken by the Council's Bailiffs.

The information to be collected on a visit to a debtor's home, including visits by the council's bailiffs when levying distress, should include:-

- whether the debtor is suffering from a disability
- the debtor's financial information, whether they are in employment and if so their net earnings and their employers name and address.
- if the debtor is on benefits what type of benefit they are in receipt of

- the number and age of the debtor's dependants and non-dependants living in the home

The Head of Income and Awards will make the decision, based on the recommendation of the Income Manager, as to whether pursuing the granting of a Charging Order, the commencement of Bankruptcy Proceedings or Committal Proceedings is a fair and proportionate action after taking the following actions:-

- reviewing an accurate history of the origin of the debt and attempts to recover it
- considering information about the past, present, disputed or outstanding benefit claims or any discounts or exemptions that might be relevant
- assessing that the debtor has assets that will clear the debt if bankruptcy or a charging order is pursued
- assessing that there is no realistic prospect of recovering the debt by other means in a reasonable timescale
- gathering sufficient evidence about the debtor's circumstances
- considering whether a debtor's failure to pay and to respond to other recovery measures could arise from a disability (including a mental impairment with a long term and substantial effect on normal day-to-day- activities), and,
- considering whether the debtor's personal circumstances warrant them being protected from the consequences of recovery action.
- When considering bankruptcy, consideration must be given to the costs the debtor will incur and the possible consequences i.e loss of the debtor's home.

Decisions about pursuing bankruptcy, seeking committal to prison or applying for a charging order should be retained together with the information considered by the Head of income and Awards, and the Income Manager.

Written information should be provided to the debtor when bankruptcy proceedings, applying for a charging order or seeking committal proceedings are being considered. The information should:-

- Warn the debtor of the serious consequences of the recovery action to be taken and their continued failure to make arrangements to pay the debt, and

- Urge them to seek independent advice and “sign-post” to local sources of advice.

3.5 Uncollectible Debts

Income and Awards will at all times use the most appropriate and effective method of recovery to maximise Council income. This will on occasion include recognising when all options to collect a debt have been exhausted and the debt is uncollectible. Income & Awards may reduce outstanding debts due to:

- Write Offs; a regularly review of irrecoverable debts for write-offs will be undertaken in accordance with Income & Awards Debt Write Off Policy
- Hardship; in exceptional cases a debt may not be collectable on the grounds of hardship. The financial circumstances of a customer may lead to the conclusion that all or part of the debt is uncollectible and should be reduced on the grounds of hardship. The Income & Awards Hardship policy sets out guidelines for which an application for hardship will be considered

3.6 Communications

Effective communications are central to maximising income collection. Timely and accessible communications will help customers make the required payments, prevent the Council and customers incurring unnecessary costs and court actions, ensure that options to maximise household income are explored at the earliest opportunity to assist in maximum income collection. To assist this aim we shall:

- provide information clearly and transparently to debtors on what/how to pay, what to do if they can't pay and what actions we may take; assist them in understanding the situation, their options and what is required of them as individuals before further recovery progression
- utilise timely clear and straight forward messages
- provide clear information to help persistent debtors understand the need and the benefit of making regular payments to break the cycle of debt owed to Income & Awards
- use a range of communication media and access channels; assess and recognise the channels' effectiveness with the audience
- offer a range of customer contact methods; telephone; face to face; self service delivered by the Contact Service, Income & Awards, agents and Partners to deliver a consistent message to customers
- make the customer aware of any potential for statutory discounts, reductions or benefit available; assist and encourage the debtor to apply for such

- make the debtor aware of any potential for discretionary hardship assistance available; assist and encourage the debtor to apply for such to alleviate hardship and reduce outstanding debt
- signpost individuals in need of help or advice to relevant partner agencies, internal & external assistance available

3.7 IT systems

Maximum income collection shall be sought through the use of available technology. To assist this aim Income & Awards shall continually review and encourage system exploitation to;

- automate processes and improve services to customers
 - extend frontline transaction processing capability
 - improve customer access channels
 - develop mobile and remote working
 - increase the ability of the service to deliver flexible working practices
 - improve customer self service
 - increase efficiency
 - release budget savings
- develop management reporting and performance monitoring

4 Training and Development

Maximum income collection shall be sought through the skills, competence and understanding of SMBC staff, and partners. To assist this aim we shall continually assist in the understanding, development and training of:

Income & Awards staff, Front Line Staff, partners and agents:

- understand this strategy and assist in maximising income during customer contact

Income & Awards staff:

- cross training members of the Income & Awards team to facilitate joined up service delivery, sound decision making and appropriate sign posting

- specialist training and development to develop specialist skills within the team such as; legislation; credit control skills; advocacy; advanced customer negotiation and debt management skills

5 Controls

To ensure maximum income collection is sought while protecting the interests of the council, staff and residents we have set the following controls:

- ensure adherence to legislation; income collected by Income & Awards relates to a mixture of statutory and non statutory charges; methods for billing and collection of the statutory debt are tightly prescribed by statute as such all recovery practices employed must adhere to the relevant legislative for each income type
- further guidance documentation including Debt Write Off, Hardship and individual Income Collection and Write off Policies shall be reviewed in accordance with this strategy and shall be adhered to by all involved in the collection of income
- clear, accountable audit trail of monies received or actions taken in the collection of debt
- where either local or national performance indicators exist Income & Awards will strive for top quartile performance and will publish performance annually
- flexible and willing to change as needed, with a view to determine the right path for Solihull MBC, residents and partners during changes in financial climates, legislation or processes
- safeguarding personal information; only sharing information with third parties where appropriate in line with legislative constraints
- ensuring, wherever possible, the exchange of information with a relevant external agency in a secure electronic format
- recording of all documentation shall be kept in accordance with Income & Awards Retention Schedule or as prescribed in law