

Report to:	EXECUTIVE CABINET
Date:	26 January 2022
Executive Member:	Councillor Oliver Ryan – Executive Member Finance and Economic Growth
Reporting Officer:	Ilys Cookson – Assistant Director Exchequer Services
Subject:	COLLECTION, RECOVERY AND IRRECOVERABLE MONIES 2021
Report Summary:	The report details the collection and recovery processes for Council Tax, Business Rates and Sundry Debts, compares levels of irrecoverable debts with other local authorities, identifies debt which cannot by law be recovered and considers a corporate debt recovery policy.
Recommendations:	That Executive Cabinet be recommended to agree: <ul style="list-style-type: none"> (i) That the report be noted (ii) Approve the Debt Recovery Policy at Appendix 2 of this report.
Corporate Plan:	By law the financial implications of recovery, collection and irrecoverable monies are factored into the Council's overall budget position.
Policy Implications:	In line with Council policy.
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	Income from Council Tax, Business Rates, and Fees and Charges for services, are a significant income stream for the Council, and an essential mechanism for funding services. It is vital that the Council has policies and procedures in place to ensure monies due to the Council are collected effectively and that rates of collection are maximised. However, the costs of pursuing and recovering outstanding debt can be high and there will always be a balance to be struck to ensure that the cost of recovery does not exceed the value of the monies being recovered. Given the volume of income transactions due to the Council, it is inevitable that some debt cannot be collected for a variety of reasons and a level of write off is expected across all types of debt. In accordance with recommended accounting practice, the Council maintains a provision for write-offs in respect of council tax, business rates and sundry debt invoices. This provision is subject to annual review and allowance is held within the Corporate contingency budget to fund any increases required to the provision.
Legal Implications: (Authorised by the Borough Solicitor)	A significant part of the council's overall budget is received through council tax and business rates with additional funding being generated by the payment for services provided. Therefore collection and recovery of these is an essential part of the council's overall budget management particularly in the current challenging financial climate This report sets out how the Council has increased its overall debt recovery year on year and also the speed of the debt

recovery to increase the number of debts recovered in the same financial year as they arose. However a portion of these payments will still not be made on time, if at all and so the council as 'keeper of the public purse' has a duty to pursue any debts owed rigorously whilst having regard to the LGSCO guidance on the need to take into account evidence, reasonableness and appropriateness of collection. This approach is set out in the appended policy.

This report also highlights that there are a number of different circumstances where the council by operation of law is unable to recover debts as set out in section 4 and appendix 4 of this report. In these cases the debts become irrecoverable i.e. bad debts.

As debts are accounted for in the council's budget prudent financial management required any irrecoverable costs to be written off as they will artificially inflate and potentially distort the overall budget position.

It is therefore critical that the council continues to pursue debts wherever they arise by adopting the appended debt recovery policy.

Risk Management:

Risks are detailed in Section 5 of this report.

Background Information:

The background papers relating to this report can be inspected by contacting the report author Ilys Cookson



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1. INTRODUCTION

- 1.1 The collection of monies is a statutory duty in accordance with legislation pertaining to each function. It is essential that all monies owed to the Council are collected in a timely manner using legislative permitted processes in order to protect the public purse and continue to fund vital public services.
- 1.2 Balances outstanding can, in specific circumstances be reduced where an applicable statutory discount, exemption, relief or revaluation are awarded providing eligibility is met. It is inevitable that there will always be an amount of debt, which cannot be collected across all debt types each year for a variety of reasons. Such debts are termed irrecoverable because the law does not permit the Council to collect the debt according to circumstances.
- 1.3 Exchequer Services collect monies owed to the Council in respect of a range of services such as:
- Council Tax
 - Business rates (National Non Domestic Rate)
 - Sundry debt accounts for goods and services provided such as leases and rents, library fines, trade waste, adult social care charges for homecare and residential care, community alarms
 - Overpaid Housing Benefit where there is a change in circumstances or Her Majesty's Revenues and Customs (HMRC) and Department of Work Pensions (DWP) provide information on undeclared income or capital
- 1.4 This report considers collection and recovery rates by debt type, and is an update on the report considered by Executive Cabinet in December 2019.

2 COLLECTION

- 2.1 In March each year the service sends out the majority of Council Tax and Business Rates bills and invoices. Bills and invoices in respect for goods and services are also sent out throughout the year as changes occur in respect of Council Tax and Business Rates and as services request invoices to be raised.
- 2.2 The following tables put into context the number of accounts and amount of money to be collected.

COUNCIL TAX

Table 1: Council Tax as at March 2021	
Council Tax bills sent out	103,367
Value of Council Tax bills	£139,243,109
Total Council Tax Support (CTS) claimants	18,852
Value of Council Tax Support awarded	£14,700,000

- 2.3 The CTS scheme is a means tested benefit scheme funded from Council budget and supporting the most financially vulnerable residents. Being assessed as eligible to receive CTS is dependent on income, capital, assets and savings, household composition and Council Tax band. Everyone, including those receiving the maximum welfare benefits from the Department of Work and Pensions (DWP) must pay at least 75% of their Council Tax due if they are in receipt of CTS and CTS is capped at property Band A.
- 2.4 Council Tax collection has increased significantly over recent years as follows:

Table 2: Council Tax cash collected by year			
Financial Year	Council Tax Cash collected £ m	% collected in year	% collected as at 31 October 21
2016/17	£89.3	93.69	97.16
2017/18	£93.7	93.42	96.60
2018/19	£98.9	93.41	96.12
2019/20	£ 104.8	93.52	95.49
2020/21	£ 108.8	93.95	95.35
Total collected in last 5 years	£ 495.5 m	Average 93.6% collected in year	Average of cumulative collection rate over last 5 years 96.14

2.5 It must be borne in mind that recovery of monies owed continues regardless of the financial year in which the debt falls and arrears continue to be recovered until all arrears are paid or recovery exhausted.

2.6 A range of methods of payment of Council Tax are available, including direct debit, on-line or telephone payments by credit or debit card, standing order, BACS payments, cash at Post Offices and Payzone outlets. Cheques are accepted however, the processing costs are high and direct debit is the preferred method of payment due to the low transaction costs. Many charge payers do pay regularly and on time, however many do not and this is where the most resource is required. Recovery processes are detailed in Section 3 and Appendix 1 of this report.

2.7 The following section puts into context the number of accounts and money collected:

BUSINESS RATES

Table 3: Business Rates as at March 2021	
Business Rates bills sent out	7,952
Value of Business Rates bills	£33,231,789

2.8 Business Rates accounts can, subject to eligibility criteria, receive a number of reliefs as determined by central government, all of which have the effect of reducing the amount payable. The reliefs currently available are as follows:

- Transitional Relief
- Small business rates relief
- Retail discount
- Discretionary relief
- Charitable relief

2.9 The above reliefs are in addition to the range of grants made available by central government during 2020/21 and 2021/22 as a result of the COVID restrictions on the economy. Many business ratepayers seek to reduce rateable values by using rating agents who act on their behalf in appealing to the Valuation Office Agency (VOA). The VOA notifies the Council of the outcome of an appeal. The two largest assessments in Tameside are IKEA and Asda both in Ashton. Like the majority of multi-national businesses, their premises are subject to continual appeal often resulting in a reduction in rateable value and a lower amount of rates payable. The outcome of appeals of this nature cannot be predicted.

Table 4: Business Rates cash collected by year		
Financial Year	Cash collected £ million	% collected in year
2016/17	£64.45	93.69
2017/18	£60.35	93.42
2018/119	£57.20	93.41

2019/20	£56.09	97.01
2020/21	£28.78	94.79
Total collected in last 5 years	£ 266.87m	Average 94.46% collected in year

2.10 The above table demonstrates how the net collectable debit has reduced due to the continual award of reliefs set by the government. Like Council Tax, it must be borne in mind that recovery of monies owed continues regardless of the financial year in which the debt was raised and arrears continue to be recovered until all arrears are paid. Payment methods are the same for Council Tax as detailed in Section 2.6 above.

SUNDRY DEBTS

2.11 Invoices are raised throughout the year in respect of goods and services provided by the Council. There are 106 different debt types and typical debt types are as follows:

- Adults social care services
- Trade waste
- Ground rents
- Allotments
- Community alarms
- Commercial Rents
- Hire charges
- Pest control charges
- Licensing fees
- Planning fees
- Market rents

Financial Year	No of invoices raised	Value of invoices
2015-16	41,944	£50,055,037
2016-17	41,404	£43,942,797
2017-18	38,335	£47,959,543
2018-19	38,023	£69,070,864
2019-20	37,383	£75,976,844
2020-21	31,217	£90,639,634
Total issued in last 5 years	228,306	£377.6m

Financial Year	Collected £ m	% collected in year debt was raised
2016/17	£38.0	87
2017/18	£37.9	87
2018/19	£61.0	88.42
2019/20	£69.8	91.98
2020/21	£84.3	93.02
Total collected in last 5 years	£291.0	89.4

2.12 The highest value of invoices raised each year are by Financial Management, Adults social care, Estates, Payroll and then Markets. The highest value of invoices raised for Financial Management for 2019/20 was £49.13m (140 invoices raised) and in 2020/21 £64.16m, 117 invoices raised, the highest value in 2020/21 was £12.55m.

2.13 Typical invoices requested to be raised for Financial Management are in respect of the NHS Tameside and Glossop ICF, schools and other local authorities.

2.14 The highest number of invoices raised each year by services are in respect of Adults residential and non-residential care, which average £9m to £10m. **Appendix 1** details the

value and number of invoices raised by service area. Payment methods for sundry debtor invoices is the same as that for Council Tax and Business Rates.

- 2.15 The collection of monies in respect of adult's social care is, in many cases difficult and complex and which is reflected in collection of this debt type nationally. Recipients of care are often elderly and very vulnerable, and many are reliant on other people to manage their finances and pay for their care. Frequently the family members themselves are elderly and many take on the role of paying in an informal capacity. Difficulties arise when those acting on behalf of the service user themselves do not have a clear picture of the financial affairs and such difficulties are compounded in the determination as to who is the Executor of an estate where a person passes away. Frequently relatives believe that all care should be free and many do not want to pay for care for loved ones. However, the law is clear as contained in the Care Act that care cannot be withdrawn wherever a care need is identified regardless of whether payment being met at that time.
- 2.16 The sundry debtor's service has always worked closely with Adults Social Care and individual debtor's cases are discussed with social workers where appropriate, however the sums of money involved in providing care are considerable and these are generally the most challenging and difficult debts to recover.
- 2.17 An aged debt report is produced monthly and the Sundry Debt Service also sends a monthly report to service areas.

3 RECOVERY OVERVIEW

- 3.1 The report to Executive Cabinet in December 2019 proposed a corporate charging policy be implemented. This is in the process of being drafted by Financial Management colleagues and which will be the subject of a separate report to Cabinet at a future date. A Debt Recovery Policy has been drafted and which is appended to this report at **Appendix 2**. This details the legislative process by which the Council can recover monies owed. Information is available, and has been available in various places on the Councils website for many years, however, the purpose of the Debt Recovery Policy is to bring together in one document all forms of recovery that may be undertaken according to debt type. Those that owe money should be clear on the routes that can be taken and an equalities impact assessment has been considered. However, as there is no change in the processes for the recovery methods which must adhere to legislation pertaining to the recovery of debts, an impact assessment is not a requirement. Through every stage of the recovery process, regardless of debt type, consideration continues to be given to the debtors circumstances and appropriateness of recovery method used.
- 3.2 The majority of monies owed are recovered in the year that the debt is raised; however, it is inevitable that some individuals, businesses and organisations do not pay on time and are subject to recovery action in accordance with legislation appropriate to the debt type. The method of recovery can differ between different types of debts owed.
- 3.3 The service is keen to encourage payment at every opportunity and frequently signpost customers experiencing financial difficulties and other problems to appropriate agencies. The latest information leaflet to be included with Reminders is regarding support for budgeting advice and can be seen at **Appendix 3**.
- 3.4 Direct debit is also encouraged and cash payers are targeted to encourage by direct debit campaigns (a letter going out the bill or recovery document) to take this up as this is the cheapest method of collecting money.
- 3.5 **Help and support:** is available direct from Exchequer Services and Customer Services Offices support Exchequer in terms of customer queries predominantly regarding Benefits

and Council Tax recovery. The potential closure of Customer Services face to face service is likely to impact directly on the volume of contacts Exchequer receive. The table below demonstrates the volume of contacts that are likely to fall to Exchequer should face to face service be reduced. Certain contacts are time bound for example needing Housing Benefit to be paid before the next payment of rent is due to having to pay a bill before a Court hearing date or where an enforcement agent has made contact for example.

- 3.6 Vulnerable, and often older people and the digitally excluded benefit from face to face meetings in particular.

Table 7: Customer Services contacts April 2019 – March 2020	
Council Tax	9,164
Housing Benefit	12,133

- 3.7 Welfare Rights also support customers with benefit queries and those in arrears with Council Tax, Business Rates or a sundry debt, or where there is an overpayment to be recovered, and problem debt cases are referred to Welfare Rights by Exchequer where financial advice and support is required. **Appendix 3** details the budgeting support leaflet, which is sent out with recovery documents to assist residents who may have difficulty in paying by sign posting to relevant advice agencies.

- 3.8 **Debt value:** The debt type with highest value outstanding is detailed below; however, it must be borne in mind that sundry debts invoices are being raised throughout the year and not just at year start and so some monies outstanding will have only been invoiced in the last few months and so not necessarily yet in arrears. As with all debt types, recovery of monies takes place until the debt is paid in full or it cannot be collected by law due to an event taking place instigated by the debtor for example, bankruptcy, debt relief order, insolvency etc.

- 3.9 Table 8 below highlights the highest value debt type at year end and the monies collected in respect of previous years arrears while the graphs below detail the monies collected in respect of previous years arrears, and shows a typical arrears collection picture that money continues to be collected from 2005/2006 and that arrears balances reduce over time.

Table 8: Debt types with highest value arrears for previous year as at March 2021 and June 2021			
Debt type	Mar 21	June 21	Sept 21
Sundry Debts	13.51m	5.13m	6.85m
Council Tax	6.8m	5.7m	5.4m
Business Rates	1.58m	1.2m	0.989m

- 3.10 Unlike Council Tax and Business Rates the recovery of Sundry Debts is not contained in one specific piece of legislation. Specific legislation does exist in relation to the recovery of specific debt types only. For example, a land charge can never be written off in law and yet can take years to recover, which is usually at the point of house sale providing the Council is aware of the sale to ensure the solicitors are aware. Ground rents are equally difficult to recover, as they are often such low value that it is in many cases uneconomic to raise an invoice annually.

- 3.11 Each local authority generally determines the fees and charges applied to goods and services they provide. Unfortunately the Department for Communities and Local Government (formerly MHCLG) do not collect any data on sundry debts therefore there is no comparative data on services provided or costs. However, the fees and charges for goods and services in Tameside is set following approval of the Executive Cabinet Fees and Charges report prior to the commencement of each financial year.

- 3.12 Depending on debt type regular invoices can be raised throughout the year for a pre-determined frequency for the same person for the same service, for example with home care

services the invoice is raised monthly and with commercial rents. In the case of a planning fee or licence, for example the invoice will be a one-off. Some invoices are also raised at the start of the financial year for the entire year for example community alarms, market rents and trade waste.

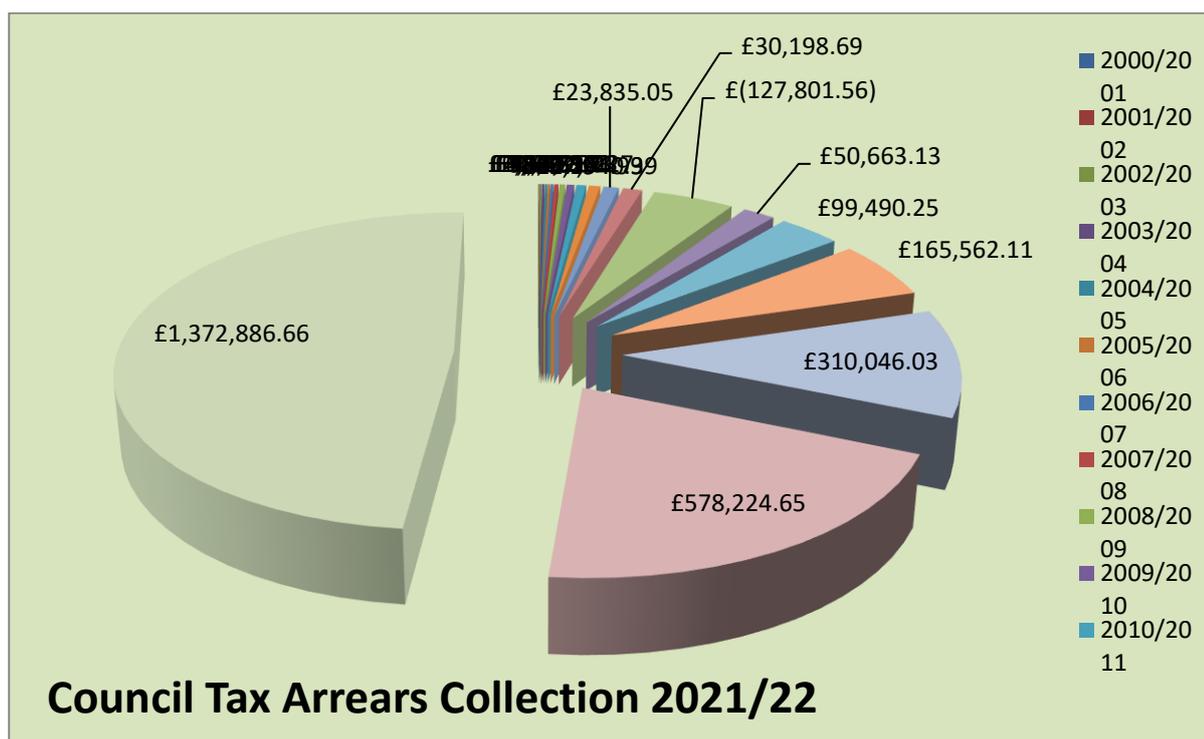
- 3.13 Payment instalments also differ according to debt type with some being invoiced in arrears, to be paid immediately, some invoiced in advance to be paid by instalments throughout the year and some are one-off invoices for immediate payment, however payment combinations and invoice raising can be any combination of these.
- 3.14 The most cost effective process for providing goods and services is for services to request invoices be raised and paid in full before service is provided. This was introduced in April 2020 following the decision of the Executive Cabinet in December 2019 and has proved effective as the Sundry Debt Service challenge service areas that request an invoice to be raised and the debtor still owes money to the Council.
- 3.15 However, it is acknowledged that the above practice cannot be adopted for all debt types raised due to legal constraints. For example, adult's social care cannot suspend service wherever a care need is identified as stated in legislation contained in the Care Act 2014, regardless as to whether previous care bills have been paid in full. A further example is where the Council provides services to another organisation under contract, as contract provision must continue regardless as to whether previous invoices are paid in full.
- 3.16 **Avoidance:** A number of common avoidance tactics are used by individuals and frequently by businesses, none of which are unique to Tameside. Rate avoidance affects the whole country. The Government have consulted on this matter twice and the last time in July 2019 from the Local Government Association. So far, there has been no change to any legislation to prevent avoidance practices. A typical avoidance tactic is where companies open, trade for a period and then cease to operate for a very short period and 'dissolve' the company then open up again often under the same name as before, however the company will have been dissolved and so by law any arrears they may owe has to be written off. Such companies may change the company name with Companies House yet the trading name will remain the same. Unfortunately, this is not an illegal process. Companies House position is clear their role is for the registration of company business, incorporation and dissolution of limited companies and will not enter into any communication with regard to recovery of any monies or conduct relating to monies owing.
- 3.17 Other common avoidance scams are for landlords of business premises to create a fictitious tenant or shell company. While lease agreements are requested at the point of registration to determine liability for payment, this is not sufficient deterrent to the most unscrupulous landlords or property owners.
- 3.18 The recent landmark victory for Local Authorities in terms of business rates was the case of *Rosendale BC v Hurstwood Properties*, which involved property owners letting unoccupied properties to 'special purpose vehicles' (SPV) or sham companies. This enabled both the property owners and the SPVs avoid liability for business rates, particularly as the SPV then dissolves and so escaping business rates liabilities levied on empty properties. The Supreme Court determined that the "owners" of the properties were the landlords and not the SPVs and that such actions are an abuse of legal process and may also have involved unlawful conduct by the directors. The liquidation scheme was declared to be an abuse of the insolvency legislation.
- 3.19 The case highlighted generally applies to larger premises where there is much to gain, however in all cases such practice is difficult to detect and difficult to recover monies from, and challenging such cases via the Court process is costly and resource intensive.
- 3.20 Equally with both Council Tax and sundry debt recovery there is an element of deliberate

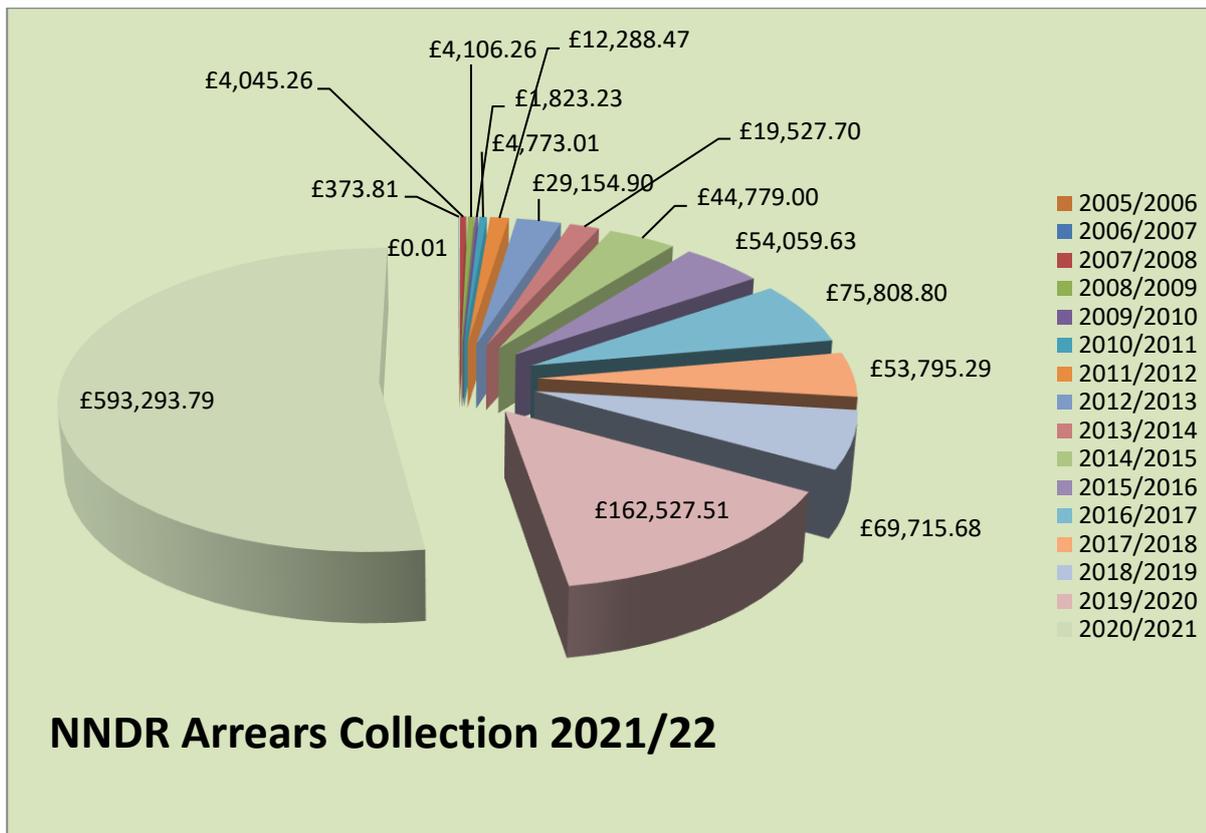
avoidance and it is common that there are a number of people who attempt to gain a reduced Council Tax bill by claiming that they live alone, yet live with another adult and make a claim for Single Person Discount (SPD). A number of successful Single Person Discount review exercises have been undertaken in recent years to determine those that may have claimed falsely or those where an SPD is no longer due ie where a child becomes an adult in the same household for example. Such exercises see the removal of the discount from the account and the full Council Tax falls due. The table below highlights the last four such review exercises.

Year	Increase to Council Tax Base £
2013/14	300k
2015/16	630k
2019/20	640.6k
2020/21	549k

3.21 **Arrears recovery:** Table 10 below details the cash collected in respect of previous years arrears. It is important to note that due to proactive and robust collection of all arrears over several years that there has been a history of collecting in excess of the requirement predicted for Council budget requirements. It is anticipated that this trend will continue in future years as arrears continue to be collected for many years after the debt was first raised.

Financial Year	% collected in year that it was due	Actual % collection as at 31 October 2021	% collection required for the tax base *	% collected over tax base requirements
2014/15	94.07%	97.89%	95%	+2.89%
2015/16	94.17%	97.55%	95%	+2.55%
2016/17	93.69%	97.16%	95%	+2.16%
2017/18	93.40%	96.60%	96.5%	+0.10%
2018/19	93.41%	96.12%	96.5%	-0.38%
2019/20	93.52%	95.49%	98.0%	-2.51%
2020/21	93.95%	95.35%	98.0%	-2.65%





The graphs above detail the monies collected from 01 April 2021 in respect of previous year's arrears. This demonstrates that money is still be collected from 2000/1 in respect of Council Tax and 2005/6 in respect of Business Rates.

- 3.22 Exchequer services have worked closely with Her Majesty's Courts and Tribunal Service (HMCTS) to introduce a new remote hearing process in light of the COVID pandemic. The new process works well, however, a considerable constraint in the recovery of monies at present is the availability of Magistrates Court hearing dates, and the Magistrates imposed cap on the number of summons that can be issued in relation to any one court hearing date. This is affecting all local authorities in the region as Courts grapple with backlogs of hearings.
- 3.23 The impact of this means that not as many people can be summonsed at any one time and so while recovery via Magistrates Courts continues to take place, it is at a slower rate than we would like.
- 3.24 Many charge payers do pay regularly and on time. However, many in receipt of benefits have to have arrears attached to their benefit, which is deducted at source by the DWP at the rate of £3.70 a week to reduce arrears. This rate is set by central government and has not changed for many years. This low rate of deduction is helpful to those on a low income however; the reality is that the deductions do not clear one year's Council Tax in the year that it falls due. This results in many benefit claimants starting the new financial year in arrears.
- 3.25 **Processes:** The process to recover monies owed differs between Council Tax, Business Rates and Sundry Debts utilising both Magistrates Courts and Enforcement Agent recovery as appropriate. Council Tax Legislation set out in the Local Government Finance Act (Administration and Enforcement) Regulations 1992 details the method and timescales for the statutory recovery of Council Tax and Business Rates monies.
- 3.26 The process is that for all debts recovery documents are issued on a weekly / monthly cycle. The actual processes of recovery are detailed in **Appendix 1** and which also details the

additional recovery processes introduced to support residents paying monies owed.

- Reminder contact by text
- Consideration of ability to pay
- Encouragement to pay by direct debit
- Encouragement to sign up to self service
- In-house welfare team (Arrears Support Team) for difficult cases
- Support and signposting
- Budgeting Advice Leaflet

3.27 The work involved in pursuing monies owed is considerable and reflects that in the last year over a third of all residents received a Reminder notice. The tables below highlight the volume of recovery documents that are sent out each year.

Table 11: Council Tax Reminders issued and value per year		
Financial Year	Number of Reminders issued	Value of Reminders issued
2019/20	39,849	£7,748,442
2020/21	32,685	£7,847,815
2021/22 (as at 30/9/21)	24,004	£4,683,105

3.28 Where Council Tax or Business Rates remain unpaid in accordance with the bill issued and arrears are not brought up to date a summons may be issued, and which incurs an additional £86.00 summons cost for Council Tax and £129.00 for Business Rates. The table below details the number and value of summons issued by year. Both Council Tax **and Business Rates matters are heard in Magistrates Courts. Tameside was the first local** authority to work with the Courts to introduce remote hearings in August 2020 to enable recovery of monies to recommence at the earliest opportunity in the COVID pandemic.

Table 12: Number of Council Tax summons issued by year and value		
Financial Year	Number of Summons issued	Value of Summons issued
2019/20	23,864	£16,401,945.06
2020/21	9,638	£ 6,952,371.30
2021/22 (as at 30/9/21)	12,115	£7,823,098.23

Table 13: Number of Council Tax Liability Orders Granted		
Financial Year	Number of Liability Orders granted	Value of Liability Orders granted
2019/20	15,333	£10,498,511.78
2020/21	8,142	£5,847,584.40
2021/22 (as at 30/9/21)	7,377	£9,524,002.56

Table 14: Business Rates Reminders issued and value per year		
Year	No of Reminders	Amount of Reminders
2019/2020	1790	£3,258,304
2020/2021	2197	£4,198,467
2021/22 (as at 30/9/21)	2,205	£2,120,921.40

Table 15: Business Rates Summons issued by year		
Year	No of Summonses	Value of Summonses
2019/20	774	£4,858,602
2020/21	349	£2,190,673
2021/22 (as at 30/9/21)	676	£4,128,082

Table 16: Number of Business Rates Liability Orders Granted		
Year	No of Liability Orders	Value
2019/20	413	£2,119,566
2020/21	201	£1,031,556
2021/22 (as at 30/9/21)	287	£1,506,186

3.29 The Magistrates usually grant a Liability Order for non-payment and this in effect gives authority to recover monies in alternative ways such as by attaching the debt to a person's benefit or earnings; however, the latter cannot be undertaken for Business Rates. The DWP may also attach any debts that they are recovering to a person's benefit and this takes priority. Some cases have numerous debts attached to their benefit and which take many years to clear and as detailed in 2.4 above the standard deduction rate of £3.70 a week has not changed for many years resulting in people starting each financial year in arrears.

3.30 The debt, post liability order, may also be referred to an enforcement agent for collection. While this is a last resort, such measures are necessary in the recovery of unpaid monies owed. The number of referrals in respect of Council Tax rose to an all time high in 2019/20, however the cessation of recovery due to the COVID pandemic accounts for the lower number of referrals in 2020/21 and referrals are expected to rise again in 2021/22.

Financial Year	Number of debts referred to Enforcement Agent	Value of debts referred to Enforcement Agent
2019/20	10,624	£7,795,849
2020/21	7,338	£6,882,924
2021/22	3,217	£3,609,748

Table 18: Number of referrals to Enforcement Agents (NDR)		
Financial Year	Number of debts referred to Enforcement Agent	Value of debts referred to Enforcement Agent
2019/20	571	£2,593,973
2020/21	82	£258,164
2021/22	64	£326,750

3.31 Enforcement agent fees and the amount of deductions under an attachment of benefit or earnings are set in legislation. Current enforcement agent fees and attachment deductions are detailed in **Appendix 4**. The conduct of enforcement agents is set in legislation and each enforcement agent must be certified by Magistrates to enable them to work for the local authority. Strict codes of conduct are in place for enforcement agents employed under a Greater Manchester framework agreement, which is in addition to our local code of conduct to be adhered to by every enforcement agent engaged.

3.32 Sundry debt recovery differs to Council Tax and Business Rates and different recovery documents are issued according to debt type as detailed in **Appendix 1**.

3.33 The Reminders being issued vary from day 10 to day 20 depending on debt type, and Final Notices from day 20 to day 45. A decision on further recovery varies from day 30 to day 55. In addition to the above, there are seven different recovery routes for the following types of debt:

- Community Alarm
- Companies
- Deceased
- Small Balances
- Markets
- Social Services
- Trade Waste

- 3.34 The total number of recovery letters sent prior to formal action being taken for sundry debt recovery is as follows with Table 20 detailing the number of sundry debt accounts referred to enforcement agents for recovery:

Fin Year	First Reminder	Final Reminder	Enforcement
2019-20	13,225	6,555	202
2020-21	11,242	6,098	400
2021-22 (to end Sept 21)	5,987	2,931	252

Financial Year	Number of debts referred to Enforcement Agent	Value of debts referred to Enforcement Agent
2019/20	1031	£820,721
2020/21	914	£413,267
2021/22	314	£442,616

4 IRRECOVERABLE MONIES

- 4.1 Collecting money for any reason whether for public or private funds carries an element of bad debt i.e. debt which is uncollectable. The impact of not writing off debts that are irrecoverable by law can result in the following:
- Inflated and inaccurate levels of bad debt provision in the Councils budget
 - Inflated and inaccurate levels of arrears

The above can, and does, manifest itself in Freedom of Information requests, and it is therefore essential that irrecoverable debts be written off systems to enable accurate financial accounting and forecasting.

- 4.2 The reasons for bad debt relate solely to the circumstances of the debtor and which the law states the debt cannot be recovered. **Appendix 4** details debts irrecoverable in law. The following section highlights debts where recovery is not legally enforceable:

Council Tax legally unenforceable debts:

- **Debt Relief Order** - Charge payer seeks via application from Official Receiver
- **Bankruptcy Order** - Charge payer made bankrupt
- **Individual Voluntary Arrangement (IVA)** – Charge payer sets up an arrangement with the insolvency practitioner
- **Statute Barred**- where part of debt or all of debt not in recovery must be written off as the debt is over 6 years old.

Business Rates legally unenforceable debts:

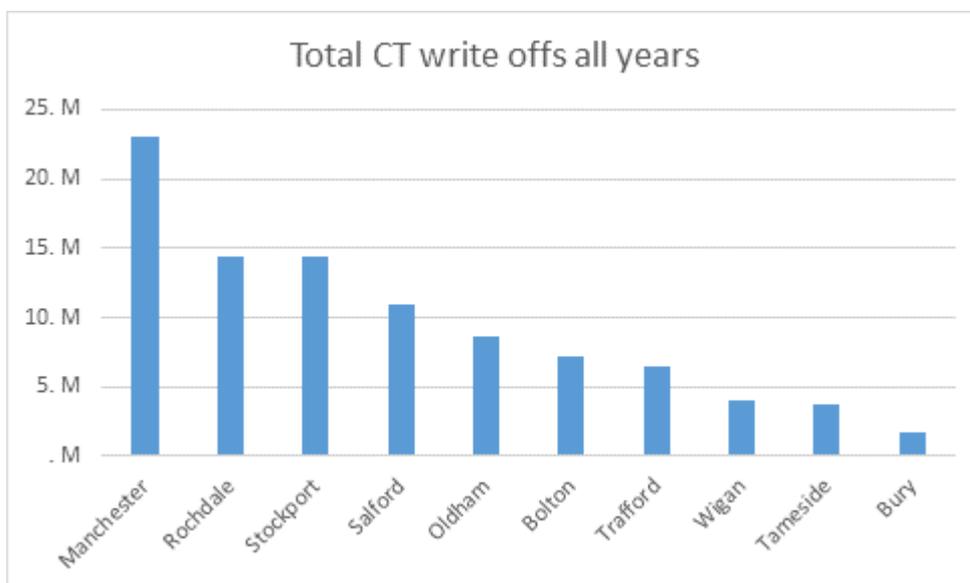
- **Company dissolved** – company is liquidated which in some cases can take several years to be finalised
- **Company voluntary arrangement (CVA)** – debtor seeks application from insolvency practitioner
- **Debt Relief Order** - Charge payer seeks via application from Official Receiver
- **Bankruptcy Order** - Charge payer made bankrupt
- **Individual Voluntary Arrangement (IVA)** – Charge payer sets up with insolvency practitioner
- **Statute Barred**- where part of debt or all of debt not in recovery must be written off as the debt is over 6 years old.

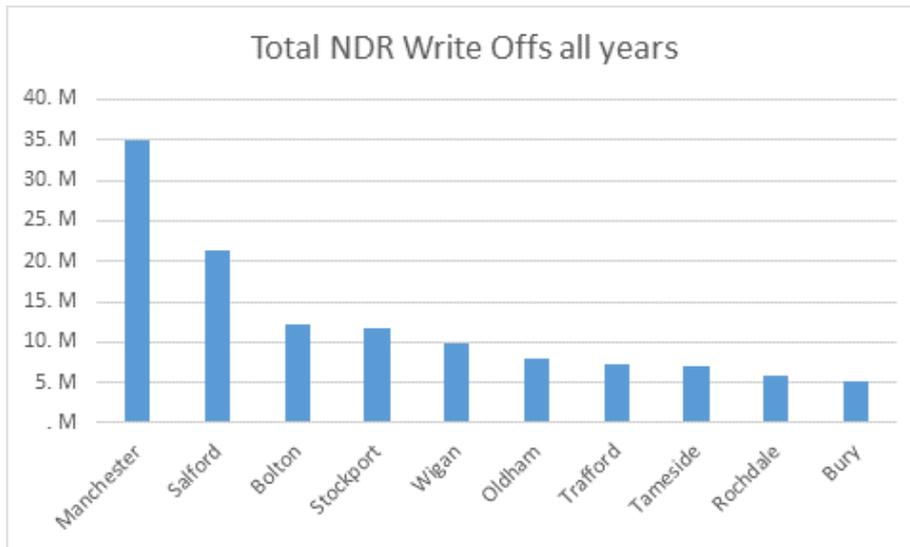
Sundry Debts legally unenforceable debts:

- **Debt Relief Order** - Charge payer seeks via application from Official Receiver

- **Bankruptcy Order** - Charge payer made bankrupt
- **Individual Voluntary Arrangement (IVA)** – Charge payer sets up an arrangement with the insolvency practitioner
- **Statute Barred**- where part of debt or all of debt not in recovery must be written off as the debt is over 6 years old.
- **Company dissolved** – company is liquidated which in some cases can take several years to be finalised
- **Company voluntary arrangement (CVA)** – debtor seeks application from insolvency practitioner

- 4.3 The most common reason for writing off debt is where a debt relief order is in place, bankruptcy and dissolved companies. In addition to the above, there are discretionary irrecoverable debts, which relate in the main to deceased persons where there are no monies left in the estate after probate searches have been obtained. Very few cases are written off due to the charge payer having absconded as both internal and external tracing methods are used. Whenever an absconder's whereabouts become known after a debt has been written off, there is a clear process to 'write back' the debt and continue recovery of monies owed.
- 4.4 The writing off of irrecoverable debt is subject to strict audit processes, which are evidenced on the Councils Agresso and Capita financial systems. All local authorities write off sums which are irrecoverable by law and which are included in Government returns to MHCLG for Council Tax and Business Rates.
- 4.5 Recovery processes are such that recovery of monies can take many years and the oldest debt currently being collected in Tameside relates to 2000/01.
- 4.6 Information on debts that have been written off is available from Department for Communities and Local Government (formerly MHCLG) for all years up to 2020/21 for Council Tax and Business Rates. The data when compared to other Greater Manchester Councils is that less is written off in Tameside compared to other similar sized authorities.





- 4.7 As can be seen above the graphs demonstrate that Tameside is the second lowest in Greater Manchester in terms of Council Tax bad debt written off and third lowest in terms of Business Rates debt written off as every effort is made to pursue recovery of all monies owed.
- 4.8 In the last 5 years a total of £495.5m Council Tax has been collected and £4m has been written off in Tameside (0.80%), and in the same period, £266.87m Business Rates has been collected with £7m being written off (2.6%). This is below the average of debt written off for similar size authorities and below the average of Greater Manchester local authorities.
- 4.9 Such comparative data for Sundry Debts does not exist as each local authority will set differing charges for goods and service provided, and central government do not collate this information. However, the table below details the debts written off in the last 2 years and which equates to an average of 1.39% of net debit raised for Sundry Debts is written off. Specific debts written off in the last 2 years are as follows:

Table 21: Previous years irrecoverable debts written off in 2019/20 and 2020/21		
Debt type	2019/20	2020/21
Council Tax	£436k	£298k
Business Rates	£2.093m	51k
Sundry Debts	£2,069,273	£455,048

5 RISKS

- 5.1 The key risk in not collecting any debt due to the Council in a timely manner is the impact on the Councils overall budget. All recovery action is undertaken within the shortest timescales possible subject to current constraints on the numbers of summons that can be issued at any one time in respect of Council Tax and Business Rates Magistrates Court hearings. Aged debt reports in respect of sundry debts arrears are available for Financial Management to discuss with service budget holders. Arrears continue to be collected many years after the debt was raised and are recovered against until the debt is paid in full. Enforcement action is used as a last resort however is necessary in terms of recovering monies owed.
- 5.2 Not writing off bad debt is also a risk on the Councils budget position as the collection of money for any reason carries an element of bad debt i.e. debt which is uncollectable. The impact of not writing off debts that are irrecoverable by law can result in inflated and inaccurate levels of bad debt provision in the Council's budget and an inflated and inaccurate levels of arrears. It is therefore important that debts, which are irrecoverable, be written off subject to audit guidelines and in accordance with the Councils Financial Regulations.

6 CONCLUSION

- 6.1 The highest overall debts owed to the Council is in respect of a range of services provided by the Council and for which an invoice is raised via Sundry Debts and then Council Tax and Business Rates. Adults social care debts are difficult to recover and take considerable time due to the complexity of monies owed for people requiring care.
- 6.2 In addition legislative recovery methods in place for the recovery of Council Tax, Business Rates and Sundry Debts further mechanisms are in place to prompt payments such as text Reminders, self-service on-line accounts. Regular single person discount reviews are undertaken.
- 6.3 A Debt Recovery Policy sets out the recovery methods which are taken, according to debt type, to recover monies owed to the Council and which is appended to this report at **Appendix 2**. Information is available, and has been available in various places on the Councils website for many years, however the purpose of the Debt Recovery Policy is to bring together in one document all forms of recovery that may be undertaken. An equalities impact assessment has been considered however, as there is no change in the processes of the recovery methods used and which must adhere to legislation pertaining to the recovery of debts, this is not a requirement. Through every stage of the recovery process, regardless of debt type, consideration continues to be given to the debtors circumstances and appropriateness of recovery method used
- 6.4 Avoidance in paying debt is common and particularly in relation to the recovery of Council Tax and Business Rates arrears and which affects all local authorities nationally. Arrears continue to be collected for many years after the payment is due and which requires costly recovery action to be undertaken using Council resource, the Court process and enforcement action. Debts continue to be collected from 2000/2001.
- 6.5 The Magistrates Court have imposed a limit on the number of summons to be served for any one hearing and this is a regional issue while the Courts address a backlog of cases arising due to COVID pandemic. Whenever an absconder's whereabouts become known after a debt has been written off, there is a clear process to 'write back' the debt and continue recovery of monies owed.
- 6.6 An aged debt report is sent to service areas in respect of Sundry Debt arrears. Some debts cannot be recovered according to circumstances, as the law does not permit recovery in such cases as detailed in Section 4.
- 6.7 Tameside is the second lowest in Greater Manchester in terms of Council Tax bad debt written off and third lowest in terms of Business Rates debt written off as every effort is made to pursue recovery of all monies owed. In the last 5 years, a total of £495.5m Council Tax has been collected and £4m has been written off in Tameside (0.80%), and in the same period £266.87m Business Rates has been collected with £7m being written off (2.6%). This is below the average of debt written off for similar size authorities and below the average of Greater Manchester local authorities. Comparable data is not available either locally or nationally in respect of sundry debts as Councils charge different amounts for fees and charges, and some services may not be charged in some authorities.
- 6.8 Services can assist by ensuring that payment is made before the service is provided and in the accrual of arrears by ceasing to provide services for debtors in arrears as such invoice requests for the same are challenged by Exchequer Services. However, it is acknowledged that in some circumstances invoices must continue to be raised, as service cannot legally cease to be provided such as services provided under contract and adults social care services where care continues to be provided.

7 RECOMMENDATIONS

7.1 As set out at the front of the report.

APPENDIX 1

Highest value invoices raised by service area for 2019/20 and 2020/21

2020/21 Top 12 Invoices by Value - Service area	Volume of invoices raised	Value of invoices raised
Financial Management *	117	£64,167,852
Adults Residential	4,925	£5,899,418
Non-residential care	12,568	£4,078,554
Estates	3,604	£2,000,755.
Payroll invoices	168	£1,361,299
Markets	846	£1,288,930
Trade Waste	1,506	£1,200,688
Environmental Development	30	£1,069,732
Ecology	337	£918,244
Community Alarms	2,798	£826,568
NAFN	469	£809,940.
Policy Service Invoices	1	£792,284
2019/20 Top 12 Invoices by Value - Service area	Volume of invoices raised	Value of invoices raised
Resource Management	140	£49,136,435
Adults Residential	5,531	£6,320,720
Non-residential care	14,981	£4,170,901
Estates	3,629	£1,794,394
Payroll invoices	180	£1,432,350
Markets	1,022	£1,357,654
NAFN	1,801	£1,191,488
Operations & Neighbourhood	118	£1,117,460
Trade Waste	1,402	£1,051,279
Community Alarms	2,745	£794,051
Ecology	501	£755,389
Engineers (skips, traffic)	606	£707,489

* In some cases Financial Management raise invoices on behalf of other service areas

TAMESIDE COUNCIL DEBT RECOVERY POLICY

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INTRODUCTION

This document sets out the Council's procedures in relation to the recovery of unpaid Council Tax, business rates and sundry debts. The document purpose is to ensure that the recovery of Council Tax/business rates or sundry debts that are not paid when due, are administered in an effective, fair, proportionate and consistent way. This document does not affect the statutory rights of the Council, taxpayers or those that owe a sundry debt.

The recovery of debts is covered in 3 parts in this document as follows:

Part One – Council Tax and Business Rates debts

Part Two – Sundry Debts

Part Three - Adult Social Care Charges

PART ONE – COUNCIL TAX AND BUSINESS RATES

1 RECOVERY PROCEDURE UP TO LIABILITY ORDER

1.1 Demand Notice (Bill)

At the beginning of the financial year, or when a new Council Tax account/business rates liability commences, a demand notice (Bill) will be sent to the taxpayer detailing the Council Tax/business rates owed for the tax year and the amount and due dates of any instalments. The demand notice is usually known as the Council Tax or business rates bill.

If there are any changes to an account which alters the amount of Council Tax/business rates due for the year then a further adjustment notice will be sent to the taxpayer. This informs the taxpayer of any changes to the Council Tax/business rates due or to changes in the amount of payment instalments due.

Payment must be made in accordance with the instalments on the demand notice, however if there is no right to pay by instalments, then the full amount on the notice must be paid within seven days. A demand may be issued against one or more joint taxpayers/business ratepayers in respect of an amount for which they are jointly and severally liable. Recovery procedures for the full sum owed may be applied to one or more than one of the joint taxpayers/business ratepayers.

1.2 Reminder and Final Notices

The recovery of Council Tax/business rates is governed by legislation contained in the Council Tax (Administration and Enforcement Regulations) 1992. If a taxpayer has the right to pay by instalments but does not pay an instalment by the due date then a text message or email Reminder may be sent to advise the Council Tax payer that payment is due. If a payment is not received within 7 days of the instalment date to bring the account up to date then a Reminder notice will be issued and we will ask the taxpayer to pay the missed instalment within a further seven days.

If the missed instalment is received within seven days, no further action will be taken. If it is not paid then the right to pay by instalments is lost, and the remaining Council Tax/business rates for the entire year becomes due. If the amount remaining for the year is not paid, then a summons to appear at a liability order hearing at the Magistrates' court will be issued. Council Tax must be paid in accordance with the payment instalment detailed on the Council Tax bill or your Council Tax payment arrangement letter. Wherever a payment is made that does not match an instalment due, then the processing system will automatically credit the payment to the oldest debt. This is how the system addresses such payments and is common to system software.

If the missed instalment is received within seven days, but another instalment is not paid, then a second Reminder notice will be issued. If the missed instalment is received within seven days no further action will be taken. If the missed instalment is not paid then the right to pay by instalments is lost and the remaining Council Tax/business rates for the entire year becomes due. If this is not paid then a summons to appear at a liability order hearing at the Magistrates' court will be issued.

If the account is brought up to date but falls behind for a third time, a Final Notice for the full outstanding amount for the tax year will be issued as the right to instalments is lost. If this is not paid in full within seven days then a summons to appear at a liability order hearing at the Magistrates' court will be issued in due course.

1.3 Summons

Where Council Tax/business rate payers fail to respond to any Reminder notice or Final Notice or defaults on an arrangement to pay following the issue of notices, the Council will apply to the

Magistrates' court for a liability order to be issued.

A summons to appear at a liability order hearing at the Magistrates' Court will be sent to each person named on the bill and summons costs will be added to the account. These costs are reviewed annually.

A summons will always be issued within at least 14 days between issue and the court hearing date. The summons will state the amount due and the time and place of the court hearing. The summons will normally be served by second-class post.

If a Council Tax/business ratepayer pays the amount of the summons including the costs prior to the court hearing; then the application will not proceed and we will not obtain a liability order. If the Council Tax/business ratepayer does not pay the summons amount including costs in full prior to the hearing, the hearing will proceed and we will ask the Magistrates to grant a liability order plus additional costs.

Any time after a summons is issued, the Council will consider making an arrangement to pay the amount due on the summons including costs. If an arrangement is made at this stage, a liability order will still be obtained to secure the debt. However, if payments are received as per the terms of the arrangement, no further action will be taken. No arrangement will be made without first obtaining the debtor's current employment and benefit details.

If the Council decides that a summons has been issued incorrectly, then it will be withdrawn and no costs will be charged.

1.4 Liability order hearings

A Council Tax/business rate payer has a right to attend a hearing and a right to give evidence as to why a liability order should not be granted by the Magistrates. If they do not attend, the hearing will still proceed in their absence. Her Majesties Court and Tribunal Service (HMCTS) may determine that the hearing is held remotely rather than in-person.

If the Magistrates are satisfied that the Council Tax/business rates are payable and remains unpaid, then they are required to issue a liability order.

If a Council Tax/business rate payer wishes to defend an application for a liability order, they must offer a valid defence against it. Valid defences include:

- the Council has not demanded Council Tax/business rates in accordance with the regulations
- the amount has been paid in full with costs
- the person named on the summons is not the liable person
- the Council has already commenced bankruptcy or winding up proceedings, which include the unpaid Council Tax/business rates concerned.

It is not a valid defence if the taxpayer for example:

- is unable to pay
- has recently applied for Council Tax/business rates discount or exemption or applied for Council Tax support
- has applied to the Valuation Office Agency against their Council Tax band/business rates rateable value
- has appealed their liability to the Valuation Tribunal.

Obtaining a liability order incurs costs of £86.00 for Council Tax and £129.00 for business rates as at 01 April 2021. These costs are reviewed annually.

1.5 Costs

Summons and liability order costs will be added to a debtor's account and will be included as part of their debt to be repaid.

Costs reflect the administrative cost, enforcement and tracing fees to the Council and the court fees incurred. Therefore, costs will only be removed from an account in exceptional circumstances as determined and agreed by the Council. Where a debtor pays the unpaid Council Tax due, but does not pay the costs owed, these will still be pursued as a debt using the actions detailed in the sections below. Summons costs are detailed in Appendix One.

2 RECOVERY PROCEDURE AFTER A LIABILITY ORDER IS GRANTED

2.1 Liability Orders

A liability order gives the Council certain powers to enforce the unpaid Council Tax/business rates debt.

Once a liability order is granted for Council Tax debts, we can:

- ask for financial information, including employment and employer details
- take money directly from wages using an attachment of earnings order
- take money directly from benefits including Universal Credit, Income Support, Jobseekers Allowance, Pension Credit or Employment Support Allowance
- instruct civil enforcement agents to collect the debt on the Council's behalf
- seek a charging order against property
- start bankruptcy proceedings
- start committal proceedings for imprisonment of up to three months.

A liability order may be made against one or more joint taxpayers in respect of an amount for which they are jointly and severally liable. Recovery procedures for the full sum owed may be applied to one or more than one of the joint taxpayers.

Once a liability order is granted for business rates debts, we can:

- instruct civil enforcement agents to collect the debt on the Council's behalf
- start bankruptcy proceedings against an individual
- start committal proceedings for imprisonment of up to three months.

2.2 14 Day Notice for Council Tax debts

Once a liability order is granted, the Council may issue a 14 Day Notice to demand the debtors income details. The debtor must provide their income details to the Council within 14 days of the demand notice being issued. The Council may then use this information to attach the debt to either earnings or benefits and may serve these to obtain up to date income details if other recovery methods have failed.

2.3 Further Summons for failing to provide income details pertaining to Council Tax debts

A further Magistrates Court summons may be issued to debtors that do not provide their income details when requested. The Council may withdraw the summons if income information is provided prior to the hearing date. The Magistrates may consider a fine where information is not provided.

2.4 Payment arrangements after a liability order

Debt repayment arrangements may be made after a liability order has been granted, subject to the specific requirements in addition to those detailed above.

Repayment arrangements, which are greater than the value of attachment of earnings for Council Tax debts, will be approved or which clear the debt within the current tax year. A debtor must also not have defaulted on any previous repayment arrangement and where this is the case a further repayment arrangement will only be made in exceptional circumstances as determined by the Council.

2.5 Attachment of earnings for Council Tax debts

Where the Council has been given a debtor's employment details we may issue an order to the

debtor's employers to make deductions from their earnings. Employers are legally required to comply with the order. The amount that can be deducted is prescribed by law and depends on the debtor's earnings as detailed in Appendix One.

A letter confirming the amount to be deducted will be sent to the debtor and to the employer when the order is issued. Each attachment is for one liability order, and a maximum of two attachments of earnings can be applied at any given time. Where we are considering issuing more than one order, the most recent debt takes first priority.

The Council will usually attach earnings where it will clear the debt in the current tax year. Attachments that will not clear the debt in the current tax year will be decided on a case-by-case basis, considering the total amount of debt and time it will take to clear the debt. If an attachment will not clear the debt in a reasonable time or if it is otherwise considered inappropriate, then the Council will consider another recovery action.

An attachment to earnings will only be cancelled in exceptional circumstances. In cases where a debtor claims hardship because of an attachment, the individual circumstances will be considered in deciding whether to cancel the attachment. The Council will require evidence of any claimed hardship. This will usually include evidence that they cannot afford to pay for essential expenses such as their housing costs, utilities or food.

2.6 Deduction from benefits for Council Tax debts

Deductions can be made from Universal Credit, Job Seekers Allowance, Pension Credit, Income Support and Employment Support Allowance to pay liability orders for unpaid Council Tax. The amount of deduction is set by central government and is detailed in Appendix One.

If a debtor is receiving one of these benefits, the Council may ask the Department for Work and Pensions (DWP) to make regular deductions from the benefit and make payments to the Council. Only one deduction can be applied at any one time although applications can be stacked if there is more than one years debt outstanding.

This action is taken where the Council has details of the debtor's benefit and where the deduction will clear the debt in the current tax year. Deductions that will not clear the debt in the current tax year will be decided on a case-by-case basis, considering the total amount of debt and time it will take to clear the debt. If a deduction will not clear the debt in a reasonable time or if it is otherwise considered inappropriate, then the Council may consider another recovery action.

A deduction from benefits will only be cancelled in exceptional circumstances. In cases where a debtor claims they will suffer hardship because of a deduction, the individual circumstances will be considered in deciding whether to cancel it. The Council will require documentary evidence of any claimed hardship. This will usually include proof that they cannot afford to pay for essential expenses such as their housing costs, utilities or food.

2.7 Enforcement agents

The Council will consider other recovery action before civil enforcement agents are requested to collect the Council Tax or business rates debt.

If the following circumstances apply, then the debt will be passed to the Council's external enforcement agents:

- there has been no contact from the debtor despite request to do so;
- if no payment arrangement has been agreed or maintained;
- if the debtor has not provided us with employer or benefit details and the debt relates

to Council Tax

Debtors will be advised in writing at least 14 days prior to the enforcement agents' visit together with the fees that may be charged. Fees charged by civil enforcement agents are prescribed by law and are detailed at Appendix One.

Once a debt is referred to civil enforcement agents, any payments either made to them or directly to the Council; will be applied to the agent's fees first before paying the debt owed to the Council. If a debt has been passed to civil enforcement agents and payment is made directly to the Council without including the civil enforcement agent's fees, then the civil enforcement agent will continue the enforcement process for their fees incurred.

Enforcement agents may make an acceptable payment arrangement with the debtor to repay the sums due or levy distress on goods owned by the debtor to satisfy the amount outstanding. If civil enforcement agents cannot identify sufficient goods to clear the debt or cannot gain lawful entry to the property; then they will send a certificate to the Council to confirm this. Other courses of recovery action in this procedure will then be considered.

The Council will ensure as far as possible that the information, the civil enforcement agent holds is up to date and accurate. Enforcement agents are expected to operate in a fair and consistent manner and are subject to regular review based on collection performance and conduct. Civil enforcement agents are also required to follow the Council's Code of Conduct.

The Council will only consider withdrawing a debt from civil enforcement agents in exceptional circumstances, for example, when a person is or may be vulnerable. However, the Council have determined that vulnerability itself does not stop use of civil enforcement agents, although an identified vulnerability will be taken into consideration when making any contact or agreement with the customer. Requests for withdrawal are considered on a case-by-case basis and the decision made will be based on individual circumstances. Any cases that are identified as vulnerable will be dealt with by the enforcement agent's specialist vulnerability/welfare team.

3 FURTHER RECOVERY ACTION

Where the actions in section 2 have been unsuccessful in recovering all of the debt owed or when they are considered inappropriate the Council may consider further recovery actions. These include:

- making the debtor bankrupt
- seek a charging order against property owned by the debtor
- seeking committal to prison.

All of these actions may have serious consequences for the debtor. They will therefore always be considered on a case-by-case basis, taking individual circumstances into account. Other legal actions outside of this procedure may also be considered where appropriate. This can include for example, the forcing the sale of a property if this is deemed a necessary and proportionate action and which may be considered for empty properties or where more than one property is owned.

3.1 Warning letter

Debtors will receive notice in writing which will be sent to their last known address when the Council is considering further legal action. These warning letters will include:

- clear warning of the actions being considered, their likely cost and the seriousness of their consequences
- a request that the debtor contact the Council to try and make an arrangement to pay the debt and information as to the consequences of failing to respond
- the date by which they must respond
- a recommendation that they seek debt advice from a local non-profit advice agency and details of how they can be contacted.

3.2 Factors to take into consideration

When considering further recovery action, the Council will investigate the circumstances of the debtor and consider:

- impact of non-payment on revenues and the need to deliver services to the community
- equality between those who do pay and those who don't
- why other recovery methods are not appropriate
- whether action is likely to be effective
- the potential debt that may be recovered by the action and whether the likely costs of the action are proportionate to it
- whether the debtor's failure to pay may result from a vulnerability or disability and, if so, what action is appropriate as a result
- the potential effect of the action on any known dependants
- the need to prevent homelessness and whether the action may cause it
- any other circumstances, which may warrant protection from the consequences of the action.

An investigation into a debtor's circumstances will include:

- an attempt to contact the debtor in person, including a home visit if necessary
- data about the debtor shared by other areas of the Council including but not limited to Benefits, Income Services, and Electoral Registration
- data about the debtor shared by other public bodies as permitted by the Data Protection Act 1998 and General Data Protection Regulations (GDPR) 2018.

Written records of the above will be kept with:

- details of attempts to contact the debtor
- the information gathered, consideration of whether the action is proportionate to the likely debt to be recovered and the reasons for proceeding with the action.

3.3 Bankruptcy

Where the debtor is an individual the Council can apply to the County Court or High Court for them to be made bankrupt if they have liability orders for a debt of more than £5,000.00.

This course of action is costly and can have a considerable impact on debtors and members of their household. Before taking this action, the Council will therefore make reasonable attempts to investigate the taxpayer's personal and financial circumstances to determine whether bankruptcy action is appropriate.

The Council is more likely to pursue this action where:

- the debtor has previously broken agreed payment arrangements
- from the information the Council holds they appear to likely have sufficient realisable assets to pay the debt and likely costs
- the likely costs are proportionate to the debt to be recovered
- the taxpayer and members of their household are not vulnerable
- all other enforcement remedies have been exhausted.

A statutory demand will first be served on the taxpayer setting out the debt outstanding, and the options available to them to prevent further action, the time scales in which they need to respond and direct contact details of officers dealing with the case. A guide to the potential bankruptcy costs is included with the statutory demand. No additional costs are incurred at this stage, and the Council may still agree a payment arrangement with the taxpayer at this stage.

Where the taxpayer has not responded to the statutory demand within 21 days or where the Council is unable to agree arrangements that will discharge the debt, the Council will consider whether a petition for the taxpayer to be made bankrupt should be made to a court.

Where new information is received which suggests that the taxpayer or other members of the household may be vulnerable as per section 2.2, the information will be referred to a Senior Recovery Officer to consider whether this action is still appropriate.

Where a bankruptcy order is made, and a debtor has assets that might be sold to settle a debt, a licensed insolvency practitioner will be appointed by the Court as a trustee to safeguard and secure the assets of the debtor.

The costs associated with this type of action are high, typically running into several thousands of pounds, which are paid by the debtor.

3.4 Charging orders

The Council may apply to the County Court or High Court for a charge to be put on a property owned by the debtor where a Council Tax debt of more than £1,000.00 is owed.

The Council is more likely to apply for a charging order against a property that is either fully or jointly owned by a debtor where:

- the debtor has previously broken agreed payment arrangements
- the debtor has failed to provide employment or benefit details
- no contact can be made with the debtor

The Council will usually contact the debtor again to try and settle the matter without the need for legal proceedings. Legal proceedings will commence if no agreement is reached.

Where new information is received by the Council, which suggests that the taxpayer or other members of the household may be vulnerable, then consideration will be given as to whether this action is still appropriate.

The costs associated with this type of action are high, and will be added to the amount of the order. Where a charging order is granted, other methods of recovery may continue to be used to collect the debt.

The Council may also apply to the court for an order for sale, which may result in the property being sold and the amount subject to the charging order, including costs, being paid from the proceeds of sale. The Council is more likely to apply for an order for sale where the debtor owns more than one property, there is likely sufficient equity in the property to pay the debt and costs and the likely costs are proportionate to the debt owed.

3.5 Committal proceedings

If enforcement agents have been unable to find any or sufficient goods to pay the debt, the Council can apply to the Magistrates' Court to have the debtor committed to prison for a maximum of three months. Committal proceedings are usually the recovery action of last resort when all other actions either have failed or are not appropriate.

The Council is more likely to take committal action against a debtor when:

- enforcement agents have not been able to recover all of the debt
- the debtor has no property or assets
- the debtor has previously broken agreed payment arrangements
- the debtor has failed to provide employment or benefit details
- the debtor is not considered vulnerable
- the debtor has no dependants
- it appears that the failure to pay may be the result of wilful refusal or culpable neglect
- no other recovery action is appropriate.

Where committal action may be appropriate, the Council will write to the taxpayer inviting them to attend an informal interview with Council officers. The interview would discuss their financial and personal circumstances to attempt to resolve the matter without the need to commence committal proceedings.

Where the debtor fails to respond or where an agreement is not reached, the Council will then apply for a summons for the debtor to appear at a hearing before the Magistrate's court.

At the hearing the Magistrates will usually conduct a means enquiry to determine whether the failure to pay the Council Tax concerned was due to 'wilful refusal' or 'culpable neglect'. The Magistrates may make the following decisions:

Commit to prison: The Magistrates can decide to send the debtor to prison for up to three months.

Fix a term of imprisonment and postpone on conditions: The debtor is usually ordered to pay in instalments as determined by the Magistrates. If payments are made as ordered then no further action is taken. If payments are missed, then the prison sentence will come into force and the debtor can be sent to prison for up to three months.

Adjourn: A hearing may be postponed to a later date if, for example, more information or evidence is needed before a decision can be made.

Dismiss (take no action): The Magistrates may decide that no further action is appropriate.

Remit some or all of the debt: The Magistrates can remit (write off) some or all of the Council Tax owed. If only some of the debt is remitted, the Magistrates may make a court order for the rest.

Where the debtor does not attend the hearing as required, the Council will ask for a warrant of arrest with bail to be issued for a further hearing at the Magistrate's court. A warrant of arrest without bail may be applied for in some circumstances, for example where a debtor has previously not complied with a warrant with bail.

If a term of imprisonment is served, the relevant amount of Council Tax will usually be written off as irrecoverable. A part payment will also reduce the term of imprisonment by the ratio of payment to the total amount of the debt.

The costs of committal proceedings are high and can add hundreds or thousands of pounds to an existing Council Tax/business rates debt, which will be recoverable from the debtor/s.

PART TWO – SUNDRY DEBTS

1 RECOVERY PROCEDURE PRIOR TO LEGAL ACTION

1.1 Invoice issue

An invoice for monies owed to the Council for goods, services, fees or charges is sent to the debtor at the point that it is established that money is owed to the Council. This may be at the beginning of the financial year, or at any point within the year. The invoice will detail the amount due, and due date of any instalments. The invoice is also known as a Sundry Debt invoice.

If there are any changes to an account which alters the amount of money due to the Council then a further adjustment notice will be sent to the customer. This informs the customer of any changes to the amount or date of payment due.

If there is no right to pay by instalments, then the full amount on the invoice must be paid as detailed on the invoice. Where appropriate an invoice will be raised before the goods or services are provided.

1.2 Reminder and Final Notice

If a customer does not pay an instalment by the due date then a Reminder notice will be issued. The customer must pay the amount requested on the Reminder notice generally within 15 days.

If the account is not brought up to date in accordance with the Reminder notice issued then a Final Notice will be issued to the debtor 10 days after the payment was due to be paid in accordance with the Reminder notice.

1.3 Further Recovery

Where the amounts requested under the Reminder and Final Notice are not paid or the account remains in arrears, a contact letter and statement of account is sent to the debtor. The debtor is requested to contact and make an arrangement to pay or pay in full within 14 days and notified of the next stage of recovery if payment is not made. No arrangement will be made without first obtaining the debtor's employment and benefit details.

If there has been no contact from the debtor, if no payment arrangement has been agreed or maintained, if the debtor has not provided us with benefit details if the debt relates to a benefit overpayment, then the debt will be passed to the Council's external enforcement agents to make contact with the debtor.

Enforcement agents contact the debtor at this stage and request that contact is made direct within 14 days to arrange payment. The debtor may make an acceptable payment arrangement with the enforcement agent without incurring any enforcement agent fees.

In the case of commercial rents, Enforcement Agents can uplift goods and add costs without the permission of the Court.

Where the debt relates to a Housing Benefit overpayment, the Council will seek to take money directly from earnings or from benefits including Universal Credit, Income Support, Jobseekers Allowance, Pension Credit or Employment Support Allowance. This is known as an attachment of earnings or benefit order and the Council does not need the permission of the Court to take this action.

2 RECOVERY PROCEDURE WITH LEGAL ACTION

2.1 Warning letter

Where the amounts requested under the Reminder and Final Notice are not paid or the account remains in arrears, and no contact or payment arrangement been maintained with the enforcement agent, debtors may receive notice in writing, which will be sent to their last known address, that the Council is considering further legal action. These warning letters will include:

- clear warning of the actions being considered, their likely cost and the seriousness of their consequences
- a request that the debtor contact the Council to try and make an arrangement to pay the debt and information as to the consequences of failing to respond
- the date by which they must respond
- a recommendation that they seek debt advice from a local non-profit advice agency and details of how they can be contacted.

2.2 Factors to take into consideration

When considering further recovery action, the Council will investigate the circumstances of the debtor and consider:

- impact of non-payment and the need to deliver services to the community
- equality between those who do pay and those who don't
- why other recovery methods are not appropriate
- whether action is likely to be effective
- the potential debt that may be recovered by the action and whether the likely costs of the action are proportionate to it
- whether the debtor's failure to pay may result from a vulnerability or disability and, if so, what action is appropriate as a result
- the potential effect of the action on any known dependants
- the need to prevent homelessness and whether the action may cause it
- any other circumstances which may warrant protection from the consequences of the action.

An investigation into a debtor's circumstances will include:

- an attempt to contact the debtor in person, including a home visit if necessary
- data about the debtor shared by other areas of the Council including but not limited to Benefits, Income Services, and Electoral Registration
- data about the debtor shared by other public bodies as permitted by the Data Protection Act 1998.

Written records of the above will be kept with:

- details of attempts to contact the debtor
- the information gathered, consideration of whether the action is proportionate to the likely debt to be recovered and the reasons for proceeding with the action.

3 COUNTY COURT JUDGEMENTS

Where it is deemed appropriate to do so and the debt remains unpaid and no payment arrangement has been made or maintained to pay the outstanding debt, the Council will apply to the court to obtain a county court judgement (CCJ) against the debtor.

A county court judgement gives the Council certain powers to enforce the unpaid debt.

Once a CCJ is granted for sundry debts we can:

- ask for financial information, including employment and employer details
- take money directly from wages using an attachment of earnings order
- seek a charging order against property
- start bankruptcy proceedings

The County Court may instruct civil enforcement agents to collect the debt on the Council's behalf and add their fees. In the case of commercial rent debts civil enforcement agents appointed by the Court may uplift goods to the value of the debt and costs.

A county court judgement and the actions outlined may have serious consequences for the debtor and they will therefore always be considered on a case by case basis, taking individual circumstances into account. Other legal actions outside of this procedure may also be considered where appropriate, such as forcing the sale of a property if this is deemed a necessary and proportionate action and which may be considered for empty properties or where more than one property is owned.

3.1 Attachment of earnings for sundry debts

Where the Council has been given a debtor's employment details, we may issue an order to the debtor's employers to make deductions from their earnings. Employers are legally required to comply with the order. The amount that can be deducted is set by the county court after consideration has been given to the debtors income and expenditure.

A letter confirming the amount to be deducted will be sent to the debtor and to the employer when the order is issued. Where we are considering issuing more than one order, the most recent debt takes first priority. More than one attachment of earnings can be applied at any one time.

If an attachment will not clear the debt in a reasonable time or if it is otherwise considered inappropriate, then the Council will consider another recovery action.

An attachment to earnings will only be cancelled in exceptional circumstances. In cases where a debtor claims hardship because of an attachment, the individual circumstances will be considered in deciding whether to cancel the attachment. The Council will require evidence of any claimed hardship. This will usually include evidence that they cannot afford to pay for essential expenses such as their housing costs, utilities or food.

3.2 Enforcement agent action

The Court may appoint an enforcement agent to recover the sundry debt on the Council's behalf.

Enforcement agents will issue a notice of enforcement and add statutory enforcement fees to the debt after a County Court Judgment has been granted by the Court.

Once a debt is referred to civil enforcement agents, any payments made either to them or directly to the Council will be applied in accordance with the Taking Control of Goods (Fees) Regulations 2014. If a debt has been passed to civil enforcement agents and payment is made directly to the Council without including the civil enforcements agent's fees; then the civil enforcement agent will pro rata the payment between debt and fees in strict accordance with regulations.

The debtor will be encouraged to repay the sums due or the enforcement agents may levy distress on goods owned by the debtor to satisfy the amount outstanding. If civil enforcement agents do not receive payment, cannot identify sufficient goods to clear the debt or cannot gain lawful entry to the property then they will send a certificate to the Council to confirm this position. Other courses of recovery action in this procedure will then be considered.

The Council will ensure as far as possible that the information, the civil enforcement agent holds is up to date and accurate. Enforcement agents are expected to operate in a fair and consistent manner and are subject to regular review based on collection, performance and conduct. Civil enforcement agents are also required to follow the Council's Code of Conduct.

The Council will only consider withdrawing a debt from civil enforcement agents in exceptional circumstances, for example, when a person is or may be vulnerable. However, vulnerability itself

does not stop use of civil enforcement agents, although an identified vulnerability will be taken into consideration when making any contact or agreement with the customer. Requests for withdrawal are considered on a case-by-case basis and the decision made will be based on individual circumstances. Any cases that are identified as vulnerable will be dealt with by the enforcement agent's specialist vulnerability/welfare team.

3.3 Bankruptcy

Where the debtor is an individual, the Council can apply to the County Court or High Court for them to be made bankrupt if the sundry debt is more than £5,000.00.

This course of action is costly and can have a considerable impact on debtors and members of their household. Before taking this action, the Council will therefore make reasonable attempts to investigate the taxpayer's personal and financial circumstances to determine whether bankruptcy action is appropriate.

The Council is more likely to pursue this action where:

- the debtor has previously broken agreed payment arrangements
- from the information the Council holds they appear to likely have sufficient realisable assets to pay the debt and likely costs
- the likely costs are proportionate to the debt to be recovered
- the taxpayer and members of their household are not vulnerable
- all other enforcement remedies have been exhausted.

A statutory demand will first be served on the debtor setting out the debt outstanding, and the options available to them to prevent further action, the time scales in which they need to respond and direct contact details of officers dealing with the case. A guide to the potential bankruptcy costs is included with the statutory demand. No additional costs are incurred at this stage, and the Council may still agree a payment arrangement with the debtor at this stage.

Where the debtor has not responded to the statutory demand within 21 days or where the Council is unable to agree arrangements that will discharge the debt; the Council will consider whether a petition for the debtor to be made bankrupt should be made to a court.

Where new information is received which suggests that the debtor or other members of the household may be vulnerable, consideration will be given regarding whether this action is still appropriate.

Where a bankruptcy order is made, and a debtor has assets that might be sold to settle a debt, a licensed insolvency practitioner will be appointed by the Court as a trustee to safeguard and secure the assets of the debtor. The costs associated with this type of action are high, typically running into several thousands of pounds, which are paid by the debtor.

3.4 Charging orders

The Council may apply to the County Court or High Court for a charge to be put onto a property owned by the debtor. The Council is more likely to apply for a charging order against a property that is either fully or jointly owned by a debtor where:

- the debtor has previously broken agreed payment arrangements
- the debtor has failed to provide employment or benefit details
- no contact can be made with the debtor

The Council will usually contact the debtor again to try and settle the matter without the need for legal proceedings. Legal proceedings will commence if no agreement is reached.

Where new information is received by the Council which suggests that the taxpayer or other members of the household may be vulnerable, then consideration will be given as to whether this

action is still appropriate.

The costs associated with this type of action are high, and will be added to the amount of the order. Where a charging order is granted, other methods of recovery may continue to be used to collect the debt.

The Council may also apply to the court for an order for sale, which may result in the property being sold and the amount subject to the charging order, including costs, being paid from the proceeds of sale. The Council is more likely to apply for an order for sale where the debtor owns more than one property, there is likely sufficient equity in the property to pay the debt and costs and the likely costs are proportionate to the debt owed.

PART THREE – ADULT SOCIAL CARE DEBTS

1 RECOVERY PROCEDURE

1.1 Deferred Payment Arrangements

This method of recovery is only available in respect of adults social care debts relating to residential care in accordance with the Care Act 2014.

A Deferred Payment Arrangement is a binding legal agreement between the Council and the customer to defer part of the payment of the adult social care debt in exchange for a legal charge to be placed on the property, where eligibility criteria is met. A contribution is made towards monthly costs and the debt is settled when the property is sold. Compound interest is charged on the debt at a rate which is set nationally. Such arrangements can be made by anyone in receipt of residential care services at any point in time.

To be eligible for a deferred payment, a client must meet the three criteria detailed below:

- (a) A client must have needs that are to be met by the provision of care in a care home. This is determined when someone is assessed as having eligible needs which the Council decides should be met through a care home placement. This will comply with Choice of Accommodation Regulations and care and support planning guidance and so take reasonable account of a person's preferences;
- (b) A client must have less than (or equal to) £23,250 in assets excluding the value of their home (i.e. in savings and other non-housing assets); and
- (c) A client's home is not otherwise disregarded, for example it is not occupied by a spouse or dependent relative as defined in regulations on charging for care and support (i.e. someone whose home is taken into account in the local authority financial assessment and so might need to be sold).

1.2 Invoice issue

If a Deferred Payment Arrangement is not in place, then an invoice for monies owed to the Council for care fees or charges or community alarms is sent to the customer at the point that it is established that money is owed to the Council. This may be at the beginning of the financial year, or at any point within the year. The invoice will detail the amount due, and due date of any instalments. The invoice is also known as a sundry debt invoice.

If there are any changes to an account which alters the amount of money due to the Council, then a further adjustment notice will be sent to the customer. This informs the customer of any changes to the amount or date of payment due.

If there is no right to pay by instalments, then the full amount on the invoice must be paid as detailed on the invoice. Where appropriate an invoice will be raised before the service is provided.

The invoice may be addressed to the customer's representative where they have the authority to act on the customers behalf, for example Power of Attorney for Property and Welfare.

1.3 Reminder and Final Notice

If a customer does not pay an instalment by the due date, then a Reminder notice will be issued. The customer must pay the amount requested on the Reminder notice generally within 20 days.

If the account is not brought up to date in accordance with the Reminder notice issued, then a Final Notice will be issued to the debtor 20 days after the payment was due to be paid in accordance with the Reminder notice. If the debt remains unpaid then further recovery actions are considered.

2 FURTHER RECOVERY ACTIONS

The Council may consider whether other courses of action are appropriate to recover adult social care debts after the issue of Reminder and Final Notices where the debt remains unpaid. This may include further contact or visit by the Council to determine the particular circumstances of the customer to determine if they are in hospital or recently moved into residential care or has diminishing capacity and / or contact with others who may be acting on the customer's behalf. Such contacts may include social workers, the Office of the Public Guardian or investigations into financial abuse or mis-management of a service users monies should this be necessary to establish the reasons for non-payment. Infrequently the Council may have to pursue the debt in other ways and seek legal action as outlined in this Policy document in Part Two – Sundry Debts Recovery.

GENERAL MATTERS

Payment Arrangements

At all stages, the Council will usually encourage and give customers, the opportunity to make individual arrangements to pay their debt.

The Council will expect an arrangement that clears the debt within the current financial year, which runs 01 April to 31 March. The Council will only consider arrangements beyond these parameters on an exceptional basis. Arrangements will also be assessed on affordability and to make this assessment the Council may require customers to provide full details and documentary evidence of their income, expenditure and savings. No arrangement will be made without first obtaining the debtor's employment and benefit details.

It is the responsibility of the customer to ensure that their arrangement payments reach the Council on time. If any arrangement payments are missed or late, the Council may proceed with further recovery action immediately. A customer should contact the Council straightaway if they have difficulty keeping to an arrangement to discuss the matter.

Acting in accordance with this procedure will help to ensure that the collection of sums due is conducted in a consistent and objective manner; that will reduce the risk of inadvertent discrimination against persons with protected equality characteristics.

Advice agencies

We recognise that a person who fails to pay a debt to the Council often has wider financial difficulties. We therefore provide information on how to contact a non-profit advice agency as appropriate in addition to providing information on how to apply for benefits, exemptions and discounts. The Council also recognises the importance of the work of non-profit advice agencies and endeavours to work in partnership with them on individual cases.

Debt

Where a person has significant debts which are included in a legal debt relief order, individual voluntary arrangement order, breathing space scheme, or bankruptcy order the Council will not recover any amounts included in the order as the law requires for the time period specified by the order.

Vulnerability

The recovery of debts from those are receiving care and support is sensitive given the potentially vulnerable nature of the individuals and the Council's responsibility to meet needs.

The Council also recognises that certain groups of people may be especially vulnerable, temporarily or permanent, and require additional assistance in dealing with their financial affairs, this may include people who are disabled, have a mental impairment or learning difficulty, experiencing serious illness, recently bereaved, very elderly and those who have difficulty in reading or writing.

Each case will be considered individually, taking into account all relevant factors and the where a person is identified as vulnerable the person may be allowed longer to pay, be advised to claim benefits, discounts or other entitlements, be referred to sources of independent advice, be given a temporary payment arrangement with a lower repayment.

It is important to note that being vulnerable does not mean that the person will not be required to pay the Council Tax owed. In determining this procedure consideration has been given to the Council's statutory equality duty to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

Data

The Council will collect and store personal data for the purposes of the effective billing, collection and recovery of debts. Personal data retained for this purpose will be processed in accordance with the Data Protection Act and General Data Protection Regulations (GDPR) 2018. Personal data may be shared with other public bodies, agents or contractors appointed by the Council for the recovery of debts as permitted by law and data will be stored securely at all times. The privacy notice link provides further information on this [Exchequer-Services-Privacy-Notice.pdf \(tameside.gov.uk\)](#)

Personal data may be used in accordance with law enforcement purposes. The term 'law enforcement purposes' relates to the prevention, investigation, detection or prosecution of criminal offences, or the execution of criminal penalties and which includes benefit fraud. Personal data will be used to ensure that benefits, discounts and exemptions are correctly awarded.

Enforcement Agents

The Council employs externally contracted civil enforcement agents who must act in accordance with the Councils Code of Practice at all times. The contractor must ensure and monitor that its employees and agents comply with the Code of Practice at all times and ensure that taking control of goods is carried out in a fair manner and in accordance with the Council's requirements.

Complaints

While the Council's objective is to provide an excellent level of service we recognise that things sometimes can go wrong. When it comes to an officer's attention that a customer is dissatisfied or that there is an error on an account, they should where possible address the dissatisfaction and correct any error immediately and remove the need for the taxpayer to seek redress through a complaint or appeal.

If a customer is unhappy with the service they have received they can at any stage lodge a complaint. All complaints will be dealt with as per the Council's complaints procedure and can be found on the Council's website at: [Complaints to Tameside Council and the Councils complaints procedure and general complaints information](#)

Summons costs set locally and reviewed annually	
Council tax	£86 per summons
Business rates	£129 per summons

Monthly Attachment of Earnings set by central government	
Net earnings	Deduction rate %
Not exceeding £300	0
Exceeding £300 but not exceeding £550	3
Exceeding £550 but not exceeding £740	5
Exceeding £740 but not exceeding £900	7
Exceeding £900 but not exceeding £1,420	12
Exceeding £1,420 but not exceeding £2,020	17
Exceeding £2,020	17 in respect of the first £2,020 and 50% in respect of the remainder

Attachment of Benefit Deductions set by central government

The current rate of deduction is £3.70 per week.
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Enforcement Agent Fees set by central government		
Fee	Cost	Information

Compliance fee	£75	Initial contact by the Enforcement Agent to the debtor to urge contact to discuss a payment arrangement.
Enforcement fee	£235	The Enforcement Agent fee for attending the property. Plus 7.5% of the value of the original debt that exceeds £1500
Removal and Disposal Stage Fee	£110	This fee reflects the uplift and disposal of goods to the value of the debt. Plus 7.5% of the value of the original debt that exceeds £1500

Budgeting support



Use this tool to find help for a financial problem. Common financial problems below are matched up with the organisations that can help on the right.

What is the problem?

I suddenly have no money:

- Lost job
- Benefits stopped (sanctioned / failed a medical)
- Emergency/disaster (fire, flood, lost money)
- Relationship breakdown
- No recourse to public funds (NRPF)



I have debt:

- Rent, Council Tax, gas or electricity arrears
- Payday loans or owing friends and family
- Benefit repayments



I'm waiting on a payment / decision:

- Made a new claim for benefit
- Benefit is delayed
- Waiting for benefit decision to be reassessed



My money doesn't stretch far enough:

- Deciding between food and fuel
- Low income or zero hours contract
- Not sure if eligible to claim for benefit
- Change of circumstances (e.g. new baby / illness / benefit reduction)
- Unsure how to manage my money



CA

CITIZENS ADVICE

Advice on welfare benefits, financial capability, immigration & residency issues, human rights, family & personal issues. Offer specialist services in debt, housing and employment.

Tel: 0808 278 7805
For universal credit support: 0800 144 8 444
Textphone: 03444 111 445 Mon-Fri 9-5pm

GW

GROUNDWORK

Advice and support to make contact with energy companies to access grants or discounts. Offer energy saving advice and some support to access replacement whitegoods (where eligible)

Tel: 0800 090 3638 (Mon-Thurs 9-5, Fri 9-4)
Online referral form:
<http://ow.ly/QcZ950DMlyO>

WR

WELFARE RIGHTS

Advice on welfare benefits issues, including challenging benefit decisions and providing representation at appeal tribunals. Debt advice service assists those residents who are facing eviction.

Welfare Rights Advice Line: 0800 074 9985
Mon-Fri 9.30-12.30pm
Debt advice: 0161 342 3494 Mon-Fri 9-4pm

CAP

CHRISTIANS AGAINST POVERTY

Free debt and budgeting help from team run through local churches. We help you to find the best route out of debt, work out a budget for you, and walk with you every step of the way. We support anyone regardless of religion.

Tel: 0800 328 0006 Mon-Fri 9-5pm
www.capuk.org

LC

GM LAW CENTRE

Advice including benefit checks, support completing application forms for disability benefits, and appeals on benefit decisions and sanctions. Offer legal advice for employment, those experiencing homelessness, and those at risk of losing their homes.

Tel: 0161 769 2244
Mon-Fri 10-3pm

II

INFINITY INITIATIVES

Provide free practical and emotional support, advocacy and counselling. Can refer those with no recourse to public funds to Migrant Destitution Fund.

Tel: 01613396137
Email: info@infinitycic.uk
Mon-Fri 9.30-2.30pm

APPENDIX 4

IRRECOVERBLE DEBTS BY LAW

Individual Voluntary Arrangement (IVA)

Any arrears and any liability for an individual who has received a bill for the financial year in which a person is subject to an IVA must be written off and cannot be legally recovered. Confirmation of the IVA being granted is required as evidence from insolvency practitioners or from customers direct. Copy bills are sent to insolvency practitioners to confirm the debts owed to the Council.

Debt Relief Order (DRO)

This pertains to individuals and affects the arrears accrued only up to the point of the Debt Relief Order being granted. We receive notice from either the customer or from insolvency practitioners and legally the debts accrued up to the DRO being granted cannot be recovered.

Bankruptcy

Any arrears and any liability for an individual, who has received a bill for the financial year in which a person is made bankrupt, must be written off and cannot be legally recovered. Confirmation of the bankruptcy order being granted is required as evidence from insolvency practitioners or from customers direct. Copy bills are sent to insolvency practitioners to confirm the debts owed to the Council.

Company Voluntary Arrangement (CVA)

Any arrears and any liability for a company which has received a bill for the financial year in which the company is subject to the CVA must be written off and cannot be legally recovered. Confirmation of the CVA being granted is required as evidence from insolvency practitioners. Copy bills are sent to insolvency practitioners to confirm the debts owed however dividends from insolvency practitioners are rarely received. Where dividends are received then balance of the debt is reduced accordingly.

Dissolved

Companies go through the process of liquidation in order to dissolve the company and assets are often sold prior to the company being dissolved. The process can take years to conclude during which time the Council has to continue to try to recover accruing arrears. Extensive searches are undertaken where a company ceases trading and prior to official notice of the date of dissolve being made publicly available on Companies House website.

Statute barred

This term relates to not being able to recover any debt which is more than 6 years old and has not had any recovery action taken to recover that debt within the 6 year period. The exception is where a Liability Order granted in a Magistrates Court or County Court Judgement has been granted within the 6 year period, in which case the debt can continue to be recovered. Debts accrued prior to the Care Act 2014 relating to Adults Social Care Debts have a statute barred limit of 3 years.

Additional irrecoverable debts

Deaths

Where a person dies leaving debts we are notified by either the next of kin or the Registrars Service. Enquiries are made to identify the Executors and payment is requested via sending of copy bills/invoices. Written confirmation and evidence by way of funeral bills and copies of closing bank and building society statements are required in order to determine that there are insufficient monies in the estate to pay any monies owed. Wherever there is doubt or no information is provided by the Executor we contact the Probate Office to determine if there are any monies in the deceased estate. Where no estate exists or the estate has been used to pay funeral expenses with nothing left then the debt should be considered to be written off as there is no prospect of recovering the monies owed.

Gone Away

Tracing procedures commence on any individual who we become aware of that has left a property without providing a forwarding address and where money is owed. Quite often information is available to identify the individuals' new address whether by notice from solicitors, landlords, letting agents, and using existing internal systems. However where these prove futile, extensive searches then are invoked with Locta (a national Local Authority database for tracing purposes used for Housing Benefit, Council Tax, Business Rates and the Electoral Register) and also credit reference agencies such as Experian via the National Anti-Fraud (NAFN) in addition to Companies House for businesses. Such searches are not an exhaustive list and all searches are resource intensive. Searches yield the best results where the debtors date of birth and national insurance number are known, however not all debtors details are known to this extent. Wherever debt is written off processing systems, and a person is subsequently traced at a later date, then the debt can be written back onto the system. However such instances are a rare occurrence as the majority of debtors where trace procedures have been exhausted are rarely found.