

**Inverclyde Council - Finance  
Revenues and Benefits**

# **Corporate Debt Policy**

Version 1.0

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**Inverclyde Council - Finance  
Revenues and Benefits**

**Document Control**

Prepared by:  
Approved by:

Tracy Bunton  
Policy & Resources Committee

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# **Inverclyde Council - Finance Revenues and Benefits**

## **1. Corporate Policy Statement**

The Council recognises its dual responsibility to collect debts in a sensitive, clear and efficient manner whilst assisting those in need to reduce overall indebtedness and break the cycle of debt.

## **2. Charging Policy**

- (a) Whilst the basis for many charges are determined externally the Council recognises that, where it has discretion in determining charges, the level of charges will reflect its Social and Financial Inclusion agenda and the Council's wider responsibilities to its citizens.
- (b) In line with the Financial Regulations all scales of charges/tariffs (not fixed by statute) shall be reviewed corporately by Chief Officers at least annually. The review will be carried out in consultation with the Chief Financial Officer.

## **3. Advice and Assistance**

- (a) The Council will provide streamlined, high quality and consistent advice to individuals seeking assistance. The Council recognises its key role in maximising individuals' income and reducing overall indebtedness.
- (b) All employees involved in the debt recovery/debt advice process will be appropriately trained, in particular to recognise the symptoms of indebtedness and the need for referral to the appropriate internal/external advisors. Debt advice services will be actively promoted including the offer of direct referrals.
- (c) The Council will require its appointed Sheriff Officer to issue Debt Advice packs at the appropriate juncture but in all cases prior to seeking an Attachment or Exceptional Attachment Order.
- (d) The Council also recognises the role played by external organisations in providing advice and support and will endeavour to optimise the benefits of joint working.

## **4. Issuing Invoices**

- (a) In order to reduce administrative costs the Council will seek payment at the point of Service booking/provision whenever practical. The specific areas where this will not occur will be determined by the Chief Financial Officer in consultation with the relevant Chief Officer.

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- (b) The Council recognises that a key factor in debt reduction is to issue invoices promptly and accurately. In line with the Financial Regulations accounts for services rendered must be raised within one month of the point of sale.
- (c) In order to reduce administrative costs the Council will not issue accounts for less than £10.00 in nearly all cases. The Chief Financial Officer will have discretion to approve the non-issuing of accounts for amounts over £10.00 where it is viewed that the administrative costs are uneconomical.

### **5. Debt Payment**

- (a) The Council recognises that a key factor in maximising its income is to provide as many methods of payment as practical and economical whilst balancing this against the costs involved. The Council will continue to develop its Income Management System with this policy in mind.
- (b) The Council will allocate payments received accurately and promptly and, where specified, in line with the instructions of the debtor.

### **6. Managing Sensitive Debt**

- (a) The Council recognises that it charges for a number of services where recovery of unpaid debt must be dealt sensitively. In these cases recovery of the debt will in the first instance be remitted to the Chief Officer of the Service concerned and thereafter managed in line with 2.3.1 of the Recovery of Sundry Debt Policy.
- (b) Services will be notified of non-payment. Withdrawal of services may be considered if permitted and appropriate to do so.

### **7. Debt Recovery**

- (a) Inevitably certain debts will need to be passed to the Debt Recovery Team and Sheriff Officers for collection. Where this is done recovery will be carried out within predefined parameters and all officers involved will deal with debtors in a courteous/discrete and non-confrontational manner.
- (b) When recovering debts the Council recognises the debtors' ability to pay by negotiating payment by instalments and encouraging debt counselling where appropriate.
- (c) The collection performance will regularly be reviewed and monitored and an annual report detailing the Council's overall performance in respect of debt recovery will be presented to the Policy and Resources Committee prior to 30<sup>th</sup> September each year.

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### **8. Provision for Bad Debt/Write-Offs**

At least annually, the Chief Financial Officer shall review provisions for Bad Debts and write-off debts. These actions will form part of the annual report, point 7(c) above.

### **9. Interest on Late Payment**

The Chief Financial Officer will determine those circumstances when it is appropriate to charge interest in line with Late Payments legislation.

### **10. Offset Credits against Council Debt**

The Council will adopt a corporate approach to refunding credits or making payments, in that wherever possible checks will be made for other outstanding debts due to the Council, prior to a refund or payment being made. Where these checks identify outstanding debts and where legally possible e.g. Council Tax arrears, the debt will be offset and the customer advised. Where this is not the case, legal advice will be sought before any offset is applied.

### **11. Refunds**

A refund will be arranged when an account is overpaid and no other debt is identified. Refunds will be paid by BACS.

### **12. Amendments to Policy/Procedures**

- (a) The Corporate Debt Policy can be amended only by the Policy & Resources Committee.
- (b) The Corporate Debt Policy provides the framework within which procedures for recovery of individual debts are developed. All debt recovery procedures will require the prior approval of the Chief Financial Officer.
- (c) The policy will be reviewed at intervals of no less than 4 years.

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## **Appendix 1**

### **RECOVERY OF COUNCIL TAX**

#### **1. INTRODUCTION**

- 1.1 Council Tax is a tax levied on all eligible domestic dwellings. The amount of Council Tax levied is dependent on the Council Tax band that the property falls into and the amount of tax to be raised.
- 1.2 The full rate of Council Tax is liable to be paid unless the property, owner or occupier is eligible for a reduction or exemption.
- 1.3 Council Tax is payable in line with a statutory instalment scheme or by agreement. There is a legal duty placed on the Council and its Officers to collect outstanding debts in accordance with The Council Tax (Administration and Enforcement) (Scotland) Regulations 1992.

#### **2. COLLECTION & RECOVERY**

- 2.1 Inverclyde Council will bill, collect and recover all debts for Council Tax purposes in accordance with legislation.
- 2.2 Demand Notices and revised Notices will be issued in accordance with the applicable legislation.
- 2.3 Each financial year a recovery timetable will be created detailing the relevant dates combined Reminder/ Final notices will be produced.
- 2.4 Combined Reminder/ Final Notices shall be issued any day after the instalment due date in accordance with legislation.
- 2.5 If the amount specified in the Reminder/Final Notice is not paid within 21 days, or an arrangement made and maintained, the Council will apply for a Summary Warrant at Greenock Sheriff Court. Once granted a 10% statutory penalty is added to the outstanding balance.
- 2.6 The amount due in terms of the Summary Warrant is then passed to an appointed Sheriff Officer for collection. If payment remains outstanding, recovery can be enforced by one of the relevant diligences e.g. earnings/bank arrestment, attachment of goods, bankruptcy.

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- 2.7 On receipt of any of the above follow up Notices from Inverclyde Council or the Sheriff Officer, a debtor can contact the Debt Recovery team to make an arrangement to pay any balance or to query any aspect of the charge.
- 2.8 Direct deductions from DWP benefits will be used for debtors on relevant welfare benefits.

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## Appendix 2

### RECOVERY OF NON DOMESTIC RATES

#### 1.0 INTRODUCTION

- 1.1 Non Domestic Rates is a tax levied on business properties which Inverclyde Council statutorily administers on behalf of the Scottish Government.
- 1.2 Billing is carried out annually in April and weekly thereafter. Bills contain all information required by statute together with details of common reliefs available and promotional information.
- 1.3 Non-Domestic Rates will be administered and collected in accordance with the applicable legislation.

#### 2.0 COLLECTION & RECOVERY

- 2.1 Demand Notices and revised Notices will be issued in accordance with the relevant legislation.
- 2.2 Each financial year a recovery timetable will be created detailing the relevant dates Reminder/ Final Notices will be produced.
- 2.3 Combined Reminder/ Final Notices shall be issued in accordance with the relevant legislation.
- 2.4 If a Reminder / Final Notice is not paid as requested, the Council will apply for a Summary Warrant at Greenock Sheriff Court. Once granted a 10% statutory penalty is added to the outstanding balance. Summary Warrant Notices will then be issued to the customer detailing the total amount due including the penalty.
- 2.5 If the debt due in terms of the Summary Warrant is not paid in full it will be passed to an appointed Sheriff Officer for collection.
- 2.6 The Sheriff Officer may enforce payment of the arrears by various forms of diligence available to them e.g. bank arrestment, money attachment, attachment and auction of goods, liquidation.
- 2.7 The ratepayer or their nominated representative can contact the Council and/or Sheriff Officers at any stage of recovery to enter into a payment plan for repayment of the sum due or to discuss issues in relation to the amount charged.

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2.8 Insolvency proceedings will be considered, where appropriate.

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## Appendix 3

### RECOVERY OF SUNDRY DEBT

#### 1. INTRODUCTION

- 1.1 Inverclyde Council is responsible for billing and collection of all charges levied by the Council for services provided which plays a significant part in funding the Council's overall budget.

#### 2. CHARGING

- 2.1 The responsibility for charging lies with the Service imposing the charge which will:-
- 2.1.1 Ensure whenever possible that payment of the fee or charge is made in advance.
  - 2.1.2 Ensure the charge is properly due and payable, having necessary evidence available to support the issue of the invoice being raised.
  - 2.1.3 Invoices will be raised as soon as it is identified the charge is due and payable and no later than 28 days following the goods or service being supplied.
- 2.2 Invoices will not be raised:-
- 2.2.1 For less than £10. This will be reviewed on a regular basis.
  - 2.2.2 Where there is no written agreement or the debt cannot be substantiated.
  - 2.2.3 Where the current address is not known, debtor unknown and/or the amount due is unknown
  - 2.2.4 If an invoice has been raised in any of these circumstances they will be cancelled by the Debt Recovery team.
- 2.3 Disputes
- 2.3.1 Where a debt is in dispute, the responsibility for dealing with this will remain with the issuing service who should aim to resolve the dispute within 30 working days. Where a dispute cannot be resolved within 30 working days, the issuing service must notify the Debt Recovery team of the reason; indicating when the dispute is likely to be resolved. If the team are not notified after 30 working days have expired, invoices may be cancelled in full.

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### **3 COLLECTION & RECOVERY**

- 3.1 Reminders will be issued when an invoice is overdue and the issuing Service will be supplied with a list of these customers to allow them to contact the customer by telephone where possible to request payment of the debt.
- 3.2 The council will use Sheriff Officers and Legal Services to recover debts as appropriate.
- 3.3 The Debt Recovery team will monitor accounts and will liaise with the Sheriff Officer to maximise recovery.
- 3.4 Customers who receive on-going services from the council may have these services suspended or withdrawn if they have unpaid invoices relating to these services. This decision will be made by the individual Services.

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## Appendix 4

### HOUSING BENEFIT OVERPAYMENT RECOVERY

#### 1 INTRODUCTION

- 1.1 Inverclyde Council is responsible for the administration of Housing Benefit. The Council is committed to protecting public funds and will take all possible steps to prevent and recover overpayments of these benefits.
- 1.2 Customers are both required and encouraged to prevent overpayments occurring by notifying the council as soon as possible of any changes that may affect the amount of benefit that they are entitled to.

#### 2 RECOVERY

- 2.1 Where it has been identified that a claimant of Housing Benefit has been overpaid, and the overpayment is recoverable in accordance with the relevant statutory provisions, Inverclyde Council will consider on a case by case basis whether it is reasonable to recover the overpayment, from whom it can be recovered and the appropriate means of recovery.
- 2.2 All available methods of recovery will be employed to recover outstanding overpaid benefit. These methods include:-
- (a) Direct deductions from on-going housing benefit or arrears of Housing Benefit.
  - (b) Direct deductions from landlords' payments of housing benefit.
  - (c) Recovery from on-going housing benefit in another local authority area.
  - (d) Recovery from Department for Work and Pensions (DWP) benefit.
  - (e) Issue of an invoice
  - (f) Referral to Sheriff Officers for recovery
  - (g) Diligence
- 2.3 Overpayments will be recovered from on-going entitlement to Housing Benefit at a rate set by the DWP, dependent on the reason for the overpayment, with fraudulent overpayments being recovered at a higher rate. Consideration will be given to individual financial circumstances and deductions will be reduced where appropriate.
- 2.4 If there is no on-going entitlement to Housing Benefit, direct deductions can be taken from certain other DWP benefits received by the claimant. These rates are set by the DWP and based on the type of benefit being received. Any reductions to these set amounts require the customer to negotiate direct with the DWP.

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### **3 APPEALS**

- 3.1 A person can appeal an overpayment decision in accordance with the Housing Benefit (Decisions and Appeals) Regulations 2001. Recovery of the overpayment is suspended pending the outcome of an appeal.

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## Appendix 5

### RECOVERY OF SCHOOL MEAL AND EDUCATION CHARGES

#### 1. INTRODUCTION

1.1. Inverclyde Council is responsible for collecting school meal charges and the billing and collection of certain education related services levied by the Council such as wrapround childcare provision and school transport.

#### 2. CHARGING - SCHOOL MEALS

2.1 School meal charges are applied to pupils' Parent Pay accounts. Primary School pupils are provided with a meal irrespective of the balance of their account. Education, Communities and Organisational Development Services imposing school meal charges will:

2.1.2 Encourage parents of those pupils not entitled to free school meals or universal provision to keep Parent Pay accounts in credit at all times.

2.1.3 Follow the Education, Communities and Organisational Development Primary School Meal Debt Recovery Procedure. The procedure stipulates:

2.1.3.1 How and when parents are informed and reminded of school meal debt.

2.1.3.2 That those with school meal debt at a specified level are referred to Home Link Workers who will provide advice or signpost parents to other agencies where it recognises that support is required. Home Link Workers liaise with Head Teachers when appropriate to do so.

2.1.3.3 That a sundry debtor account is raised and an invoice is issued when school meal debt reaches a specified amount.

#### 3 CHARGING – ALL OTHER EDUCATION CHARGES

3.1 The responsibility for charging lies with Education, Communities and Organisational Development Services which will:

3.1.2 Ensure the charge is properly due and payable, having necessary evidence available to support the issue of the invoice being raised.

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3.1.3 Invoices will be raised as soon as it is identified the charge is due and payable and no later than 28 days following the service being supplied.

3.2 Invoices will not be raised:-

3.2.1 For less than £10. This will be reviewed on a regular basis.

3.2.2 Where there is no written agreement or the debt cannot be substantiated.

3.2.3 Where the current address is not known, debtor unknown and/or the amount due is unknown.

3.2.4 If an invoice has been raised in any of these circumstances they will be cancelled by the Sundry Debtors team.

3.3 Disputes

3.3.1 Where a debt is in dispute, the responsibility for dealing with this will remain with Education, Communities and Organisational Development Services who should aim to resolve the dispute within 30 working days.

3.3.2 Where a dispute cannot be resolved within 30 working days, the issuing service must notify the Sundry Debtor team of the reason; indicating when the dispute is likely to be resolved.

3.3.3 If the team are not notified after 30 working days have expired, invoices may be cancelled in full.

## **4 COLLECTION & RECOVERY**

4.1 Collection and Recovery of Sundry Debt is explained at Appendix 3 of the Corporate Debt Recovery Procedure.