

Corporate Debt Management Policy



Derby City Council

Document Control

Version Control	1.2	
Author	Amanda Verran	Head of Business Support and Debt Management
Key Stakeholders/Contributors	Nicola Wilson Laura Dennis Ann Webster Olu Idowu Brian Ruane Ann Bhatti Toni Nash Linda Spiby Janice Hadfield Andy Muirhead Alison Parkin John Massey Catherine O'Melia Rebecca Smith	Business Support Manager (Debt) Development Manager Lead on Equality and Diversity Head of Legal and Insurance Services Housing Benefits Over Payments Team Leader Connect Derby Manager Head of Finance Head of Procurement Head of Finance Head of Integration and Direct Services ASC Director of Finance Head of Revs and Bens Head of Early Help & Children's Social Care Team Manager Adults Social Care
Lead Directorate	Chief Executives	
Implementation Due Date	April 2024	
Approving Body	Council Cabinet	
Approval Date		
Accountable Service Director	Alison Parkin	

Supporting Information

Policy or strategy type (statutory/non statutory and/or internal or external)	External	
Equality impact assessment date completed	7/12/2023	
Safeguarding implications / assessment date completed	January 2024	
Policy and Improvement review completed (Y/N)	Y – 23/11/2023	
Revised / updated date		
Next Review date	April 2025	
Reviewing officer	A Verran	

Contents

1. Purpose	4
2. Objective	4
3. Debts to which this Policy Applies	4
4. Delivering the Policy	5
5. Raising Invoices, Bills and Charge Notices	5
6. Methods of Payment	6
7. Collection and Recovery	6
8. Breathing Space (The Debt Respite Scheme)	9
9. Social Inclusion and Vulnerability	10
10. Debt Hierarchy	12
11. Refunds	13
12. Tracing Absconders	13
13. Write Off (Irrecoverable Amounts)	13
14. Breaches and Non-Compliance	14
15. National Disasters/Pandemic	14
16. Policy Review	14
17. Complaints	14
Appendix 1 – Debt Write Off Policy (All Council Debt)	15
Appendix 2 – Relevant Legislation and National Standards	18
Appendix 3 – Contact Details	19
Appendix 4 – Local Authority (Domestic) Rent	21
Appendix 5 – Debt Recovery Overview by Debt Type	23

1. Purpose

- 1.1 Derby City Council (the Council) has both a legal duty and a responsibility to the people of Derby to ensure effective income management and that the income due to the Council is paid promptly to support the delivery of council services.
- 1.2 This Corporate Debt Policy aims to promote and support proper and equitable debt management processes for all major sources of income owed to the council and to ensure the Council minimises debt and maximises rates of collection. The Council must ensure that all collection processes comply with the relevant legislation (see appendix 2), and the policy has been written to ensure that in doing so, the Council's processes are fair to everyone and that where recovery action is necessary, the Council is consistent in its approach to residents and businesses and assists customers who experience financial difficulty.

2. Objective

- 2.1 The policy has the following key objectives:
 - To maximise the level of income collected through accurate and timely billing and effective recovery processes.
 - To ensure that debts are managed consistently and in line with the relevant legislation, best practice, and ethical collection activities.
 - To help customers repay sums owed in a sustainable way and avoid future arrears.
 - To proactively support and encourage engagement with our customers.
 - To treat customers fairly, ensure individuals' financial circumstances, where known, are considered on a case-by-case basis and take into account the specific needs of vulnerable customers.
 - To ensure due regard is given to Children's Rights under the UN Convention on the Rights of a Child in respect of the impact of debt management processes.

3. Debts to which this Policy Applies

- 3.1 This policy applies to all debts and income due to the Council including but not limited to:
 - Business Rates (Non-Domestic Rates)
 - Council Tax
 - Council housing rent (including service charges, garages, and former tenants)
 - Temporary Accommodation charges (occupation and service charges)
 - Overpaid Housing Benefit
 - Commercial Property Rent and Service Charges
 - Lease and Licence payments, commercial and garden waste collection
 - Adult Social Care charges and fees (residential and non-residential)
 - Recovery of enforcement costs following works in default
 - Charges for discretionary services or any money due to the Council under

- terms of an agreement to pay for goods, services, or property
- Sundry Debts (including licensing, statutory notices, sundry rents, subscriptions, any other miscellaneous debts).

4. Delivering the Policy

- 4.1 Delivering the policy involves several processes which are common to all debt types and explained in more detail below:
- Raising invoices, bills and charge notices
 - Methods of payment
 - Collection and recovery
 - Social inclusion and vulnerability
 - Priority debt
 - Refunds
 - Bad debt provision
 - Writing off debts.

What We Will Do

5. Raising Invoices, Bills and Charge Notices

- 5.1 The Council recognises that prompt invoicing and billing is important in reducing the debt burden. Invoices, bills and charge notices must be correctly addressed, including postcode, to the person or legal entity who is liable to pay. With charges applied in accordance with the relevant legislative and regulatory requirements and any available entitlement to reliefs, exemptions and discounts identified.
- 5.2 Our aim would be to raise invoices within 28 days of delivering the goods or service or of the commencement of the period where the service being delivered is covered. The invoice will be sent via email wherever possible and to this end the relevant service is responsible for obtaining an email address at the point of agreeing to provide goods or services.
- 5.3 The Council will produce clear invoices in plain English:
- In line with the relevant legislative and regulatory requirements.
 - Calculated accurately at the point of issue.
 - Addressed to the person who is liable to pay.
 - Showing what the charge is for and the period of liability.
 - Detailing the amount due and, where appropriate, the instalment amounts and payment due dates.
 - Advising where and how to make a payment or deduction from earnings or benefit.
- 5.4 It is important that clear and prompt information is provided and a range of communication services are available to customers upon request, including:
- Translation and interpretation services if English is not the first language.

- Sign language interpreters and other support for those who are deaf or have impaired hearing.
- Documents in alternative formats, for example Easy Read, Braille, large print and audio.
- Other options tailored to meet specific individual needs.

5.5 The Council will:

- Respond quickly to changes in circumstances and applications for exemptions, discounts, rebates, and reliefs.
- Be a contact point for enquiries - including e-mail and website enquiries.

5.6 Alternative invoicing or billing arrangements, such as monthly or quarterly, may/will be acceptable between the customer and the Council (upon agreement with the customer) or because of contractual arrangements.

5.7 There is additional information contained in appendix 4 which relates to the responsibilities of residents of Council properties.

6. Methods of Payment

6.1 The Council is committed to making it as easy as possible for the customer to pay and a range of flexible, convenient, and modern methods of payment are offered. Where payment can be made before a service is provided a payment can be taken in advance, ensuring that no debt is raised.

6.2 Where services are used over a period of time, the Council will use the most effective billing methodology such as periodic invoicing or setting up accounts to enable regular standardised payment options to be implemented based on expected service usage, followed by variation adjustments at appropriate intervals. The Council will consider an instalment arrangement for certain debts. These options are not universal to all debt types covered in this policy.

6.3 Direct Debit (where feasible) is the Council's preferred payment method and should always be promoted as this is the cheapest and most effective method of payment to administer. Where a customer is unable to pay by Direct Debit or where this method is not appropriate (for example for a 'one off' charge) we will provide a choice of alternative payment methods which should be convenient for the customer and cost effective for the Council.

6.4 Alternatives currently include debit or credit card transaction (allowing payments to be made 24 hours a day, 7 days a week using the automated telephone line or internet facilities), Standing Order, cheque, and cash at PayPoint or Post Office. Other payment options including text payments are being investigated and may be introduced at a future date.

7. Collection and Recovery

7.1 Customers are proactively encouraged to make contact to discuss their situation and the options available to them to make payment before any necessary recovery and enforcement action is considered.

7.2 Customers will receive appropriate assistance, guidance and support through debt management and advice. We will ensure that mutually agreed repayment arrangements are affordable and sustainable, and, that the customer understands the options available that will minimise costs and avoid accruing unnecessary debt in the future.

7.3 We recognise that causes of debt vary and recovery methods should be focused accordingly. Therefore, wherever possible debt will be categorised to help focus the use of resources and concentrate action on those who won't pay rather than those who can't pay. The Council's approach in collecting and recovering outstanding monies will be proportionate, consistent, transparent, firm, fair and courteous.

- Proportionality - allows for a balance to be struck between the potential loss of income to the council and the costs of compliance.
- Consistency – in this context means taking a similar approach in similar circumstances to achieve similar ends. The council aims to achieve consistency in:
 - The advice the Council gives
 - The use of its powers
 - The recovery procedures used.

The Council recognises that consistency does not mean simple uniformity; officers responsible for debt recovery need to take account of many variables such as, but not limited to:

- Type of debt
 - The personal circumstances of the customer and their household
 - The customer's payment history
 - The customer's ability to pay
 - The sustainability of payments
 - Consideration is given to financial safeguarding.
- Transparency - is important in maintaining public confidence. It means helping people to understand what is expected of them and what they should expect from the Council. It also means clearly explaining the reasons for taking any recovery and enforcement action and the timescales involved.
- Firm, fair and courteous - the Equality Act will be taken into account, communications should be in plain English. Large print, Braille or translated versions will be made available to customers upon request. Council staff and agents will be aware and respectful of the diverse cultures within Derby and an opportunity must be given to discuss what is required to comply with the law before formal recovery action is taken.

7.4 The recovery processes for different debt types covered by this policy are shown in appendix 5, acknowledging that there may be occasions where there is deviation from the usual process and that it is not possible to list all eventualities. The collection of income in respect of invoices raised will follow a standard course, which fully documents the efforts made to settle the debt. It is

recognised that certain debts will have a regulated period for recovery. A written explanation will be given of any rights of appeal against formal recovery action either before or at the time the action is taken.

7.5 The council recognises that prompt recovery action is key to managing its debt and maximising income. The council therefore aims to:

- Have clear written recovery procedures
- Regularly monitor the level and age of debt
- Regularly review irrecoverable debts for write-off
- Regularly review deferred debt and status.

7.6 The Council will ensure that procedures are in place to identify customers who are experiencing financial difficulties at an early stage. Data sharing across the debt streams covered in this policy will enable early intervention to work with and help the customer.

7.7 The Council will follow a fair and proportionate recovery and enforcement process and give due consideration to vulnerability (see Section 9 - Social Inclusion and Vulnerability), we will:

- Support residents and businesses to prevent problematic debt accruing and wherever possible to improve their cashflow.
- Differentiate between those who can't pay and those who won't pay through a combination of available data and our local outreach work to determine the most effective method of debt recovery.
- Seek to recover any amounts owed from the estate of deceased customers unless the deceased has left no estate.
- Identify where the customer has moved to a new house or 'gone away' without providing a forwarding address and make every attempt to locate the individual where procedures allow. Action taken will be proportionate to the level of debt involved (see Section 13 – Tracing Absconders).
- Attempt to use the most appropriate and effective method of debt recovery, balancing the need for repayment against the circumstances of the customer, affordability of repayment and their obligations to the council and other outstanding priority debts.
- Seek to charge and recover from the customer (where legislation permits), all appropriate costs or fees arising from the management of the debt. Only in exceptional cases, where it would not be in the public interest to pursue costs or fees, will they be waived.

7.8 All a customer's debts will be taken into consideration when referring the debt for legal recovery. It is crucial that, where the council use enforcement agents, we do so effectively and considerately, recognising that the use of enforcement agents will add further cost to the customer.

The Council has a range of options open to us before we decide to take further action following a missed payment. Depending on the specific circumstances, making an attachment of earnings or a deduction from benefits can be an effective way for residents who fall into arrears to repay debt over a sustainable period. Where possible, the Council will seek to use these options before taking other action, such as referring a case to enforcement agents.

- 7.9 Effective use of enforcement agents can also be an important way of recovering debt where the Council is satisfied that there are no other appropriate mechanisms for recovering that debt, and enforcement agents can also play an important role in identifying potential vulnerabilities. We will use enforcement agents to collect debts only where there has been no engagement from the customer or where alternative recovery options have not been successful or are not appropriate. The Council will monitor their practice closely to ensure compliance with our standards and agents should be able to quickly identify vulnerability, referring these cases back to the Council and provide the Council with information that can be used to tailor subsequent action.
- 7.10 These actions will minimise the level of debt written off, maximising potential income, and contribute towards a strong foundation for the achievement of corporate objectives. When a debt is deemed to be non-recoverable, it will be done at the earliest possible opportunity and dealt with in accordance with the council's financial procedures and policies (see appendix 1 – Debt Write Offs).

8. Breathing Space (The Debt Respite Scheme)

- 8.1 The Government introduced new legislation on 04 May 2021 called The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020, the core principles being:

- To provide legal protection for individuals in problem debt.
- Normal Breathing Space Moratorium that will last for 60 days.
- The Mental Health Breathing Space Moratorium to last as long as the individual is receiving mental health crisis treatment.
- Requirement for creditors to cease action on qualifying debts.
- Requirement for creditors to conduct a reasonable search for all debts owed by the customer.

There are two types of breathing space, a standard breathing space and a mental health crisis breathing space.

1. A standard breathing space is available to anyone with problem debt. It gives the customer legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from creditors and freezing most interest and charges on debts.
2. A mental health crisis breathing space is only available to a customer who is receiving mental health crisis treatment. If an Approved Mental Health Professional (AMHP) certifies a customer is in mental health crisis treatment, the customer or someone else can ask for a mental health crisis breathing space on the customer's behalf. The mental health crisis breathing space has some stronger protections than the standard breathing space. It lasts as long as the customer's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts). For these purposes, 'receiving mental health crisis treatment' means that the individual...
 - has been detained in hospital for assessment or treatment (including

under part 3 of the Mental Health Act 1983),

- has been removed to a place of safety by a police constable,
- is receiving any other crisis, emergency or acute care or treatment in hospital or in the community from a specialist mental health service in relation to a mental disorder of a serious nature. This can include services offered by community mental health services and crisis houses.

8.2 The Central Debt and Recovery Team will be the Council's point of contact and will be responsible for liaising with the debt advisor and communicating the Breathing Space notification to Services. Services will be required to undertake a search for any additional debts not listed and provide details to the central team.

8.3 The full legislation and guidance can be found using the following links: [Debt Respite Scheme \(Breathing Space\) guidance for creditors - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/debt-respite-scheme-breathing-space-guidance-for-creditors) and [Debt respite scheme \(breathing space\): Guidance on mental health crisis breathing space - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/debt-respite-scheme-breathing-space-guidance-on-mental-health-crisis-breathing-space).

9. Social Inclusion and Vulnerability

9.1 The Council recognises that some customers are considered vulnerable due to their circumstances and may require additional support, either short or long term, when dealing with their financial and personal affairs. A customer may be vulnerable or at risk of being vulnerable for several reasons including changes in their needs or circumstances, especially if they are faced with a particularly urgent or complex issue.

9.2 Due regard will be given to customers who are vulnerable or temporarily vulnerable and although not an exhaustive list, common indicators may include those set out below.

9.3 'Temporarily Vulnerable' refers to situations where the customer has had a sudden change of circumstances for example:

- Suffered a recent bereavement (this may be up to 52 weeks) of a close family member.
- Recently been separated or divorced.
- Had an illness, been a long-term hospital patient or suffered loss of employment.
- Recently left the armed forces.
- Recently been released from a custodial sentence.
- Recently suffered or suffering domestic violence and/or being in a refuge or safe house.
- Are themselves or their partners in the final weeks of pregnancy, recently given birth or adopted a child.
- Homeless households.
- People experiencing current or recent hate crime.
- People whose income has dropped significantly, such as where they have lost work or material working hours, welfare benefits and Tax Credits.
- People who have recently gained Refugee status and are unfamiliar with

the labour market, the welfare benefits system, and the British taxation system.

- People who have no recourse to public funds.

9.4 'Vulnerable' customers refer to those that:

- Are frail due to old age, disability, other impairment or very easily confused.
- Have severe physical disability, learning disability or mental health condition.
- Are themselves or their partners seriously or terminally ill.
- Are living in poor or insecure housing / homelessness.
- Have poor basic skills of literacy and/or numeracy.
- Lack access to a bank account, phone or internet.
- Are single parent families or have caring responsibilities.
- Find it difficult to communicate or lack an understanding of spoken or written English.
- Are care leavers aged 18 to 25.
- Where the welfare of children would be put at risk.

9.5 The Council and its agents/staff will be trained and supported so they are able to identify the needs of individuals and the indicators of vulnerability. Staff should understand that not everyone with a particular indicator will necessarily be vulnerable in any or all circumstances.

9.6 The Council is aware of the financial pressures under which many households operate and ability to pay is a paramount concern when considering debt recovery. To tackle these issues every effort will be made to make customers aware of sources of financial assistance which may be available to mitigate debt or to help alleviate financial distress, including:

- Housing Benefit and the Local Council Tax Reduction Scheme (LCTRS)
- Universal Credit for working age customers
- The availability of discounts, exemptions, reliefs and disregards
- Discretionary Housing Payments
- Council Tax and Business Rates Hardship Relief
- Welfare Assistance – Local Crisis Prevention Fund
- Welfare benefits advice services
- Local and national money, debt and welfare benefits advice agencies for free, independent debt and money advice
- Local food banks
- Local food clubs
- Employment and skills support through Derby Adult Learning Service
- Mental health and wellbeing initiatives, organisations and charities
- Other charitable and support organisations.

9.7 The Council works in partnership with local and national money and debt agencies to support individuals in debt or with financial vulnerability. Innovative ways will continuously be explored to engage with those who are financially disadvantaged, taking a rounded view and working with them to break the cycle of debt.

9.8 Activities will include:

- The increased use of multi-channel communication technologies including text messaging.
- Where possible, outreach teams will make outbound telephone calls and local outreach teams visits from a welfare and support perspective. This approach can be particularly targeted at those customers identified to be in crisis or at financial risk.
- In appropriate cases consultation with Social Services or other agencies.
- Assistance with money management.
- Make provision for payment holidays, remission processes, longer collection timescales and other alternative collections strategies.
- Promotion of the services of qualified debt advisors, for example Citizens Advice Bureau, National Debt Line, Business Debtline, Neighbourhood Advice Centre and referral to the Money and Pensions Service (MaPS) initiative.

9.9 A standardised affordability assessment form or the standard financial statement will be used to ensure that collection officers can ascertain a customer's total income and expenditure, and agree a consolidated affordable payment, which will clear overdue sums in an appropriate period of time.

10. Debt Hierarchy

10.1 In some instances, customers will owe more than one debt to the Council. The Council will adopt a coordinated approach when dealing with multiple debts and will consider the person's circumstances, legislation, the level and priority of debt and the potential for financial hardship.

10.2 Where the Council or its collection agent is pursuing multiple debts, unless the customer advises to the contrary, priority is given to debts where non-payment could lead to loss of the customer's home, imprisonment for non-payment or have direct implications upon an individual's health and wellbeing as follows:

- Rent arrears and tenancy related charges
- Council Tax and Business Rates arrears
- Water Rates, Gas and electricity
- Unpaid charges and fines
- Other debts.

10.3 Customers cannot be imprisoned for not paying debts and they are unlikely to lose their home or their essential goods (for example a car needed for work). However, if customers make no acceptable offers to pay, without explaining why, creditors will take court action. If customers still fail to pay when the court has ordered it, creditors can take further action. It is acknowledged that whilst creditors for other debts have limited recovery or collection powers, they can cause stress to customers because of constant contact, threats and increasing balances. Customers should make every effort to obtain debt, money or welfare benefits advice from an appropriate agency.

- 10.4 Where a customer owes more than one debt of the same type (for example, council tax), priority will be given to the current financial year's charge to help prevent further arrears accruing. Consideration must also be given to cases where costs may be incurred through non-payment in order to avoid or minimise fees and costs.
- 10.5 Payments will be matched to instalment values first or allocated as directed by the customer. If that is not possible, we will determine whether there is a trend or an intent by the customer as to where the monies should be directed. Again, consideration will be given to any situations where there may be potential additional fees or costs.
- 10.6 The settlement of internal disagreements on the application of the debt hierarchy will be determined by the Section 151 Officer or nominated Deputy, considering the need to balance repayment profiles across the council's various funds. Council officers will liaise, and co-ordinate recovery and the council is currently working on initiatives which will seek to provide a single view of the customer or single view of debt. However, it is recognised that in the absence of such a system this will be difficult to establish if the information is not voluntarily given by the customer.

11. Refunds

- 11.1 The Council will not refund any overpaid monies where the customer owes other monies to the Council. When a customer is also a supplier to the Council, the Council retains the right to offset any overdue debts against any monies owed to the supplier. All future supplier contracts will include a clause clarifying this right to offset.

12. Tracing Absconders

- 12.1 The Council will make all necessary attempts to trace any customer that has absconded to ensure that payment is received. This will include checking internal and external sources of information, sharing information with other authorities and using tracing agents as appropriate in line with appropriate information governance compliance rules and legislation.

The timeliness of tracing, allowing time for the customer to reappear, will be considered before the debt is submitted for write off.

13. Write Off (Irrecoverable Amounts)

Outstanding debt should, as far as possible, reflect accurately the recoverable amounts owing to the Council either on a short or long-term basis. This, in turn, will enable the Council's financial statements to be produced giving a true and fair view of debtor balances in the Council's balance sheet within its financial statements.

- 13.1 Write off of bad debts will only be carried out with the correct approval and in line with the Debt Write Off Policy set out in appendix 1.

14. Breaches and Non-Compliance

- 14.1 The policy underpins our processes and procedures, and officers should apply this in their everyday work. Non-compliance will be highlighted through our Quality Audit checking and issues will be addressed appropriately. Material, significant or frequent breaches will be accelerated to the relevant Strategic Director for appropriate action.

15. National Disasters/Pandemic

- 15.1 In these instances, the Council will consider extraordinary measures and potentially implement additional support and take alternative approaches. Wider implications may include Government guidance and changes to legislation at short notice.

16. Policy Review

- 16.1 The Council is committed to continuous improvement. Delegated authority is given to the S151 Officer to refresh the policy, if necessary, to incorporate legislative changes or address minor errors. The policy will be reviewed as a minimum every two years from the date of adoption to allow it to be updated and to take any service improvements or changes into account.

17. Complaints

- 17.1 If you have a complaint regarding the issue of a bill, invoice or penalty charge notice please contact the service area responsible for issuing the bill, invoice or penalty charge notice. The council's complaints procedure is available on the website, see Customer comment, compliment or complaint - Derby City Council.

Appendix 1 – Debt Write Off Policy (All Council Debt)

1. The Council will take all reasonable and economical debt recovery action to recover the full debt that is due before consideration is given to writing off a debt. The debt will be subject to the collection and legal procedures as outlined in this policy. The degree of enforcement action attempted should be dependent on the amount owed, the type of debt and the customer's personal circumstances where they are known.
2. There will be limited circumstances where it is appropriate to consider writing off the amount(s) owed (or part thereof) to the Council. The reasons may be legislative, may be a directive from the Court or local management (where circumstances dictate). Where a debt is determined as non-recoverable it will be identified as such at the earliest possible opportunity and properly dealt with in accordance with this Write Off Policy.
3. If assets have been lost, stolen or damaged and the loss is not recoverable from insurance or other sources, they may be written off by the Head of Business Support and Debt Management in conjunction with the Director of Finance as Section 151 Officer.
4. Write offs must be transparent and will only be processed where the invoice has been raised correctly and where there is a justified reason why the debt should no longer be pursued. Negotiations with third parties and reduction of actual value below the amounts incurred (for example insurance) should not take place outside of the financial system.
5. In considering the approval to write off a debt the authorising officer shall consider:
 - This policy
 - The interest of the local community
 - The council's fiduciary duty
 - The rights of the customer and the effect of continued enforcement action.
6. Any member of staff, member or contractor who has an interest in any debt must not participate in the decision-making process regarding the write off of the debt and must declare their interest. For the purposes of this policy an interest includes those in the following list, however, the list is not intended to be exhaustive and where a member of staff is unsure whether they have an interest they should seek advice from their line manager or Internal Audit.
 - The debt is owed by a relative, including relatives by marriage.
 - The debt is owed by a relative of a current or former partner.
 - The debt is owed by a friend or neighbour.
 - The debt is owed by an organisation of which you are a member.
 - The debt is owed by an organisation of which a relative is a member.
 - The debt is owed by a company or individual with whom you have a business relationship.

This does not preclude Members who, in the normal course of discharging their duty to represent their constituents on a wide range of matters, from discussing specific cases subject to the relevant constituent consent.

7. Approved reasons for write off of debts fall into two broad categories, firstly those

debts that the Council is unable to collect and secondly those debts that are deemed uneconomic to collect. The following reasons are recognised as valid reasons for the write off of debts, subject to all appropriate action to enforce payment having been attempted.

Unable to collect:

- The customer is deceased and has left no estate.
- The customer is subject to a formal insolvency order (in such cases any accruing debt to be written off will only be up to the date of the order).
- The debt has been remitted by the Court.
- It would cause the customer serious hardship to enforce payment, or it is in the interests of the council or the wider community to write off the debt. This includes the use of the council's powers under Section 49 of the Local Government Finance Act 1988 in respect of writing off a Non-Domestic Rate on the grounds of hardship when appropriate.
- The customer has absconded / gone away and cannot be traced.
- The customer is living outside the jurisdiction of the English courts and is unlikely to return.
- The Court has refused to make an order in respect of the debt.
- The customer has served a prison sentence to discharge the debt.
- The debt is an overpayment of Housing or Council Tax Benefit which is deemed to be unrecoverable in accordance with the Housing Benefit General Regulations 1987 and the Department for Work and Pensions overpayment guidance manual
- The age of the debt precludes recovery, or the debt is Statute Barred Uneconomic to recover.
- It is uneconomical to take action to enforce payment if the amount is a small balance, Legal action is unlikely to be cost effective or it is in the council's interest to agree a negotiated settlement of part of the debt.

8. In general, recommendation for debts to be written off should be made only where one of the above categories applies. However, it is recognised that it is difficult to anticipate all potential circumstances where write off may be justified, and that on occasion it may be appropriate to write off a debt for other reasons. Where this is the case a full written report justifying the recommendation must be provided to the Debt Manager, who will along with an independent panel, make a decision regarding the writing off of the debt and then submit for final approval to either the Head of Business Support and Debt Management or the Director of Finance as Section 151 Officer.

Authorisation to write off debts

9. When considering debt, it is important to differentiate between a write off and a move or change of tenancy, a credit note, or change in circumstances. A write off is an amount owed that will never be collected. A credit note is issued in various situations to correct a mistake on an invoice, for example where an invoice has been overstated. A credit note must not be used as a substitute for a write off. It is financially incorrect in respect of accounting terms with potential VAT implications.
10. The Council's Financial Rules allow for debts to be written off in accordance with this debt write off policy. Financial debt write off may be approved in aggregate in accordance with the following table:

AMOUNT	MINIMUM APPROVAL REQUIRED
Up to £10,000	Head of Business Support and Debt Management
£10,000 to £19,999	Director of Finance as Section 151 Officer
£20,000 and over	Cabinet approval

11. Authorisation may only be given by means of a signature. A single signature may be applied to a schedule of debts of individual amounts which in aggregate do not exceed the thresholds above. A record of all sums written off will be maintained by the Debt Team, on behalf of the S151 Officer, along with supporting documentation. The appropriate accounting adjustments must be made following approval to write off a debt. Where debts have been referred to Legal Services, the Section 151 Officer will have due regard to their advice when considering action relating to bad debts.
12. The customer remains liable to pay even after a debt has been written off. Therefore, if the debt has been written off and a further instalment is received, the Debt Team should reinstate the debt if any part of it remains unpaid. The debt should then be referred to the Head of Business Support and Debt Management for consideration of further enforcement action of the remainder.

Appendix 2 – Relevant Legislation and National Standards

The Council has a duty to ensure that all collection processes comply with relevant legislation, which includes but is not limited, to the following:

- Administration of Estates Act 1925
- Care Act 2014
- Care and Support (Charging and Assessment of Resources) Regulations
- Care and Support Statutory Guidance (Annex D) – Recovery of Debts
- Charging Orders Act 1979
- Civil Procedure Act 1997
- County Courts Act 1984
- Housing Act 1985
- Housing Grants, Construction and Regeneration Act 1996
- Insolvency Act 1986
- Landlord and Tenant Act 1954
- Landlord and Tenant Act 1985
- Late Payment of Commercial Debts (Interest) Act 1998
- Local Government Act 2003
- Local Government Finance Act 1988 (as amended)
- Local Government Finance Act 1992 (as amended)
- Magistrates' Court Act 1980
- Police and Criminal Evidence Act 1984
- Social Security Administration Act 1992
- Taking Control of Goods (National Standards) 2014
- Taking Control of Goods Regulations 2013
- The Business Improvement Districts (England) Regulations 2004
- The Civil Procedure Rules 1998
- The Council Tax (Administration and Enforcement) Regulations 1992
- The Equality Act 2010
- The Late Payment of Commercial Debts Regulations 2013
- The Leasehold and Commonhold Reform Act 2002
- The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989
- The Taking Control of Goods (Fees) Regulations 2014
- The Tribunals, Court and Enforcement Act 2007
- United Nations international human rights treaty which sets out the civil, political, economic, social, health and cultural rights of children

In respect of goods/services billed by the Council, the individual Service will be responsible for ensuring compliance with the relevant legislation. Due to the wide range of services provided it is not possible to list all relevant legislation or national standards in this policy.

Appendix 3 – Contact Details

Help with Money and Debt Problems

For independent money and debt advice contact The Money Advisor Network via their website: <https://adviser.moneyhelper.org.uk/en>

You can give them your contact details in confidence, so they can connect you with a qualified and regulated money adviser.

The council also has a Welfare Rights and Money Advice Service where Money Advisers are available to assist some people who are in debt to Derby City Council. [Welfare rights and money advice - Derby City Council](#)

Community Action Derby are a local registered charity who provide support and advice. [Community Action Derby](#)

Preventing Money Problems

You can also contact local services who can give advice about money management:

EMMA – East Midlands Money Advice. Web: www.emma.uk.net

National Websites:

Money Helper (advice and guides to help improve your finances) www.moneyhelper.org.uk
Money Saving Expert (advice about getting a basic bank account)
www.moneysavingexpert.com/banking/basic-bank-accounts
If you have problems getting a bank account Great Western Credit Union may be able to help. Call 0117 9247309 or visit <https://greatwesterncu.org>

Dealing with Debt

To find details of local advice organisations which provide debt advice and help, see the EMMA website here: <https://emma.uk.net>

National Websites

National Debtline (debt advice guide)
Tel: Freephone 0808 808 4000
Web: www.nationaldebtline.org/ StepChange debt charity
Tel: Freephone 0800 138 1111 Web: www.stepchange.org/

Citizens Advice
Tel: Freephone 0800 144 8848
Web: www.citizensadvice.org.uk/
Business Debtline Tel: 0800 197 6026
Web: <https://www.businessdebtline.org>

There are many websites offering advice to people struggling with debt, but many of these offer services that you have to pay for. Check whether the information on the websites above can help you, first.

Department for Work & Pensions

[Department for Work and Pensions - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

May be able to help you out with benefits that you were not aware you were entitled to.

Appendix 4 – Local Authority (Domestic) Rent

This appendix specifically applies to:

- Residents with a Council Secure, Demoted and Introductory tenancies and covers all other charges raised by Housing and Estates including rent paid for garages and service charges.
- Persons in Use and Occupation of a Council residential property.
- Council licensees including licensees in temporary accommodation.

Responsibilities

Residents and Licensees will:

- Maintain their current rent account in accordance with the conditions set out in their Tenancy Agreement or Licence Agreement.
- Pay all charges, including service charges, rent, and garage charges, related to their tenancy and use of the property, as they fall due.
- Claim any welfare benefits they are entitled to, which may support payments.
- Contact the Council should their rental income account go into arrears to enter payment arrangements and seek support.
- Commit to repaying arrears as soon as possible.
- Follow any agreements that are made between the resident and the Council and make the agreed payments so that arrears can be cleared.
- Clear all arrears before ending any tenancy or licence.
- Comply with orders from the Court when proceedings have been brought by the Council against a resident or licensee as a result of rent and property related arrears.

Persons in use and occupation are responsible for paying the use and occupation charges and claiming any welfare benefits they are entitled to in order to support payments.

It is recommended that rent is paid in advance of the residents' chosen payment frequency. The Council are committed to:

- Facilitate payment of rent and charges related to the property and follow all relevant Pre-Action Protocols to recover arrears.

- Provide information to new residents to enable them to pay their rent in accordance with their Tenancy or Licence Agreement, including, but not limited to, the payment terms and the different ways a resident can pay.
- Make the residents and licensees aware of the impact of non-payment of rent and charges related to the property on their tenancy or licence.
- Advise the resident about different ways they can maximise their income including claiming benefits such as Housing Benefit or Universal Credit independently, that may support payment of their rental income.
- Make sure that, if necessary, residents are signposted to relevant advice and support services, both internally and externally of the Council.
- Make sure appropriate and timely referrals to Housing Related Support are made for those residents identified as 'vulnerable' in accordance with the Vulnerable Tenants Policy. (Further information about Housing Related Support available can be found on the Council's website)
- Where the Council is aware that a person to whom this policy applies may have a protected characteristic under the Equality Act 2010, it will have regard to that protected characteristic(s) and consider whether a resident is vulnerable and the impact of their vulnerabilities.
- Give the resident every opportunity to fulfil their obligations in terms of repaying arrears before taking initial or escalating existing enforcement action.
- Review rent levels annually.
- Provide a minimum of 28 days' notice to the resident of any change to their rent.

Appendix 5 – Debt Recovery Overview by Debt Type

	Regulated Recover process	1 st Reminder	2 nd Reminder	Final Notice / Demand	Recovery Options
Sundry Debt (Invoice)	No	Minimum of 1 day after payment due date (which is 30 days from liability)	Minimum of 31 days after payment due date (at 61 days)	Minimum of 61 days after payment due date (at 91 days)	<ul style="list-style-type: none"> • Information Order / Arrangement • Charging Order • High Court Enforcement Officer • Insolvency action • Attachment to Earnings • Third Party Debt Order • Withdrawal of service • Late payment fees • Interest due to late payment
Council Tax (Bill)	Yes	Minimum of 30 days after payment due date	Minimum of 45 days after payment due date	Final Notice - only if sums due under first and second reminders have been paid, otherwise not issued	<ul style="list-style-type: none"> • Attachment to Earnings • Attachment to Benefit • Attachment to Members Allowances • Request for Financial Information • Enforcement Agent • Commitment to Prison • Insolvency action
Business Rates (Bill)	Yes	Minimum of 30 days after payment due date	Not issued	Final Notice - only if sums due under first reminder has not been paid, otherwise not issued	<ul style="list-style-type: none"> • Security for Unpaid Rates • Enforcement Agent • Commitment to Prison • Insolvency action • Information Order/Arrangement • Charging Order/Order for Sale • Enforcement Agent • High Court Enforcement Officer • Attachment to Earnings • Third Party Debt Order

Housing Benefit Overpayments (Invoice)	Yes	14 days after payment due date	7 days after first reminder	7 days after final notice	<ul style="list-style-type: none"> • Customer Agreement • Direct Earnings • Deduction from Welfare Benefits • Collection Agents • Charging Order • High Court Enforcement Officer • Insolvency • Third Party Debt Order
Adult Social Care (Invoice)	No	Statement of Account issued quarterly	Not issued at present but current processes being reviewed during 2024/25	Not issued at present but current processes being reviewed during 2024/25	<ul style="list-style-type: none"> • Information Order / Arrangement • Charging Order • High Court Enforcement Officer • Insolvency • Attachment of Earnings • Third Party Debt Order