



Corporate Debt Policy

Version 1

May 21

Contents

Introduction 3

Scope..... 3

Governance 3

Purpose and Objective 4

Principles 4

Objectives of our recovery teams 5

Contact with Customers 5

Recovery Protocols 6

Providing Support and Advice 7

Assessment of Ability to Pay 8

Customers who can pay..... 9

Customers who can't pay 9

Breathing Space 9

Priority Debts 10

Vulnerable People..... 10

Customers with Multiple Debts 11

Enforcement of collection 12

The Stages leading up to the Issue of a Liability Order 12

Liability Order Powers 14

Committal Proceedings 18

Debt Write Off 18

Complaints 20

Credits and Transfers..... 20

Additional recovery costs 21

Procedure Notes 21

Monitoring performance 21

Policy Review..... 21

Appendix 1 22

Type of Debt 28

Potential Consequence 28

Introduction

City of York Council has a duty to ensure that all revenue owed is collected efficiently and effectively for the benefit of all our tax payers. We are streamlining our process for ordering and receiving payment for all services, including on-line and direct debit payments where possible.

We aim to be an exemplary organisation with regards to the collection of debt. The policy affirms the use of best practice methods providing high standards of customer service dealing with all customers in a fair and inclusive manner, whilst giving careful consideration to the needs of vulnerable customers.

We will treat individuals consistently and fairly, ensuring that individual's rights under Data Protection, Equality and Human Rights legislation are protected. The policy demonstrates commitment to the Council's Corporate Plan priorities, and also supports the Government's agenda to provide solutions that have prevention and intervention as key drivers for public service delivery to local people.

Scope

The policy covers all debts owed to the council including:

- Council Tax
- Non-Domestic Rates
- Commercial rent arrears
- Housing rent
- Benefit overpayments
- General debtors, e.g. unpaid fees and charges
- Legal costs
- Penalty Charge Notices (parking contraventions)

The policy is to be used by all income and recovery streams across the council. The full range of collection and recovery methods will be used as appropriate where debts are not paid.

Governance

The processes and controls associated with the Debt Policy along with the councils Income Policy are administered by the Head of Financial Procedures in Resources.

All changes related to the procedures, systems and documentation contained within the policy must be approved by the Chief Financial Officer in consultation with the councils Directors and Audit team (Veritau) as set out at page 27 Paragraph 10 of the council's Financial Regulations.

Purpose and Objective

The key objective of the policy is to provide clarity and consistency in our approach to the collection of outstanding debts.

The policy supports prompt, effective and efficient billing and recovery action, through making best use of available resources. Debts will be managed in accordance with legislative provisions and best practice, whilst ensuring high standards of customer service.

Principles

The policy is underpinned by the following key principles:

- Minimising debt: We will
 - aim to reduce the levels of arrears, bad debt provision and write offs.
 - take a fair and effective approach, providing consistency in the way customers in debt are dealt with across the council, and support our customers to manage their priority debts.

- Proactive approach: We will
 - ensure customers are made aware of their liabilities,
 - be approachable, encouraging customers to contact us at the earliest and every opportunity
 - enable officers to take into account customers' circumstances, their ability to pay and attempting to ensure financial hardship is not inflicted by having a realistic attitude to repayments.
 - support customers to come to affordable payment agreements appropriate to their circumstances.

- Preventative measures: We will
 - make every effort to ensure that customers are awarded all the relevant national and locally agreed support available and are not unnecessarily charged recovery fees.
 - advise on any housing assistance or taxation discounts, reliefs and exemptions customers may be entitled to.

- assist with applications when appropriate
- signpost customers to money advice, debt counselling and other support services available through City of York Council and /or partners when additional assistance may be required.
- make every effort to be aware of vulnerability issues and act accordingly

Objectives of our recovery teams

The key objectives of the recovery teams are to:

- Maximise income to the council
- Ensure that all customers interests are protected through the application of the debt policy
- Achieve an equitable share of income available to pay across all council debts
- Take proportional recovery action including timely issue of correspondence and court action when necessary
- Achieve efficiency savings by identifying solutions for customers on debt issues at the first point of contact
- Be fair but firm
- Be “preventative” for example offering payment options and other advice
- Help where possible to assist customers to better manage their finances
- Advise customers of advice and support agencies
- Encourage self help
- Ensure consistency in dealing with customers
- Share knowledge, information and expertise across the council, and also external agencies within the legal framework, including the data protection act, with regard to sharing personal information
- Apply best practice in relation to debt collection.

Contact with Customers

We will continually improve contact with customers by

- Issuing timely correspondence
- Encouraging customers to make early contact regarding their outstanding debt(s) owed to the council
- Raising awareness of the consequences of non-payment
- Advising customers of their total debts where possible.

- Taking a pro-active approach in order to avoid further recovery action being taken

We will use plain English and non-threatening language that is clear and easy to understand in all correspondence.

We will explain any complex terminology that we are required to use by law and avoid the use of jargon where possible.

We will include where relevant:

- Details of the amount payable;
- How the charge has been calculated;
- A description of the charge
- The payment methods available;
- A contact single number for enquiries or disputes and for discussing payment arrangements and difficulties;
- E-mail address where appropriate.

All information can be made available or presented in a format that the customer can understand, for example other languages, large print, audiotape and Braille.

In meeting individual needs the council will, where practical and possible, ensure that individual preferences are documented so that ongoing and future communication can be provided in an accessible, preferred format. We will review customer feedback to help identify service improvements.

We will arrange where practical and possible, to use accredited translators or interpreters if the customer uses British sign language or if English is not their first language.

Correspondence with customers will refer to and deal with all / or similar accounts outstanding wherever possible.

Recovery Protocols

If there is an outstanding benefit claim, we will work with the Welfare team to confirm the claim is legitimate and the customer is providing the necessary information to expedite any benefit award.

We will carefully consider action concerning council tenants, working closely with the Housing team to try and maintain the tenancy where appropriate to do so.

We will only charge in accordance with council tax enforcement regulations (Regulation 4 of the Taking Control of Goods (Fees) Regulations 2014).

We will continue to work closely with the local Citizen's Advice service and ensure customers can be signposted for free, impartial debt advice. We will provide our own benefits advice, from trained benefits advisors working within City of York Council to support our residents and businesses.

We will work with our colleagues in Economic Development to help local businesses and ensure they are able to access support available to them. We will work within CYC policies and procedures to ensure issues are addressed appropriately, and our customers know how to raise any concerns or complaints.

We aim to ensure council debts are considered holistically and we work together to support the customer to make payments to reduce their arrears and support financial security.

Providing Support and Advice

We will encourage customers to make contact with us as soon as they begin experiencing difficulties paying their accounts.

Our bills and letters will clearly show how the amount has been calculated and we will make them as easy to understand as possible.

We will also make every effort to advise people of their right to apply for benefits assistance, including support to claim Council Tax Support and Council Tax discretionary reduction.

We encourage customers to use our online benefit calculator to check if they would be eligible for any support.

We will also advise individuals and businesses of the range of other discounts, reliefs and reductions available at the time an account is issued and also in subsequent communications. Including pro-active take up campaigns as appropriate.

During both face-to-face contact and telephone communications, officers will direct customers as to where they can obtain further specialist advice on benefits and debt matters appropriate to their needs.

On-line signposting will also be available to the tools available on other agencies websites, such as budget planners and checks for eligibility to other welfare benefits

Where appropriate we will work with other agencies to assist customers who are receiving help and liaise with them on a local level to solve issues and answer queries.

We will keep up to date with, and where possible, sign up to current best practice including the CAB good practice protocol.

We will sign post customers to money advice and support services, including using budgeting tools to maximise their income and reduce their outgoings. See appendix 1 for budgeting sheet.

Assessment of Ability to Pay

During the process of recovery, the council will act in accordance with statutory regulations and advice issued by professional bodies, external auditors etc.

The council will endeavor to make payment arrangements with customers who are unable to settle their debt(s) in full, however this may involve legal action being taken against the customer where appropriate.

Payment arrangements will be made with individuals and companies giving consideration to their financial circumstances, in particular their disposable income; in doing so other factors will also be considered including the nature and level of debt and past payment history.

In considering a customer's ability to pay the minimum requirement will be to ensure that the customer's indebtedness to the council does not worsen. As priority debts rank of equal importance, the council will give due consideration to the level of the arrangements made in respect of these in order to protect the customers position.

A financial statement showing income and expenditure may be required to support a payment arrangement. The customer may be required to provide key documents and information in support of their request for a payment arrangement before this approach can be agreed.

Customers who can pay

The council's Income Policy sets out the various payment methods available to customers and promotes the council's commitment to maximise income.

Appropriate payment arrangements are offered where debts cannot be settled in full. The Income Manager monitors these arrangements, and further recovery action is taken following default.

Customers who can't pay

Where a customer is unable to pay the following support and debt advice will be provided where possible:

- Advice will be given of what happens if debts remain outstanding
- When appropriate council debt recovery officers will provide advice and support especially where a customer is deemed to be vulnerable. Benefit officers may also visit the customer to endeavour to resolve the situation and avoid further recovery action if possible
- Information will be provided stating who can give help and advice
- Encouragement will be given to customers to get help from a range of sources and ensuring where people are eligible they receive benefits and discretionary support, including Council Tax Support and/or Council Tax Discretionary Reduction.

Breathing Space

A 'breathing space' period is an opportunity for vulnerable people in problem debt to have a fixed period without fees, charges and interest or enforcement action. The breathing space is designed to give people time to get on top of debts before they get out of control. Introduced from 4 May 2021.

There are 2 types of breathing space:

- a standard breathing space, and
- a mental health crisis breathing space.

A standard breathing space is available to any client with problem debt. It gives them 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 their debts.

A mental health crisis breathing space is only available to a client who is receiving mental health crisis treatment. If an Approved Mental Health Professional (AMHP) certifies a client is in mental health crisis treatment, the client or someone else might ask you for a mental health crisis breathing space on the client's behalf.

The mental health crisis breathing space has some stronger protections than the standard breathing space. It lasts as long as the client's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).

Customers can only access a breathing space through a debt adviser. Customers will be required to attend a money advice meeting to determine their ability to pay based on income and expenditure with one of our partner services.

After the money adviser has checked that they are eligible and that a breathing space is appropriate for them. The adviser will log the customer's details onto the electronic service to put their details onto the breathing space register, and notifications will be sent to their creditors.

The breathing space starts the day after the date the customer's details are put onto the register. On that day, any qualifying debt put onto the electronic service becomes a breathing space debt.

As soon as possible after receiving notification of the start of a breathing space, CYC will search their records to identify the debt owed by the customer. No further action will be taken on these debts during the breathing space.

Customers will only be able to enter into one breathing space in a 12 month period to pause debt recovery action.

See Appendix 2 Breathing Space Guidance for more details.

Priority Debts

The definition of a priority debt is one that could either involve the loss of the debtor's home, or those owed to creditors who can take the strongest legal action against the debtor. It is not the size of a debt that denotes it as a priority, but the result of action that creditors can take to recover their money. Customers usually pay the creditors who shout the loudest, and are often not aware of the consequences of failure to pay priority debts. Appendix 3 sets out main priority debts including the consequences of failure to pay

Vulnerable People

This policy defines the circumstances in which the Council will consider a person to be vulnerable. This will not preclude the Council from taking any form of recovery action but it will ensure that the circumstances of the vulnerable person are fully considered prior to any action being taken.

The Council will take account of an individual person's circumstances at each stage of Council Tax collection. In particular the Council will seek to identify any cases where a person appears to be vulnerable during the stages of recovery, to ensure the most appropriate course of action is taken.

While there is no definition within any of the Council Tax regulations of "vulnerable person" this policy provides guidance as to what may constitute vulnerability and what actions should be taken to identify and deal with the vulnerable debtor.

A vulnerable person may include, but is not restricted to:

- A person who has a physical or sensory impairment, learning disability or mental health problem¹ and who may be unable to protect themselves from harm or abuse, or their carer.
- Elderly, frail or confused older people
- People who are seriously ill or have a severe long time health condition.
- People who are recently bereaved
- Pregnant women or those who have recently given birth
- Those who have obvious difficulty in understanding, speaking or reading English
- Care leaver
- Those fleeing domestic abuse
- Anyone suffering severe hardship

Customers with Multiple Debts

Customers with multiple debts may need additional support to find a solution to their debt problems, and should be actively encouraged to share with staff, information on all *debts*, in order that the most appropriate action can be taken to address their debts.

¹ The Royal College of Psychiatrists and Money Advice Trust's Debt collection and mental health: ten steps to improve recovery provides useful guidance and further definition of what constitutes a mental health problem

The policy promotes a flexible approach to working with customers to agree the steps that need to be taken to help address multiple debts. In taking this approach debt management will vary from debt to debt as different solutions will be required.

Whilst focusing clearly on the debt(s) owed to the council, this policy promotes the assistance of customers by ensuring they receive *the* help and debt advice that they need to reach realistic solutions in respect of debts owing to other organisations.

The policy promotes clarification to the customer regarding the order of priority in which customers must pay their debts, depending on the nature of the debt.

Referrals will be made to appropriate agencies and benefit teams. Further proportional recovery action may be taken.

Enforcement of Council Tax Collection

The council is empowered to enforce payment through a number of statutory remedies following successful court action being taken, including powers which impact on a person's possessions or liberty. This can include the right to seize goods, to evict a tenant, or to request imprisonment.

The Council seeks to identify vulnerable customers before any enforcement action is taken. Court lists (Customers summonsed to Court) may be shared with other Council teams which support vulnerable customers so they can flag any such cases to the recovery team for alternative action. In such cases the recovery team will note and flag the account for alternative action.

The council will ensure that these more 'severe' powers for example removal of goods, will only be used when all other reasonable methods have failed and where all appropriate internal and statutory processes have been properly followed.

The Stages leading up to the Issue of a Liability Order

See Appendix 4 Council Tax Recovery Process Map

Council Tax Bill

A Council Tax bill is issued at the start of the tax year to each person shown on the Council's records as responsible to pay the Council Tax for a property.

Council Tax bills are also issued during the year when a person/s first move into a property purchases a property or is a property owner and the property has become empty.

Normally, Council Tax is paid by ten or twelve monthly instalments across the year. Where payments are not received on the instalment due date, recovery action will be triggered and a reminder notice is issued as soon as practicable after 7 days has passed in line with council tax legislation (LGFA 1992).

The Council Tax Service may remind the individual (by SMS message or email) to pay their instalment and so avoid a reminder notice.

Reminder Notice

A reminder notice can be issued the day after the instalment has fallen due. The reminder notice requires payment of the amount shown within seven days.

The individual may bring their instalments up to date within the first seven days of the issue of a reminder notice. However, if they do not, or if later on the Council Tax payer falls behind on their instalments again, they will receive a final reminder notice.

Final Reminder Notice

When a Council Tax payer falls behind with their instalments again, after already having received one reminder notice earlier in the year, a final reminder notice may be issued and the right to pay by instalments is lost. The Council Tax remaining for the rest of the year is now due. A final reminder notice can also be issued without a previous reminder notice, where, for instance, the bill relates to a previous tax year or the account has been closed.

Summons

If the person who is liable to pay the Council Tax fails to pay the amount shown on the reminder notice or final reminder notice within fourteen or seven days respectively of their issue, a summons can be issued.

A summons is a letter to the Council Tax Debtor giving notice that the Council is going to Court to obtain a Liability Order against them. A minimum two weeks' notice of the Court hearing date is given on the summons and the individual is advised that additional costs have also been incurred by the Council and added to their bill.

The Council Tax Debtor will be urged to contact the Council immediately to discuss their account. The Council will advise on the best course of action and discuss payment arrangements suitable to both parties. If the amount remains unpaid the Council will seek a liability order at the Court Hearing. The Council Tax Debtor has the opportunity to attend Court if they want to dispute they owe the amount billed.

The Magistrate can only decide whether the Debtor is liable, valid notices have been issued and the debt is unpaid. At the Court hearing, the Magistrate must issue a liability order if they find the Debtor is liable, notices have been correctly issued and the Council Tax remains unpaid. Costs will also be requested and may be granted at this hearing.

At this stage, the Magistrate cannot take into account the Debtor's personal circumstances or make orders for payment.

Liability Order Powers

A Liability Order gives the Council certain powers of enforcement which are listed below. In addition, the Debtor is now under a legal duty to supply financial information when asked to do so by the Council.

In each case, the Council will decide on the most effective course of action based on the size of the debt, the history of the case and the personal circumstances of the debtor. The Council will also have regard to its equalities duties.

The recovery options available are described below:

Attachment of Earnings

Attachment of earnings is a statutory power that allows the Council to order the debtor's employer to make deductions from the debtor's wages at a rate specified by legislation. The Council has no power to reduce the amount to be deducted as it is set by law.

This course of action is only appropriate where the debtor is in stable employment and their salary level is sufficient to clear the debt. The deductions apply to the Debtor's net earnings after tax and national insurance have been deducted. The Debtor's employer has a legal obligation to make the deductions. The employer is entitled to an administration fee of £1.00

from the debtor for every deduction made. Statutory Fines may be imposed on the employer if deductions are not made.

Up to two Attachment of Earnings Orders making deductions from wages can be in place at the same time against the Council Tax debtor. An Attachment of Earnings Order may be withdrawn by the council if there are exceptional circumstances to justify its withdrawal.

Deduction from Welfare Benefits

The Council may require the Department for Work and Pensions (DWP) to make weekly/monthly deductions at rates set by legislation from a debtor's welfare benefit. The debtor must be in receipt of one of the following benefits: Income Support, Jobseeker's Allowance (income based), Employment Support Allowance (income related), Universal Credit or Guarantee Pension Credit.

The rate of deduction is low and if there is a large debt, the Council may choose not to request a deduction and pursue alternative more effective means of recovery.

Attachment to Members Allowances

This only applies to debts owed by elected Members of Council and allows the Council to claim up to 40% of their allowances to clear the unpaid Council Tax.

Enforcement Agents

The Council may use Civil Enforcement Agents (CEA) to take control of goods of the debtor.

Cases will be identified for CEA following court, and where no agreement has been reached with the customer to clear the outstanding debt. Whilst legislation does not require the Council to issue a warning to customers that their case will be passed to CEA's for collection, the City of York Council may issue correspondence at least 14 days after court action which will include a schedule of costs that the CEA's will charge in line with the Taking Control of Goods Act 2014.

Cases which have been passed over to CEA's which are later identified as vulnerable will be returned to the Council unless the debtor is in agreement to pay the CEA.

An arrangement for payment can be made by the debtor with the Enforcement Agent to avoid the taking control of goods. The Enforcement

Agent will encourage the debtor to contact them by means of SME text, telephone and email to make an appropriate arrangement.

The Enforcement Agent may take control of goods to the value of the debt owed under the order. The Enforcement Agent may not take control of goods where a child or vulnerable person is the only person present in the premises. Certain goods will not be taken by the Enforcement Agent under the law and these include mobile homes resided in by the debtor, bedding and furniture required to satisfy basic domestic needs including white goods.

The Enforcement Agents are advised to pro-actively inform debtors of any discounts or exemptions that they may be entitled to and where possible, obtain employment and financial details for attachment of earnings. The Enforcement Agents are expected to operate in a fair and consistent manner and will encourage the debtor to seek advice to help reduce their Council Tax debt.

Legislation now sets out the structure of CEA's fees, and the minimum timescale before any visit can take place (7 Days). Enforcement agent fees are incurred and payable by the debtor at the following times.

£75.00	Compliance Stage: The liability order is passed to the Enforcement Agent for collection. Payment of the debt and fee is required within 7 days of issue of the notice.
£235.00	Enforcement Stage: On a visit by the Enforcement Agent to take control of goods. If the debt exceeds £1,500, further fees will be payable by the debtor.
£110.00	Removal and Disposal of Goods Stage: On the sale or disposal of the goods taken. If the debt exceeds £1,500, further fees will be payable by the debtor.

To ensure effective, consistent and appropriate application of Distress, the City of York council's contract with its Enforcement Agents includes a detailed Code of Conduct, which the Enforcement Agents must abide by. Regular meetings take place between the Council and CEA's liaison officers so that customer service can be monitored.

The Council maintains ultimate control over all cases passed over to CEA's and reserves the right to have any case returned where it identifies that alternative action should be taken.

Charging Orders

A charging order allows the Council to register a charge, a security interest, in the debtor's property. It can be applied where the debt exceeds £1,000.

The charge covers the debt amount, costs and interest granted to the Council. Before making the application, the Council will consider whether the debtor has sufficient equity in the property to cover the Council Tax debt. This means of recovery is less punitive than committal to prison or bankruptcy and may be more suitable for vulnerable debtors who have insufficient income to make an acceptable arrangement.

While the charge will safeguard the Council's financial interests, a payment arrangement should still be sought from the debtor so that some income is generated.

Once a charge is obtained, the Council has the option to force a sale of the charged property after having regard to the debtor's vulnerability and adherence to any payment arrangement.

Insolvency

The Council may apply for a bankruptcy or winding up order to be issued against an individual or company respectively where the debt exceeds £5000.00.

This course of action will be considered where there are known assets. Where the asset is the property that is the subject of the debt a charging order will be considered but this will not preclude bankruptcy action – there may for example be insufficient equity in the property or there may be multiple debts owed to the Council which could be satisfied through insolvency action.

Substantial costs are incurred by the Council which are payable by the debtor if a bankruptcy order is issued. The potential consequences are grave, such as the loss of the debtor's home. Council Tax Senior Officers will therefore, thoroughly examine the debtor's personal circumstances and fully consider the consequences of the order on the debtor. Particular attention is given to vulnerable persons when consider a bankruptcy order as a recovery method. The bankruptcy checklist at Appendix 5 is used to ensure these matters are considered.

Committal Proceedings

Committal proceedings will always be considered as a last resort. The Council will review the individual's circumstances using all available information prior to this action, particularly with regard to any vulnerability of the debtor. The Council Tax Service will consider all other recovery options and have referred the case to the Enforcement Agent before commencing committal proceedings.

The debtor can be incarcerated for up to three months for non-payment of Council Tax. The process is initiated through the Court by means of a summons. If the debtor fails to attend Court, an arrest warrant can be issued to ensure their attendance.

At Court, the Magistrates can conduct an enquiry into the debtor's means and make an order for payment, issue a suspended sentence with a payment order, order commitment to prison or remit the debt partly or fully if willful refusal or culpable neglect is not found.

If the debtor is sent to prison, the Council Tax is still be payable although the Council will not be able to take any further enforcement action to recover the debt, and Magistrates will decide if the debt should still be paid or remitted due the penalty of sentencing.

Debt Write Off

Each individual case needs to be considered on its own merits but inevitably there will be debts that become unrecoverable. The Council recognises that where a debt is irrecoverable, prompt and regular write off of such debts is good practice.

The Council will seek to minimise the cost of write-offs to the local Council Tax payers by taking all necessary action to recover what is due. All debts will be subject to the full collection, recovery and legal procedures as outlined in this policy. All forms of enquiry including the use of tracing agencies will be exhausted before a debt is considered for write off.

Write off is appropriate where:-

- the demand or invoice has been raised correctly and is due and owing; and
- there is a justified reason why the debt should not be pursued.

Justified reasons

The advice of the Corporate Debt Team should be sought in determining whether a debt is suitable for write off. It is not possible to list every scenario which could make a debt suitable for write off. Some of the justified reasons include:

- Deceased with no assets
- Bankrupt with no assets
- In Administration/ Liquidation with no assets (Non Domestic Rates)
- Individual Voluntary Arrangement (if arrangement is adhered to)
- Gone away no trace
- Uneconomical to recover
- After custodial sentence for non-payment of Council Tax if instructed by the court.
- The debt is a contractual debt over 6 years old and is not an exemption to this rule.
- The Council has evidence to confirm the claimant is suffering a severe physical or mental illness, which renders recovery action inappropriate.

Services will be required to confirm they have followed the normal debt recovery procedures before referring the debt for write off, and where the procedures are not followed an explanation will need to be provided.

The delegated powers for writing off debt is set out in detail within the council's Financial Regulations. The information is contained within Part D of the regulations 'Systems & Procedures' with the delegated powers detailed in the Table at page 27.

If a debtor is subsequently traced after the debt has been written off the debt will be written back onto the council's accounts providing the six-year rule does not apply. This rule states that creditors are no longer able to pursue a debtor if they have not issued correspondence regarding the debt within the last six years.

Sharing of Information

The council will ensure that statutory requirements are followed in the use of all computer systems used to bill and recover outstanding debts. Training and re-training will be given where required to ensure that all staff involved in the collection and recovery of debts are experienced in the various computer systems and are fully aware of the statutory requirements governing the information maintained within the systems.

Subject to any limitations imposed by the 1998 Data Protection Act and Human Rights legislation, access to debtors' information contained in different systems will be made available, and shared across the teams responsible for debt recovery. This not only ensures that debtors can be located, but also provides a customer debt profile allowing a coordinated approach to debt collection, and a proactive way of identifying and dealing with customers priority debts. Clarification of the sharing of information will be provided to customers in appropriate correspondence and on the council's web-site.

To support the successful delivery of a coordinated debt recovery service at the council, it is vital that good working relationships and practices are established and maintained across council departments, statutory and voluntary agencies including regular meetings with the Citizens Advice Bureau, Christians Against Poverty and all service providers when dealing with debts.

All teams should have up to date written procedures in place to ensure compliance with data protection principles and appropriate customer service standards.

Specific regard is given to protecting children and vulnerable adults when taking control of goods. The local authority will not recover fees due at the enforcement stage from a vulnerable person unless the enforcement agent has given adequate opportunity for the debtor to get assistance and advice in respect of the exercise of enforcement powers.

The provision of individual responses will also take into account diversity and exclusion issues. Where practicable, we will also require external agencies to ensure the same level of service is provided, mirroring our approach to diversity and inclusion issues.

Complaints

All complaints will be dealt with promptly through the council's 3 stage complaint procedure by the relevant service managers.

Credits and Transfers

A corporate approach to refunding credits will be established so that where ever possible, checks will be made to identify other outstanding debts owed

by the customer, prior to a refund being made. Where other debts are identified a credit transfer will be undertaken.

Additional recovery costs

In order to protect the local taxpayer's resources, Civil Enforcement Agency fees and court costs will be passed on to the debtor when appropriate, and where legislation allows.

Procedure Notes

The City of York Council will develop comprehensive procedural documents for the pursuance of debt. These are subject to continual review respecting not only best practice methods, but the changing financial world and evolving technology.

Monitoring performance

The performance of the income teams will be constantly monitored to ensure they are providing an effective debt recovery service to the council. The teams will be set targets in terms of the level of recovery with performance management embedded at the core of their management.

Policy Review

The Corporate Debt Policy will be monitored and regularly reviewed on at least an annual basis. This will enable it to be updated where necessary and take account of changes in legislation.

Appendix 1: Income & expenditure budget sheet

Income

Income Type - Amount How often?	Amount	Weekly/ monthly/ yearly
Your wages		
Your partner's wages		
Private Pension		
Your Partner's Private Pension		
Income Support		
Job Seekers Allowance		
Universal Credit		
Attendance Allowance		
Disability Living Allowance (Care Component)		
Disability Living Allowance (Mobility Component)		
Personal Independence Allowance (Daily Living)		
Personal Independence Allowance (Mobility)		
Child Benefit		
Working Tax Credit		
Child Tax Credit		
Incapacity Benefit/Employment and Support Allowance		
Pension Credit		
Bereavement benefit		
Carers Allowance		
Other state benefit (State which)		
Maintenance		
Money from anyone who lives with you		
Housing Benefit		
Council Tax Support		
Student loan/grant/bursary		
Insurance payments		
Other (Please specify)		
Total per month		
Capital - Type Amount	Amount	Weekly/ monthly/ yearly
Main Bank Account		
Bonds/Shares		
Building Society		
ISA		
Savings		
Additional Bank Accounts		
Additional Bank Accounts		
Total		

Expenditure

Expenditure Type - Amount How often?	Amount	Weekly/ monthly/ yearly
Housing Costs		
Rent (including service charge)		
Council Tax		
Ground rent		
Mortgage payments		
Mortgage protection policy		
Life assurance or endowment policy		
Second mortgage/secured loan		
Buildings and contents insurance		
Utilities		
Water charges		
Gas		
Electricity		
Other fuel or heating costs		
Digital		
Landline telephone (including rental)		
Internet		
Mobile telephone		
PC/laptop/tablet/printer costs		
TV License		
Other		
Children's activities/club's etc.		
Child minding fees		
School meals/meals at work		
Maintenance payments		
Prescriptions, dental and glasses		
Bus fares		
Groceries		
Household items/toiletries		
Clothing and shoes		
Sky/cable TV package		
TV Rental		
Social activities		
Cigarettes/Alcohol		
Insurance		
Appliance Insurance		
Life insurance		
House contents (if not included with buildings cover)		
Pet insurance		
Private pension		
Running a vehicle		
Loan		
MOT/repairs		
Car tax		
Insurance		
Petrol usage		

Other regular outgoings		
Outstanding debts/arrears - Housing Costs		
Rent arrears		
Mortgage arrears		
Unpaid Council Tax		
Outstanding debts/arrears - Utilities		
Gas		
Electricity		
Other fuel costs		
Water rates		
Credit/Store cards (name and amount of repayment)		
Catalogue debts		
Unregulated loan / Loans shark		
Loans (name and amount of repayment)		
Total per month		

Appendix 2

Breathing Space Guidance

<https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance/debt-respite-scheme-breathing-space-guidance-for-creditors>

A 'breathing space' period is an opportunity for people in problem debt to have a fixed period without fees, charges and interest or enforcement action. The breathing space is designed to give people time to get on top of debts before they get out of control. Introduced from 4 May 2021.

There are 2 types of breathing space:

- a standard breathing space, and
- a mental health crisis breathing space.

A standard breathing space is available to any client with problem debt. It gives them 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 their debts.

A mental health crisis breathing space is only available to a client who is receiving mental health crisis treatment. If an Approved Mental Health Professional (AMHP) certifies a client is in mental health crisis treatment, the client or someone else might ask you for a mental health crisis breathing space on the client's behalf.

The mental health crisis breathing space has some stronger protections than the standard breathing space. It lasts as long as the client's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).

Customers can only access a breathing space through a debt adviser. Customers will be required to attend a money advice meeting to determine their ability to pay based on income and expenditure with one of our partner services.

After the money adviser has checked that they are eligible and that a breathing space is appropriate for them. The adviser will log the customer's details onto the Government's Insolvency Service electronic breathing space register, and notifications will be sent to their creditors.

The breathing space starts the day after the date the customer's details are put onto the register. On that day, any qualifying debt put onto the electronic service becomes a breathing space debt.

As soon as possible after receiving notification of the start of a breathing space, CYC will search their records to identify the debt owed by the

customer. No further action will be taken on these debts during the breathing space.

Customers will only be able to enter into one breathing space period during debt recovery action.

Breathing Space Implementation

When CYC receives a Breathing Space notification, we will search our own records to identify the debt owed to CYC by the debtor, as soon as possible.

If notification is only received about one debt, but other debts are identified we will consider applying the protections set out below to both debts and, in all cases, will tell the debt adviser about the additional debt. It is the debt adviser who will decide if the additional debt qualifies for the breathing space. If the debt adviser decides that it is, they must update the electronic service.

CYC will stop:

- the debtor having to pay certain interest, fees, penalties or charges for that debt during the breathing space
- any enforcement or recovery action to recover that debt, by you or any agent you've appointed
- contacting the debtor to request repayment of that debt, unless you've got permission from the court

Interest can still be charged on the principal in secured debt, but not on the arrears.

If it's not possible to stop interest, fees, penalties or charges accruing on the debt during the breathing space (for example, this could be because of IT system limitations), the debtor will not be required to pay charges or interest that accrue in this way either during or after the breathing space.

CYC may contact the debtor with information about how we will deal with their breathing space.

A breathing space is not a payment holiday. While a breathing space debt cannot be enforced during a breathing space or interest or fees charged on it, a debtor is still legally required to pay their debts and liabilities. During the Breathing Space, the customer should continue to pay any debts and liabilities they owe you. Payments can continue to be accepted, including those you get from existing direct debits.

If there is a controlled goods agreement in place with an enforcement agent on a qualifying debt and a repayment plan has been agreed between the debtor and the enforcement agent, the debtor should continue to make

payments under that agreement as they fall due. Although no enforcement action may be taken during the moratorium period and any time limit within the plan will be extended until 8 weeks after the end of the moratorium period, when that time limit expires, any unpaid instalments may be treated as a breach of the repayment plan.

Notification will be received a when a breathing space ends, confirming the date the breathing space ended and if cancelled, the reason why it was cancelled.

When a breathing space ends we will review the situation and take appropriate action. This will depend on the debt solutions taken by the customer. These could include:

- A debt relief order or bankruptcy.
- A formal arrangement with their creditors to deal with their debt, such as an individual voluntary arrangement.

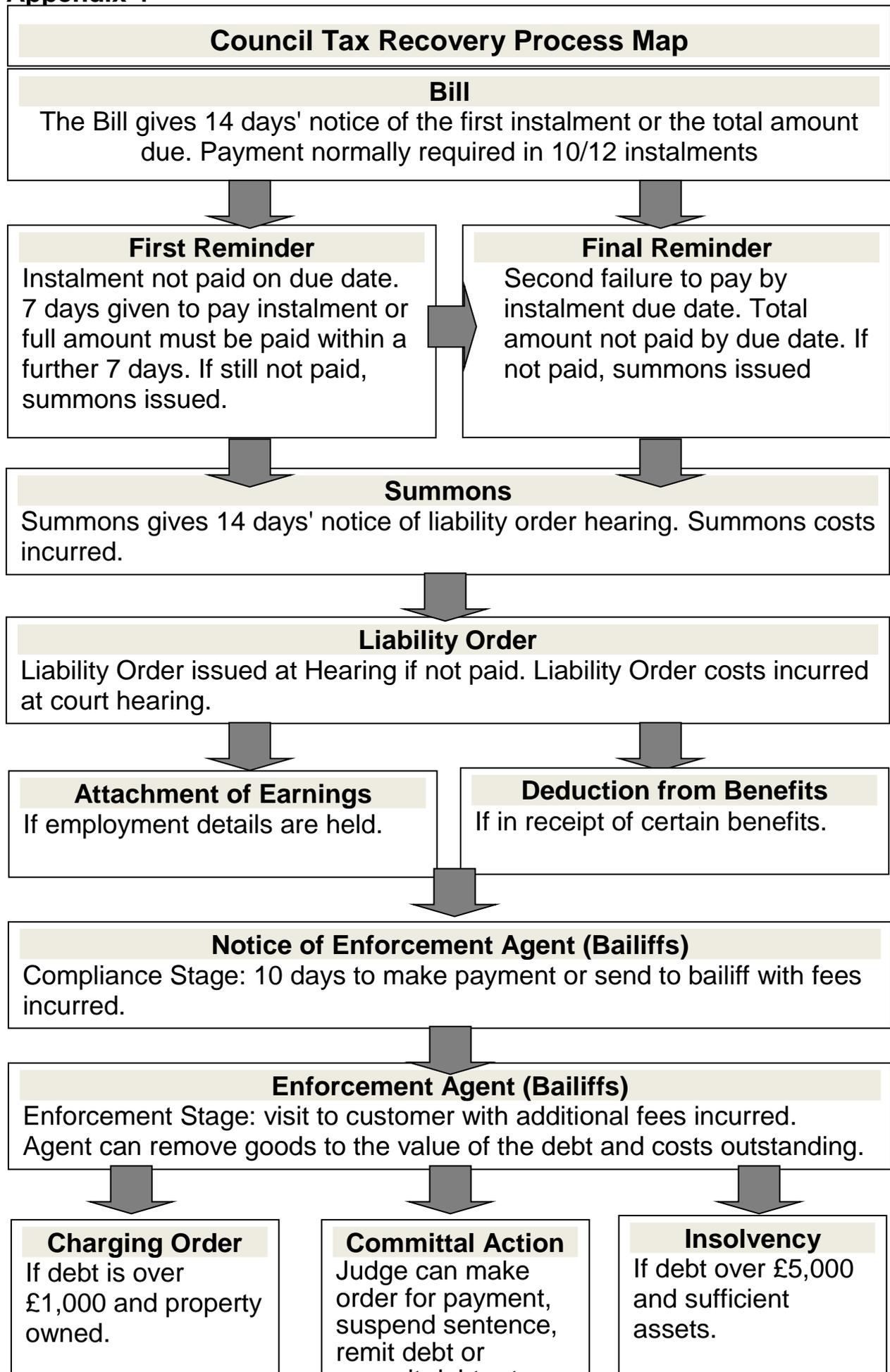
If these do not apply action may include:

- applying allowable interest, fees, penalties and charges to the debt from the date that the breathing space ends.
- take any action to enforce the debt, including contacting the debtor
- start or continue any legal proceedings about the debt

Appendix 3

Type of Debt	Potential Consequence
Rent arrears	- loss of home
Mortgage arrears	- loss of home
Utility bills: Fuel /Phone/Internet	- loss of /gas/electricity loss of internet, benefits, banking, etc.
Council Tax	- bailiff action, attachment of earnings or benefits, bankruptcy or imprisonment
Business Rates	- bailiff action and imprisonment
Maintenance/child support	- bailiff action/deductions from earnings / imprisonment
Housing Benefit overpayment	- bailiff action or deductions from benefits
Income Tax	- bankruptcy or imprisonment
Other secured loans	- <i>loss of asset against which the loan is secured</i> <i>e.g. House , car</i>
Television License	- Fine

Appendix 4



Appendix 5

Bankruptcy Proceedings or Committal Action Checklist

In situations where all attempts to contact customers have failed, including the use of external Bailiff action, further appropriate recovery action will be taken whilst considering individual circumstances. This may include bankruptcy proceedings or committal action. In order to identify the appropriate course of action where alternative recovery methods have been exhausted, the 24 step procedures detailed in the Income Service procedure manual must be followed. These procedures form supplementary guidance to the Debt Policy ensuring that Bankruptcy or Committal action is only taken where appropriate.

A summary of the key steps are set out below and are specifically focused on averting inappropriate action being taken against vulnerable customers and that every opportunity is given to the customer to settle the debt:

- take steps to identify vulnerable customers including proper liaison with the relevant council directorates and services;
- where vulnerable customers identified the case should not be pursued for bankruptcy or committal but referred to the Council's visiting officer;
- ensure that all alternative recovery methods have been attempted before taking committal or bankruptcy action
- ensure full records are maintained of each individual case, and financial checks made to identify the next stage of action;
- consultation to be undertaken with bankruptcy practitioners & legal representatives with all recommendations recorded and acted upon;
- clear correspondence to be issued to the customer warning of the Council's next action to recover the debt;
- all communications with
- the customer will seek to resolve the situation to avert further action.