

Revenue Services Council Tax Recovery Policy

1. Introduction

The Council is committed to using the most appropriate, efficient and cost effective recovery methods available to it in order to collect outstanding Council Tax. This policy will ensure that the use of recovery methods is consistent and complies with relevant legislation, best practice and government guidance.

A flowchart is included at the end of this document to depict the process.

2. Demand Notices

- 2.1 Demand notices (bills) will be issued during March each year detailing the full charge and instalments payable for the impending financial year. Adjustment bills will also be issued regularly throughout the year in circumstances where the liability has changed, and new instalments will be given where appropriate.

3. Reminder Notices

- 3.1 Should payment not be made in line with the demand notice Reminders will be issued no less than 7 calendar days after the instalment falls due.
- 3.2 At whatever time in the month Reminders are run, they shall not include any instalments, which may fall due within 7 calendar days of the Reminder.
- 3.3 Reminders will be issued for £30.00 or more for the majority of the year, however this amount may be lowered as the end of the financial year approaches in order to ensure that even small balances are paid before the end of the financial year.

4. Subsequent Reminder Notices

- 4.1 If an instalment is paid after the issue of a first Reminder, a further Reminder will be issued if a subsequent instalment is missed.
- 4.2 If an account is brought up to date and subsequently a third reminder is required, a Final Notice will be issued. These will clearly state no further reminders will be issued and should a further instalment become overdue a court Summons will be issued for the full balance.
- 4.3 Subsequent reminders will be issued for £30.00 or more for the majority of the year, however this amount may be lowered as the end of the financial approaches in order to ensure that even small balances are paid before the end of the financial year.

5. Summons

- 5.1 Complaint will be laid at the relevant Magistrates Court and a Summons for non-payment of Council Tax issued if the amount detailed on a Reminder has not been paid, or if the account falls into default after three reminders have already been issued within that year. The Summons will be issued by Revenue Services.
- 5.2 Summonses shall routinely be issued for amounts of £100.00 or more given the level of costs that will be added to the account at Liability Order stage (6.1). However this threshold may be decreased to £75.00 should a debt remain outstanding for 6 months or longer despite repeated attempts to make contact and obtain payment.
- 5.3 At least 16 calendar days shall be allowed between Reminders and the issue of a Summons. At least 16 calendar days shall be allowed between the issue of a Summons and the Court Hearing.
- 5.4 Accounts listed for Summons will be checked by a Revenue Services senior officer before they are dispatched to ensure that they are being issued correctly and appropriately.

6. Liability Orders

- 6.1 On the day of the Liability Order hearing an authorised officer of the Council will attend the court session to request a Liability Order and reasonable costs incurred in respect of each case where a Summons has been issued and a balance remains outstanding. The costs will be added to the debtor's account.
- 6.2 The amount of costs to be requested at the hearing shall be determined at the start of each year.
- 6.3 The Officers from Revenue Services authorised to represent the Council at Magistrates Court will be contained within a register held within Legal Services.

7. Fourteen Day Notices and Information Requests.

- 7.1 Following the court hearing 14 Day Notices shall be sent to taxpayers who have not made a satisfactory payment arrangement prior to the court date. Each notice shall be sent with a form inviting a payment arrangement, a direct debit instruction and an information request form that asks for household, earnings details etc. The Notice warns that should payment not be made or an arrangement not be agreed within the specified time period, the account could be passed to the Council's Enforcement Agent for collection (as per para 12) or subject to another recovery method as appropriate.

8. Arrangements

- 8.1 At every stage of the recovery process the taxpayer shall be encouraged to make a satisfactory payment arrangement to clear the amount outstanding.
- 8.2 Payment by Direct debit shall be encouraged.
- 8.3 Details of the payment frequency and payment amounts shall be recorded and confirmed to the taxpayer in writing within 7 days. The arrangement will be monitored by Revenue Services.

9. Broken Arrangement Letters.

- 9.1 Broken Arrangement letters will be sent each month to those Taxpayers who have not adhered to their agreed payment arrangement requesting that they bring their arrangement up to date and make the subsequent payments on time. The letter warns that further recovery action will be taken if the arrangement is not kept up to date. Only one broken arrangement letter will be sent per arrangement.
- 9.2 Broken Arrangement letters shall be issued for outstanding amounts of £50 or more.

10. Attachment of Earnings Orders

- 10.1 Where details of a taxpayer's employment are known, and no mutually agreed payment arrangement is in place, an Attachment of Earnings Order (AOE) shall be served by Revenue Services. The levels of deductions are a statutory amount as detailed within the regulations and is calculated using a percentage of the taxpayer's net pay with the percentages increasing dependant on their level of pay.
- 10.2 A copy of the AOE shall be served on the taxpayer at the time the order is served on their employer.
- 10.3 It is permissible to serve two AOE's to run concurrently if it is deemed to be appropriate.

11. Attachments to Benefits

- 11.1 Whenever it is established that a taxpayer is in receipt of a deductible Income related Department of Work and Pensions (DWP) benefit and the debt is of a level where it could reasonably be cleared within 12 months, a request for direct payment shall be made to the DWP within 14 days. The amount that is deducted is a statutory amount.

12. Enforcement Agent Instructions

- 12.1 The debts of those taxpayers who have not made a satisfactory payment arrangement, have not otherwise responded or details are not available to deduct from earnings or benefit, within 21 - 28 calendar days of the 14 Day Notice, shall be referred by a Revenue Services senior officer to the Council's Enforcement Agent (EA) for collection.

- 12.2 The debts of those taxpayers who have not brought their payment arrangement up to date within 21-28 calendar days of a Broken Arrangement Letter shall also be referred to the Council's EA.
- 12.3 The debts of those taxpayers who have brought their payment arrangement up to date within 21-28 calendar days of a Broken Arrangement Letter, but fail to make further payments when next due shall be referred to the Council's EA.
- 12.4 Debts of £300 (inclusive of Court Costs, see para 6.1) or less will not be issued to the EA routinely due to the level of costs that are involved. They will be dealt with as a small balance case, see para 18.
- 12.5 The EA will deal with cases in three stages, Compliance, Enforcement & Sale as detailed in the regulations. The agent will charge the fees associated with each of these stages as set out by the Taking Control of Goods Regulations 2013 and The Taking Control of Goods (Fees) Regulations 2014.
- 12.6 If a case should progress to the Enforcement Stage visits will normally be carried out between 6am and 9pm Monday to Saturday. However in certain cases the Council will authorise Sunday visits if the agent has repeatedly been unable to gain contact during the normal given hours.
- 12.7 The Council will have a Service Level Agreement in place with its Enforcement Agents to ensure that the appropriate regulations and codes of conduct are observed at all times and performance of the agents will be monitored on a regular basis by Revenue Services.
- 12.8 Cases returned by the Council's first EA, as unable to collect or make contact, will be referred to the Council's second agent. Any cases returned by one of the agents as unsuccessful will be reviewed by the Revenue Services Team to consider all available information and make an informed decision as to the next course of action.

13. Use of Credit Data

- 13.1 A credit search shall be carried out for those taxpayers whose case is returned by the enforcement agents "No Effects" and the outstanding Council tax exceeds £200. These searches cost the Council a small fee that cannot be passed on to the taxpayer. The purpose of the search is to obtain whether the taxpayer remains at the address in question and to obtain a forwarding address and any other relevant information.
- 13.2 Searches may also be requested in respect of closed accounts where no forwarding address is known or in other cases where it is considered appropriate by a member of the Recovery Team or a Senior Revenue Assistant
- 13.3 A limited number of officers, to be designated by the Revenue Recovery Manager, will have access to carry out these searches.
- 13.4 All searches will be compliant with The Data Protection Act 1998 and any subsequent amendments thereto.

14. Serious Action Pending Letters

- 14.1 Serious Action Pending Letters shall be sent within 21 calendar days to those taxpayers whose case is returned by the EA as “no effects”, have not made a mutually agreed payment arrangement and the methods of recovery described in para 9-11 are not possible. The letter will again encourage the taxpayer to make contact with the Revenue Services team to make payment or a satisfactory arrangement.
- 14.2 Each Serious Action Pending Letter shall include a request for details of employment and income.
- 14.3 Should a response not be received within a further 14 calendar days a personalised letter shall be sent to the taxpayer explaining the seriousness of the situation, advising them that unless the amount is paid or a satisfactory payment arrangement is made, either bankruptcy, charging order or committal proceedings may be commenced. The letter will also contain a leaflet explaining the implications of the action that could follow.
- 14.4 If still no arrangement or contact is made within a further 14 calendar days, a further letter will be delivered by hand requesting the taxpayer/s attend an interview with the Recovery Team. They will be asked to bring income and expenditure information to the meeting.

15. Bankruptcy.

- 15.1 If the total debt equates to £5000 or above, and no satisfactory payment arrangement is made, or an arrangement is subsequently not maintained. The Revenues Team will consider commencing bankruptcy proceedings.
- 15.2 The primary duty of recovery is debt collection rather than debt securing, and bankruptcy should therefore be the preferred option if the taxpayer is a homeowner.
- 15.3 In making decisions with regards to commencing bankruptcy proceedings the Council will take the following factors into account, although this list is not exhaustive:
 - Cost, effectiveness and other implications of bankruptcy
 - The individual circumstances of the debtor
 - General Equality Duties
 - Implications for overall payment levels if other taxpayers come to believe that the Council does not actively pursue Council Tax debt
 - Impact of non-payment on the Council’s finances and the ability to deliver services to the community
 - Equality between those who do pay and those who don’t.
- 15.4 The Council will consider using bankruptcy proceedings in the following circumstances, although this list is not exhaustive:
 - The debtor is over 21 years of age
 - The debtor is not making regular and mutually agreed payments that are sufficient to clear accruing debt and arrears within a reasonable timescale.
 - Where insolvency action is considered to be the most appropriate course of action.

- Where the debt has arisen as a result of fraud
- Where specific assets cannot be identified but there are indicators that the debtor is of high material worth
- Where commencing bankruptcy proceedings is believed to encourage payment from the debtor i.e to prevent damage to their credit rating, where other recovery methods have failed to spark a reaction.

15.5 A full evaluation of each case and its relevant facts will be undertaken by a Revenue Services senior officer at this stage in order to ascertain that bankruptcy is the most appropriate method of recovery. As part of the decision making process the Council will carry out some or all of the following activities in order to build an accurate picture of a debtor's circumstances. The list is not exhaustive:

- Checking with adult social services to establish if the debtor is known to them, or whether they have any reason to believe that the debtor is unable to manage their financial affairs or of any potential adverse impact of such action on the debtor's wellbeing.
- Checking all Council Tax records held for any indication that bankruptcy may not be the most appropriate course of action
- Checking with the Benefits Service to ensure that any Local Council Tax Support that the debtor may be entitled to has been awarded to their account and to ensure that the service is not aware of any indication that bankruptcy may not be the most appropriate course of action
- Visiting the property in an attempt to make contact with the debtor
- Checking HM Land Registry to confirm property assets
- Checking credit reference data to build a picture of the debtor's financial circumstances
- Checking any known or potential employment details
- Checking Benefit Overpayment and Business Rates records (and to include any of those debts into proceedings if necessary)
- Checking Companies House for any business information.

Any checks carried out in the above list will be recorded by the above mentioned officer on a pro-forma and used as justification for any decision that they make. The final decision as to whether to proceed will be taken by the Revenue Recovery Manager once they are in possession of all the relevant information. The decision may also be reviewed by the Revenue Services Manager should any appeal or complaint be lodged regarding any decisions made.

15.6 The Council will refer appropriate cases to a Solicitor to carry out this work. The Solicitor may be a Council employee or may be an external body acting on the Council's behalf and will be fully authorised to do so.

16. Charging Orders

16.1 If the total debt equates to £1000 or above and the taxpayer is a homeowner, the option of a Charging Order will be considered.

16.2 For these taxpayers the suitability of applying for a charging order should be investigated, although this list is not exhaustive.

- Where the property is currently for sale and a charging order can be used to ensure the debt is discharged from the proceeds of the sale.

- Where the property is owned by a taxpayer who resides outside of the regulations' jurisdiction (e.g. abroad)
- Where the debtor's whereabouts are unknown making the service of bankruptcy documents impractical
- Where there is a Council Tax debt and an arrangement has been agreed on the basis that it be secured via a charging order
- Where the taxpayer is receiving income support or job seekers allowance
- Where the taxpayer is over retirement age
- Where the taxpayer is mentally or physically impaired
- Where the taxpayer is suffering from long term illness or in a hospital or home
- Any other circumstance that the Council deems the debtor to be vulnerable and unable to deal with their own financial affairs

16.3 If the level of debt exceeds £5,000, there is sufficient equity in the property to clear the debt and the owner is not deemed to be vulnerable an application for an order of sale may be progressed subject to the following checks being made by a Revenue Services senior officer, although this list is not exhaustive:

- Checking with adult social services to establish if the debtor is known to them, or whether they have any reason to believe that the debtor is unable to manage their financial affairs or of any potential adverse impact of such action on the debtor's wellbeing.
- Checking all Council Tax records held for any indication that an application of sale may not be the most appropriate course of action
- Checking with the Benefits Service to ensure that any Local Council Tax Support that the debtor may be entitled to has been awarded to their account and to ensure that the service is not aware of any indication that an application of sale may not be the most appropriate course of action
- Inviting the debtor in for a face to face meeting to discuss the debt and to agree a regular and reasonable repayment arrangement
- Visiting the property in an attempt to make contact with the debtor
- Checking HM Land Registry to confirm property assets
- Checking credit reference data to build a picture of the debtor's financial circumstances
- Checking any known or potential employment details

16.4 Any checks carried out in the above list will be recorded by the above mentioned officer and used as justification for any decision that is made.

16.5 The Council will refer appropriate cases to a Solicitor to carry out this work. The Solicitor may be a Council employee or may be an external body acting on the Council's behalf and will be fully authorised to do so.

17. Committal Summons

17.1 Committal proceedings will be considered for debts of £1000 or more.

17.2 Where bankruptcy proceedings or a charging order are not deemed as appropriate, a committal Summons shall be served for the debtor to appear in front of the Magistrates to show cause as to why they have not paid their Council Tax.

- 17.3 The following considerations will be used in reaching a decision as to whether this is the most appropriate course of action, although this list is not exhaustive.
- Ensuring the debtor is over 21 years of age
 - Checking that no regular payment has been made
 - Checking that the debtor has indeed failed to respond to letters, Enforcement Agents have been unable to gain legal access to the premises or has issued a nulla bona certificate, and the Council has been unable to make contact
 - Checking that there are no employment details known
 - Checking whether the debtor has any assets
 - Checking with adult social services to establish if the debtor is known to them, or whether they have any reason to believe that the debtor is unable to manage their financial affairs or of any potential adverse impact of such action on the debtor's wellbeing.
 - Checking all Council Tax records held for any indication that the committal process may not be the most appropriate course of action
 - Checking with the Benefits Service to ensure that any Local Council Tax Support that the debtor may be entitled to has been awarded to their account and to ensure that the service is not aware of any indication that an application of sale may not be the most appropriate course of action
 - Checking credit reference data to build a picture of the debtor's financial circumstances

Any checks carried out in the above list will be recorded by a Revenue Services senior officer and used as justification for any decision that they make.

- 17.4 Each Summons shall be sent with an enclosure giving brief details of the committal process and requesting that the taxpayer takes with them to Court full documentary evidence to demonstrate their financial circumstances.
- 17.5 The cost to the Council of £240.00 for issuing a committal Summons will be added to the customer's account and any related costs as necessary should the issue of warrants be required.
- 17.6 At the committal hearing the Magistrates will hear evidence from the debtor as to the reasons why they have not made payment and they will establish whether there has been wilful refusal to pay the debt or culpable neglect. The Magistrates will then have the option to impose a prison sentence of up to 90 days in the most serious of cases, or they may wish to impose a suspended sentence based on a payment arrangement, the Magistrates also do have the power to remit all or part of the debt should they see fit.

18. Small Balances

- 18.1 For accounts with balances of £300 or less, if no contact has been within 21 -28 days from the issue of the fourteen day notice (para 7), a small balance letter will be issued. This letter will make it clear that an arrangement is required and it is in the debtor's best interest to make full payment or come to a mutually agreed payment arrangement.
- 18.2 However, should they fail to engage after the issue of this additional letter the debt will be passed to the Council's EA for collection. The case will remain at the Compliance Stage, meaning that no visits will take place and contact will be made via

letter, telephone, email etc., for a minimum period of 45 days before it can progress to enforcement visits.

- 18.3 The fees incurred at the Compliance stage are currently £75 per Liability Order; the Enforcement Stage £235 and should any goods be removed for sale a further fee of £110 is incurred. These fees are prescribed within the relevant enforcement regulations (see 12.5), they are added to the debtors account and are recovered by the EA.

19. Vulnerability

- 19.1 If at any point in the recovery process a debtor is identified as vulnerable and unable to manage their own finances, a hold will be placed on the account for a minimum of 30 days to allow the debtor sufficient time to seek the necessary assistance or advice.

20. Debt Advice

- 20.1 If at any time a debtor appears to be in financial difficulty and has not already sought debt advice, Revenue Services staff members will signpost them to free debt advice services such as Citizens Advice Bureau, Step Change or National Debtline.