

Debt Recovery Policy (DRP)



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“Debt is not a problem until someone is unable to pay it”

Part 1: What is a DRP & why have one?

1.1 What is a Debt Recovery Policy?

The DRP is a statement by Cumbria County Council on how it will work with its customers and partners to collect debt. It will outline what it will do to help those who are in debt.

The Council has formalised the policy for the following reasons:

It is a good practice and allows all involved in the policy to understand what the Council's debt management approach is. This promotes efficiency and consistency in the collection of debt. This is important as the collection of income is vital in providing resources to deliver services.

The Council recognises that early and professional debt advice is an important element of the Government's Anti-Poverty Strategy and this policy promotes positive actions in assisting those who may be unable to access mainstream financial services.

1.2 Why have a Debt Recovery Policy?

Having a DRP ensures that all the people involved in the collection of money owed to Cumbria County Council have a consistent approach and an understanding what that approach is.

This not only promotes efficiency, effectiveness and consistency in the collection of debt, it is an essential requirement to ensure the maximisation of cash collection to provide revenue to enable Cumbria County Council to deliver services.

An understanding of an individual's or a commercial organisation's problems will enable them to access the appropriate advice to allow them to pay their bills and help maintain Council cash flow.

1.3 What is a debt?

For the purposes of the DRP, a debt is defined as any amount of Council income that has not been paid by the due date. All Cumbria County Council invoices & Parking Charge Notices will be raised as soon as it is practicable, and will include clear, relevant and full information as to:

- What the charge is for;
- When the payment is due;
- How to pay;
- How and who to contact for further information and/or advice.

1.4 Why do people owe money to Cumbria County Council?

People can owe money to Cumbria County Council for many different things including:

- Highways statutory charges;
- Supply of services;
- Hire of instruments in schools;
- Damage to Cumbria County Council highway, structures etc;
- Overpayments of allowances and salaries;
- Sundry invoices;
- Fixed penalties, on street parking charge notices

Please note that deferred debt is not recovered through this policy, details on the Council's deferred debt policy can be found at www.cumbria.gov.uk

1.5 Balancing customer care with debt collection

It is very important to Cumbria County Council that is able to collect income due to it. This helps the Council to pay for the services it delivers and therefore customers not paying bills impacts on the service levels that can be provided in Cumbria.

When customers find themselves in difficulty in paying their invoices/charges it is essential that our approach is transparent, consistent and equitable.

Part 2 Helping Customers

2.1 Introduction

We can make it easier for Customers to pay by making sure they know:

If paying a bill:

- How they can pay;
- Where they can pay;
- To quote the correct references so that their account is credited quickly and correctly.

If they are unable to pay in full:

The customer should contact Cumbria County Council as soon as possible – as the Council will continue to take action to collect a debt if there is no response and this can result in additional charges being incurred by the customer.

Cumbria County Council debt recovery staff are available to discuss customers circumstances, to provide guidance and where appropriate, consider alternative repayment options.

2.2 Cumbria County Council's approach to providing help and advice

The Council will offer early and professional advice to all of its customers and customers can help us to help them by contacting us as soon as they are aware that a problem exists.

Contact us first

All Council communications will state:

- How and who to contact for information, disputes and payment advice;
- That early communications are essential in helping to resolve debt problems.

The Council want to help its residents and businesses to meet their financial commitments. At the same time the Council has a duty to ensure that people and businesses pay their bills as quickly as possible within the required timescale in order for it to fund essential services.

The Council will endeavour to balance these two aims by taking the following action:

- Following this policy in helping to resolve problems;
- Acting as early as possible to help those who are genuinely struggling to pay;
- Attempting to assist the customer in sorting out their debt problems before they escalate out of control;
- Identifying potential problems when and where possible and providing timely money advice where early contact has identified financial difficulty;
- Protecting customers and their families from harassment and undue hardship;
- Allowing for a holistic appraisal and consideration of a customer's circumstances and provide arrangements for those who genuinely need time to pay their debts;
- Asking customers to provide information regarding their finances, if required, in order to facilitate an arrangement;
- Periodically reviewing instalment arrangements to ensure that a debt is being cleared as quickly as possible;
- Informing customers that once an agreement has been made no further action will be taken unless the arrangement is broken or a review of the arrangement is made;
- Recognising and protecting the customers rights at every stage of the process;
- Complying with the relevant customer care standards;
- Using plain English in letters and all other correspondence;
- Providing translation services where required;
- Treating individuals equally, consistently and fairly, regardless of age, gender, disability and sexual orientation and to ensure that individual's rights under Data Protection and Human Rights legislation are protected.



2.3 If further outside advice is needed

Some people or businesses may require the assistance of one of the following:

The Citizens Advice Bureau – for personal debt

Tel: 0844 826 9713

www.citizensadvice.org.uk

Cumbria Information, advice and Support Service

www.cumbria.gov.uk/childrensservices

The National Debt Line – for debt advice

Tel: 0800 808 4000

www.nationaldebtline.co.uk

Age UK for independent advice – financial concerns

Tel: 0800 169 6565

www.ageuk.org.uk

Step-Change Debt Charity (Formerly Consumer Credit Counselling Service)

Tel: 0800 138 1111

www.stepchange.org

Money Advice Service

Tel: 0300 500 5000

www.moneyadviceservice.org.uk

Free, confidential help and advice for Businesses can be found at:

Business Debt Line

Tel: 0800 197 6026

www.bdl.org.uk

2.4 Paying by Instalments

When customers find themselves in difficulty with debt and request instalments the Council will individually assess the customers whole financial position (by taking into account all of their expenditure and all of their income) to assess their ability to pay. Where instalment arrangements can be entered into, the repayment rate will be based on a proportion of the customer's disposable income and realistic arrangements will be entered into for the repayment of debts in preference to instructing legal action for recovery.

When agreeing instalments the intention is that all debts should be cleared within 16 weeks from date of invoice, however it may not always be appropriate to offer payment by instalments e.g. where a customer has requested goods or services from the Council (they would be expected to have the funds to pay for what they have ordered) or where regulations (the law) prevent this or where the cost to the Council to collect the payment in instalments is greater than the amount of the debt or if the repayment rate/period is not viable.

Cumbria County Council will consider what course of action is appropriate as follows:

- Payment can be made within 16 weeks from date of invoice – can be agreed without the provision of a formal proforma for details of income and expenditure and verbal assurance may be sufficient.
- Payment would take longer than 16 weeks from date of invoice – would require the completion of a proforma with supporting evidence of income and expenditure.

NB; certain types of debt may require more detailed assessment or a greater level of additional or supporting documentation before instalments can be granted.

To determine the level of instalments, Cumbria County Council will use a standard Income and Expenditure details proforma which takes account of the standards and guidelines available nationally and as operated by other public bodies e.g. County Courts.

Once an arrangement is made customers are expected to comply with that arrangement. Failure to pay the due instalment will result in a breach of the agreement and full settlement of the balance of the debt will become due for immediate payment.

Part 3 Protecting Cumbria County Council from Late Payment

If prescribed standard recovery efforts have been exhausted e.g. after written/electronic/verbal/reminders have failed to illicit sustainable payment response from the debtor then persistent or deliberate default will result in Court action for recovery.

The Council is supported by current UK and EU legislation to recover any amounts expended in recovering overdue amounts from debtors who unnecessarily avoid or delay payment. Examples of these fees are;

- Late Payment Charges;
- Court Action Fees;
- Enforcement Agent Fees (Bailiff or Court Enforcement Officer charges);
- Interest Fees.

These fees will be charged to the Debtors account. The aim of the legislation is to reimburse Cumbria County Council costs in taking debt recovery action; this prevents the burden of cost being applied to citizens of Cumbria from this minority of customers and also acts as a deterrent against deliberate or malicious non-payment.

The relevant legislation relating to recovering these charges is shown below along with links to obtain further information:

Directive 2011/7/EU on Combating Late Payment in Commercial Transactions

[www.gov.uk/government/publications-payment-directive-user-guide-to-the-recast-directive](http://www.gov.uk/government/publications/payment-directive-user-guide-to-the-recast-directive)

Late Payment of Commercial Debts (Interest) Act 1998

www.legislation.gov.uk/ukpga/1998/20/section/2

Local Government Act 1972

www.legislation.gov.uk/ukpga/1972/70/section/111

Local Government Finance Act 1992

www.legislation.gov.uk/ukpga/1992/14/contents

Taking Control of Goods Regulations 2013

www.legislation.gov.uk/uksi/2013/1894/made

Cumbria County Council uses various collection pathways for its major debt areas within the Councils debt portfolio; however it should be noted that the Council operates many of its recovery pathways in cooperation with private and public sector partners to rationalise services and achieve efficiency.

As such Cumbria County Council retains the option to utilise collection and enforcement agents from both the private sector and the courts. These agents will carry out associated or appropriate enforcement actions on behalf of the Council to prevent or mitigate the need to escalate debts along a collection pathway.



