



# Corporate debt collection policy 2020-23

## Introduction

Hackney is responsible for collecting income across all Council services which include Housing rent, Council Tax, Business Rates, Housing Benefit Overpayments, Adult Social Care, Parking and Sundry Debts. We use this income to provide and maintain services.

We want to deliver services that are effective, efficient and sustainable. Therefore, it is important that we maximise income collection. We also want to support households who are feeling the effects of the welfare reform changes and are finding their bills a heavy burden. Consequently this policy sets out our approach to debt collection and the support we offer residents to help them succeed financially.

### Our principles

- Make paying easy
- Encourage early and ongoing engagement
- Provide advice and support
- Fair and robust collection practices
- Reduce resident risk of being in debt
- Support residents at risk or vulnerable
- Best for our residents

## Purpose of policy

We have set out the best practices adopted in debt collection and what we can do to help prevent debt increasing.

We explain how we can help residents at risk or vulnerable and those experiencing financial difficulties access support and learn to manage their affairs in the short and longer term.

It ensures that we are fair and consistent in how we treat our residents, this includes how we contact them and decide on repayment plans.

We want to encourage early and ongoing engagement and aim to remove barriers that may deter contact by being open and transparent at all times. However, we want residents to know what to expect if they do not pay or won't engage with us, where they can get help and what we can do to support them whilst they are sorting out their problems.

## Different stages of debt

Our priority is to collect income in a timely and efficient manner and by following the laws that govern how we collect income in each service area. We will contact residents in a variety of ways to encourage payment. We will also ensure that there are clear recovery processes that are implemented fairly by services to reduce the risk of referrals to enforcement agents or evictions.

### Initial bill

We will send a bill, invoice or letter setting out what is owed and when payment is required. We will issue it as soon as practicable and this will depend on rules followed by services, but it could be at the start of the financial year, quarterly or once we are aware that a resident is responsible for paying a service or charge.

The bill will be written in plain English and be clearly itemised, setting out the charge, what it relates to, the different methods of payment available, and the service's contact details.

Where appropriate we will include other information relating to getting money off the bill (e.g. benefits, discounts, exemptions and reliefs) and where to get support and advice.

Direct debit is our preferred payment option as it is convenient and hassle free; removing the need to call or go online to make payments.

Services such as Council Tax and Housing offer residents a choice of payment dates in the month.

### Reminder

If residents do not pay the amount(s) requested we will send a reminder asking for payment. We will also advise residents what will happen if they do not pay the overdue amount(s).

We will include links to our webpages or contact details for information on help available for residents who have difficulty in paying.

### Text

If we hold a mobile contact number we can send a text message as a reminder that payment is due. This may be sent before or after a reminder notice. Some services include links to the Council's payment pages to make the process more simple and contact details where residents may get help.

residents can opt out of receiving texts if they do not want to be contacted in this way by contacting the relevant service(s).

### Telephone

We can make calls during and out of office hours to engage with residents who have not responded to previous communications. If a resident is experiencing financial difficulty and is unable to clear their arrears immediately, we will try to offer a solution that suits both the individual and the Council. This could, for example, include agreeing an alternative payment arrangement or making deductions from benefits (if applicable).

If additional help/support is needed to help residents cope better with their situation and give them the confidence to decide what help they require, we

will signpost them to independent debt advice agencies and explain what will happen whilst they get advice.

### **Financial support evening**

We aim to hold evening surgeries and invite residents, who may be at risk to more serious recovery action such as eviction, to come along and discuss their situation. Partner services like Citizens Advice Bureau East End and Fair Money Advice, will be on hand to offer advice to residents who are experiencing financial difficulties for a variety of debt.

Council Tax invites residents who have been sent a summons for non-payment to attend evening surgeries at the Hackney Service Centre and help them to come to payment arrangements so that further recovery action can be avoided.

These surgeries are held a week before each court hearing.

### **Multiple debt arrangements**

Following advice and support we will offer residents with multiple debts an arrangement that will allow them to make a single payment, which can then be distributed to the different services. The aim is to help them manage their debts more effectively and remove the stress of deciding which debt should take priority.

We will distribute payments fairly so that all debts receive a proportion of the payment with priority debts such as rent and council tax receiving higher proportions.

We will review payment arrangements every year but residents can ask for a review sooner if their circumstances change significantly and will impact on their ability to keep up with their payments.

### **Exclusions**

It is important to note that some of the approaches we use will not apply to all services. For example, Parking who issue penalty charge notices (PCN) do not call, send text messages or emails as they only hold contact addresses for registered vehicles.

There is a process for challenging or appealing a PCN if the person issued with a PCN thinks they shouldn't have to pay. For more information on PCNs visit

<https://www.hackney.gov.uk/parking-fines>

## Advice and support

### How we can help

We recognise that people in financial difficulty need to be treated fairly. We aim to help relieve the stress and anxiety that residents in problem debt may experience by having effective strategies in place to support them, promote engagement and have regard for what they can afford to pay.

residents who are identified as being in problem debt, be it a temporary or long term problem, or who show signs of being at risk of financial difficulty will be signposted to independent debt advice agencies at various stages in the collection process and by different methods. This will enable them to take better control of their finances and come to payment agreements that they are able to sustain.

Details of where to get advice are included in our letters, notices and on our website. Staff will also advise residents where to get help if during a telephone conversation or face to face meeting it becomes apparent that a resident is in or at risk of being in financial difficulty.

Parking - When a resident tells us that they are having financial difficulty or have health issues, we will consider our guidelines and if appropriate we put their case on hold and allow them more time to pay their PCNs. If they do not pay by the deadline we have agreed then we will continue to recover the debt.

Some services may ask the debt advice agency to contact the resident

where they have agreements in place to work in this way.

Partnership working with:

CAB East End  
Fair Money Advice  
StepChange  
Money Advice Trust  
PayPlan

Help to improve their financial health, including ways to increase income, reduce outgoings, adjust spending and work out what residents can afford to pay. Protect residents from losing their homes.

### Breathing space

We recognise that residents in problem debt may not always be able to resolve their debt problems easily or quickly. Therefore, we will allow residents time to get independent help without fear of their debts increasing further which can happen when recovery action is taken.

When we know that a resident is working with a debt advice agency to reach a sustainable solution to their debts, recovery action will be suspended for a maximum of 60 days. However, if we have confirmation from an Approved Mental Health Professional that a resident is receiving mental health crisis care then we will suspend recovery action for the period that the resident receives the crisis care.

## Hackney Support Teams

Residents can let us know about their financial difficulties in different ways. It could be during a telephone conversation, face-to-face, an email or letter. We will refer residents to independent debt advice organisations however, we recognise that some residents may find it difficult to access these services or are unwilling to seek independent debt advice. There are several support teams within the Council that can help residents that have missed payments to take positive action to clear their debts.

**Financial Inclusion Team**  
Help with claiming benefits and will refer Council tenants to independent debt advice if needed.

**Tenancy Sustainability Team**  
Intervenes when Council tenants get into arrears to stop rent accrual and possible evictions.

**Housing Advice Teams**  
Offer housing advice and take action to prevent tenants becoming homeless.

**The One Support Team**  
Help residents in temporary accommodation.

**Stop the Knock Team**  
Help council tax payers on low incomes to agree payment plans before legal action is taken.

**Care Charging Team**  
Provide advice and support to older and vulnerable residents to ensure sufficient understanding of care charging and the various ways to pay.

## The Standard Financial Statement

The Council is moving towards using a national income and expenditure form (the Standard Financial Statement) to help residents with debt work out how much they can pay each month.

### Standard Financial Statement (SFS)

Launched in 2017 by the Money Advice Service. Includes common fixed and flexible expenditure, a set of spending categories to build financial tolerance. Bringing greater consistency to assessing household affordability across debt advice agencies and creditors.

The Council is committed to using the SFS to ensure residents who are experiencing financial difficulties are able to negotiate affordable payment arrangements to clear arrears that take into account their financial circumstances. In using the SFS the Council no longer has to make decisions on what is reasonable household expenditure.

We will accept separate payment arrangements for arrears and residents are expected to keep up to date with their ongoing liabilities such as mortgage/rent/council tax/utility bills to ensure that they do not fall further into debt.

If the SFS shows a resident to be in financial hardship we do have additional financial assistance that is available to help reduce certain debt types in the short term, and residents can apply for these, if they meet the criteria.

## **Debt recovery**

### **Legal requirements**

The Council has statutory obligations to collect monies it is owed but at every point we will try to do this without it leading to residents incurring additional costs. We will advise residents what will happen if debts are not paid and provide information where they can get help and advice.

If debts are not paid the Council may have to start legal proceedings through the courts to recover them. This may be through a Magistrate Court or County Court and will depend on the legislation and regulations each service is required to follow.

If we take legal action we can use different methods to recover debt.

### **Council tax**

Taxpayers are given statutory monthly instalments to pay their council tax each financial year but this will be lost if they fall behind and do not bring the account up to date when asked. We will then ask for full payment to the end of the financial year. Taxpayers who contact the Council Tax team and who are unable to pay in full will be offered a discretionary payment arrangement that ensures the council tax is cleared by the end of the financial year. There is advice and help available for taxpayers who are not in a position to do this.

If taxpayers do not pay the full amount or make a payment arrangement we will, in accordance with legislation, apply to the Magistrate Court for a summons to be issued to the taxpayer.

At the court hearing the Council will apply for a liability order if the debt still has not been paid.

Taxpayers can still be offered a payment arrangement after the issue of a summons but the liability order allows the Council to use other collection methods.

Action we can take

- Deductions from Income Support/Job Seekers Allowance/Universal Credit
- Attachment to earnings/Pensions Credit
- Use of enforcement agents
- Charging Order
- Insolvency

The taxpayer's circumstances will determine the most appropriate course of action.

### **Business rates**

Business rates payers are given statutory monthly instalments to pay their business rates each financial year and if these are not kept to their right to pay in instalments may be lost. When this happens the full outstanding balance due to the end of the financial year becomes payable.

The Business rates team will endeavour to help rate payers who are unable to pay the full amount in one sum. These are more likely to be sole traders or those who operate small businesses.

If the full balance is not paid, legal proceedings will commence. A summons will be issued and we will

apply for a liability order against the rate payer.

Action we can take

- Use enforcement agents
- Insolvency
- Make an application for the rate payers committal to prison

Action will stop if the rate payer pays what is owed including any enforcement fees that have been incurred.

residents who are on low incomes or who receive benefits can apply for council tax reduction for help with paying their Council Tax.

Apply online at  
[www.hackney.gov.uk/benefit-claim](http://www.hackney.gov.uk/benefit-claim)

## Housing

Rent is charged every Monday and tenants must pay in advance. Once the weekly cycle has closed and the tenant has not paid they are deemed to be in arrears.

Housing will work with tenants to resolve housing benefit problems. They will also work with tenants who have made a Universal Credit claim to ensure help, advice and support is provided. Housing will not commence legal proceedings if the arrears are due to an outstanding benefits or Universal Credit claim.

We will send a letter advising the tenant that they are in arrears. We will make attempts to contact tenants by telephone, home visit or sending an

alternative letter. If contact is made an investigation will be carried out and the tenant will be referred to the Financial Inclusion Team if appropriate. If there is no successful contact or a resolution is not reached, another letter is sent.

If a notice of seeking possession is issued the tenant will be given a deadline to clear the arrears and Housing will make attempts to contact the tenant.

If the notice of seeking possession expires and the arrears are not cleared we will advise the tenant of the Council's intention to commence legal proceedings. We will always consider if the tenant has support needs or extenuating circumstances before deciding to take action and will take reasonable steps to ensure that information has been appropriately communicated in ways that a tenant can understand.

At the court hearing the judge may decide to grant an Outright Possession Order, a Suspended Possession Order or adjourn the case on terms.

## Housing benefit overpayments

When a claimant has been paid an amount of housing benefit that they are not entitled to, we have a duty to recover any amount outstanding as quickly as possible by the most appropriate method.

Where a claimant is still entitled to housing benefit, we will collect the overpayment from their on-going benefit entitlement. The Government sets the weekly rate that the Council can recover; however, this amount can be increased if the claimant agrees. If the claimant cannot afford the



standard deduction we will assess their household affordability to see if we can reduce the weekly reduction amount.

If there is no on-going housing benefit entitlement we will send the claimant an invoice after a four week period has lapsed. This period allows for a revision, appeal or a new claim. If the claimant cannot afford to pay the invoice in full we will consider making a payment arrangement taking into account their personal circumstances.

If the claimant receives Universal Credit (UC) we can ask for a deduction from UC but this may not be possible if there are other deductions in force.

We can take further recovery action if payments are not made in accordance with an arrangement or no payment has been made. This can include-

- Deductions from some benefits (e.g. Income Support, Job Seekers Allowance or State Retirement Pension)
- Court Order
- Use enforcement agents

Residents will not have to repay a housing benefit overpayment if it was caused by an 'official error' and they could not have reasonably have known that they were being overpaid when they were being paid or told about their benefit.

## **Adult Social Care**

Residents who receive care packages are mainly older people and often in

receipt of benefits. They may have to pay some money towards the cost of their care which is assessed on their financial circumstances.

The Care Act 2014 does allow the Council to recover and charge interest on debts but given that residents receiving care are vulnerable we will always try to engage with them to encourage payment.

We will try to obtain contact details of someone who has the authority to act on the resident's behalf and contact them if we do not get a response to our invoices or letters.

We will consider deferred payment agreements for residents who have adequate security.

## **Parking**

Parking residents enter into a legal process once the contravention has occurred. We will send a statutory notice seeking payment of the penalty charge notice (PCN) to the address where the vehicle is registered. A 50% discount is given if the PCN is paid early.

Residents can review and dispute the PCN before making payment. If they do not challenge or pay within the first 28 days then we will send a 'notice to owner' if the PCN was issued by a civil enforcement officer or an enforcement notice if it is for a CCTV bus lane PCN. The PCN will then increase by 50%.

If the PCN remains unpaid we will register it as a debt and a court fee is added to the PCN.

We can then use enforcement agents to recover the debt.

## **Sundry debts**

Sundry debts relate to services provided (for example waste management) and will vary from service to service.

We will issue an invoice once the service has been provided seeking payment within the terms offered to the resident. We will also send monthly statements until the debt is paid, as well as make telephone calls and send emails.

If after all reasonable attempts of collection and there are no outstanding queries then the debt will be passed to Hackney's Legal Team for collection.

## **Extra financial support**

We will do our best to offer support to residents who are going through periods of extreme financial hardship. We can provide additional financial support for rent and council tax as a short term measure for residents who meet certain criteria and/or can prove their hardship.

Residents will have to contact us to discuss their situation and we may ask for evidence.

Residents who receive council tax reduction can find out if they qualify for extra help through the council tax reduction discretionary hardship scheme.

Email [CTRDHS@hackney.gov.uk](mailto:CTRDHS@hackney.gov.uk)

## **Use of enforcement agents**

We will always consider alternative available methods of recovering

arrears before using enforcement agents due to the high level of costs that residents can incur. Therefore, we will make deductions from income support, job seekers allowance, universal credit, pension's credit or earnings.

We will only pass cases to enforcement agents once we have informed the resident that enforcement action is pending and if following a variety of communication methods to advise of arrears they do not engage, make a payment arrangement or pay in full.

We work in partnership with enforcement agencies and debt advice agencies to ensure that the rights and responsibilities of all parties, particularly those of the resident are clearly set out.

We will not send cases to enforcement agencies if we are aware that the resident is at risk or vulnerable.

We will monitor the performance of enforcement agencies who are collecting on behalf of the Council to ensure that they are working within the Ministry of Justice National Standards and in accordance with our contract specifications.

## **Sharing Information**

We share data internally across services. In some cases, two or more services are jointly responsible for delivering a service, so they all need to access data. In these cases we will make sure that the sharing is reasonable, in line with data protection law, and respects the residents' rights.

Full details of the privacy notices for each Council service can be found at <https://hackney.gov.uk/privacy>