Borough Council of
King's Lynn &
West Norfolk

Corporate Debt Recovery Policy

Adopted [ ] 2025

Owner		Deputy Monitoring Officer		
Responsible Person *(non-substantive updating)*		Deputy Monitoring Officer		
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A summary of the Policy is available in large print, on tape or in other languages on request

1. Executive summary

1.1. This Debt Recovery Policy sets out the general principles to be applied in relation to commercial and non-commercial debt management across all services provided by the Council.

1.2. The Council has developed this Policy to promote its aims to be fair and consistent in how it collects monies owed, and to be responsible in managing the debt levels held by the Council.

2. Introduction

2.1. The Council has a duty to local residents, businesses and organisations to ensure monies owed to the Council are efficiently and cost-effectively billed and collected. Delays in collecting money owed, or non-recovery of debts, reduce the resources available to the Council to provide essential services, and can lead to higher administrative costs and increased borrowing requirements. The Council therefore seeks to avoid situations where income owed to it becomes overdue and treated as debt.

2.2. This Policy sets out the principles and strategy for carrying out all income and debt collection activities. It explains the framework in which the Council will aim to collect income and debt in a timely, effective and consistent manner that ensures fair treatment of debtors.

Scope of the Policy

2.3. This policy applies to the management and recovery of income and debts across the Council, including:

- Council Tax, Non-Domestic Rates (**NNDR**) and the Business Improvement District Levy (**BID**) (subject to published procedures - see below)
- Overpaid Housing Benefit (subject to published procedures - see below)
- Car Parking (subject to published procedures - see below)
- Property Services
- Planning Control and Enforcement (including Community Infrastructure Levy)
- Overpaid salaries and wages
- Housing Standards

- Sundry Debt (Council Services)
- Charging for discretionary services

2.4. The Council publishes specific procedures for its collection and enforcement activities relating to Council Tax, NNDR, BID, Housing Benefit, Community Infrastructure Levy and Car Parking Charges. Those published procedures take account of legislation and guidance, and take priority over this Policy where they conflict with it.

2.5. This policy works alongside other Council policies and procedures including:

2.5.1. Data Protection Policy

2.5.2. Corporate Enforcement Policy

2.5.3. Equality Diversity and Inclusion Policy

2.6. This policy does not apply to matters in which the Council is pursuing damages for losses caused to it.

2.7. A number of statutory requirements apply to the Council's activities under this Policy, which are recognised below.

3. Our Aims and Objectives

3.1. The Council's aims and objectives underlying this Policy are:

a. To take a coordinated and consistent approach to managing income and debt owed to the Council.

b. To maximise recovery of income and debt; to minimise the total debt carried by the Council at all times; and to minimise the costs associated with collection.

c. To provide clarity to individual and business debtors on how the Council will act to recover income and debt.

d. To ensure that debtors are treated fairly, including by:

- Taking account of relevant circumstances affecting the debtor;
- providing appropriate payment options;
- providing advice and assistance where appropriate, or signposting to other sources of assistance; and
- taking any enforcement action on a proportionate basis.

e. To apply best practice to debt collection. This includes addressing known circumstances where support may be required to those owing money to the Council, and ensuring that such situations are appropriately managed.

f. To ensure there is active oversight of the debt levels carried by the Council in the interests of the Council's overall strategy.

4. Responsibility of Debtors

4.1. The Council expects that those who owe money to the Council will:

a. Contact the Council, or take appropriate debt advice, if they are unable to pay an amount that is due at all or on time;

b. Contact the Council as soon as possible if they do not agree with any amount charged to them.

5. Legal framework and relevant legislation

5.1. The Council's income and debt collection activities are subject to a number of statutory frameworks. A list of key regulations is at Appendix 1. This Policy will be applied so as to be consistent with applicable law and regulation.

5.2. In particular, the Council is mindful that income and debt management activities could impact on individual debtors' human rights (e.g. rights to property, rights to family life). The measures in this Policy are intended to take account of those potential impacts and debtors' human rights.

5.3. In the course of creating this Policy the Council has given consideration to the Public Sector Equality Duty (**PSED**) under the Equality Act 2010, and the Council's Equality, Diversity and Inclusion Policy. The Council has concluded that this Policy makes a positive contribution to the Council's PSED, by reducing the risk of inadvertent discrimination against persons with protected characteristics, and facilitating accessibility in the course of debt management.

6. Our Income & Debt Recovery Principles

6.1. The Council will aim to apply the following principles in all of its income and debt recovery activities.

- **proportionality**,
- **consistency** and
- **transparency**.

6.2. **Proportionality:** The Council will look to balance any negative impacts of its actions to recover money, against the potential loss of income or costs to the Council if that money is not recovered. This balancing exercise will start from the position that any monies legitimately owed to the Council should be recovered in full on a timely basis.

6.3. The Council is likely to prioritise formal action where there is evidence of deliberate non-payment, or risks of non-recovery due to e.g. insolvency.

6.4. **Consistency** means taking a similar approach in similar circumstances to achieve similar ends. The Council will aim to be consistent in:

- The advice it gives to debtors,
- The powers it uses in cases of similar kinds, and
- How it uses those powers.

6.5. Importantly, consistency does not mean that all cases will be treated in the same way. Officers need to take account of many variables, and so cases that appear similar at first can be handled in different ways where this is justified. The Council will aim to be consistent in dealing with those variables, which may include:

- The circumstances in which the debt arose,
- The debtor's payment history, or
- The debtor's ability to pay.

6.6. The Council will seek to comply with current good practice guidance in respect of local authority revenue collection published by recognised bodies, except where to do so would conflict with the best interests of the Council or local residents.

6.7. **Transparency** means helping people to understand what is expected of them and what they should expect from the Council. It also means explaining clearly the reasons for taking any recovery action. The Council recognises that transparency is critical in maintaining public confidence in its activities.

6.8. Where recovery action is required, the Council will aim to provide clear explanations for its actions, and clear timescales. The Council will also aim to be clear on where the required action is based on legal requirements, and where it is discretionary.

6.9. The Council will ensure that its communications are in clear language at all times, avoiding the use of jargon.

7. Approach to Income and Debt Recovery situations

Payment Methods for income and debt recovery

7.1. The Council will aim to apply the most cost-effective payment methods in the interests of efficient service. Where possible this will involve “unmediated” electronic payment methods, such as Direct Debits, which require minimal intervention by Officers.

7.2. At the same time, the Council will ensure that an appropriate range of alternative payment methods are available to debtors in the interests of providing an easy-to-use service.

Maintaining public confidence

7.3. The Council recognises that most organisations and individuals who owe money to the Council intend to pay in accordance with arrangements made, and as soon as they can. Whenever appropriate, officers will take reasonable steps to work with debtors to ensure monies are paid without any need for escalation.

7.4. The Council will endeavour to create an environment in which debtors can be confident of being treated fairly if they have concerns over their ability to pay. Debtors should be able to proactively seek advice from the Council without fear of triggering formal debt recovery action.

7.5. Staff employed in the collection of income and debt will receive appropriate training. Professional development and membership of professional institutes will be encouraged.

Engagement with debtors

7.6. Where a debtor fails to pay some or all of an amount owed by the originally agreed due date, the Council will make reasonable efforts to contact the debtor to ensure payment as soon as possible. In many cases this will be in the form of reminder letters, but may be by telephone, email or other methods.

7.7. In its reminder communications (whether by telephone or in writing), the Council will be clear to the debtor on the next steps it intends to take if the monies remain unpaid, and in particular where the Council is contemplating taking formal enforcement action.

7.8. Where the Council concludes that a debtor is unable to pay in accordance with agreed arrangements (rather than simply refusing to do so), then where

appropriate, the Council will seek to discuss with the debtor whether an alternative payment arrangement can be agreed. However, the Council will need to take into account any circumstances which would make alternative arrangements unacceptable (such as previous deliberate non-payment, failure to provide reasonable information, or potential insolvency).

7.9. The Council reserves the right to refuse to accept proposals for repayment where it considers these are unrealistic or otherwise not in accordance with this Policy.

7.10. Where an alternative payment arrangement has been agreed, but the debtor fails to comply with that agreement, then unless the debtor demonstrates that their circumstances have changed, further payment arrangements will not normally be considered. Instead the Council will normally look to take prompt enforcement action (see below). Debtors who suspect they will be unable to comply with an agreed alternative arrangement due to a change in circumstances should contact the Council as soon as possible.

7.11. Save to the extent that specific legal requirements apply (e.g. Council Tax collection), the Council will maintain internal procedures to ensure the steps described in this section are taken in a consistent way across its different areas of operation.

Use of Data

7.12. Subject to any limitations imposed by the Data Protection or other legislation, officers may seek to obtain and rely on debtors' information held in different council systems, or held by third party credit or tracing agencies, in order to make appropriate payment arrangements or deal with non-payment.

8. Dealing with Vulnerable Customers

8.1. There is no single definition of "vulnerability" in the context of owing money to creditors. Vulnerability may arise from a debtor's circumstances or their health. It is important to recognise that matters which may constitute vulnerability in certain circumstances (such as physical incapacities) may not be relevant to a debtor's ability to repay monies owed to the Council. The Council will assess the relevance of potential vulnerabilities on a case-by-case basis.

8.2. Where a debtor provides information to the Council of a potential relevant vulnerability, the Council will look take this into account to minimise any hardship or distress while helping those individuals to address their financial responsibilities. This may include working collaboratively with officers across the Council or external partners. The Council recognises that some recovery options may not be appropriate for debtors with relevant vulnerabilities.

8.3. Equally, it is important to note that the Council may only be able to accommodate vulnerabilities where debtors engage with and provide relevant information to the Council. Where the Council is not able to identify a relevant vulnerability, actions will continue in line with the rest of this Policy. If a debtor's vulnerability becomes apparent at a later stage, the Council will consider additional proportionate steps at that stage to support the debtor.

8.4. Actions to accommodate vulnerable debtors may include:

a. Supporting them to agree the best method of recovering outstanding monies and the easiest way for them to pay;

b. Updating their account with information they provide to us, to ensure future communication is appropriate to their needs;

c. Providing additional explanation of our processes and decision-making, and extra information as any matter progresses;

d. Looking to hold further discussions and review the debtor's personal circumstances before escalation to formal action;

e. Signposting to additional internal or third-party support or advice.

8.5. Equality considerations will be taken into account in accordance with the Council's Equality, Diversity and Inclusion Policy. Specifically, staff seeking to recover debts will have regard to ensuring information is accessible through translations, larger print versions or sign language, as appropriate, to the needs of the debtor.

8.6. Where the Council is in discussion with a debtor regarding vulnerabilities, it will seek to make the debtor aware of statutory benefits or discounts that may be available. It may be able to assist the debtor to apply for these.

<u>Working with Advice Agencies</u>

8.7. The Council welcomes the involvement of welfare agencies, provided that the agency:

a. is authorised by the debtor; and

b. offers its services to the debtor either free of charge or for a minimal fee.

The Council reserves the right to refuse to work with agencies claiming to support debtors who it considers are not reputable, in the interests of preserving the best interests of the debtor and the Council.

8.8. The Council will attempt to work in conjunction with agencies satisfying the criteria above in connection with monies due to the Council. It recognises the benefits that these organisations can offer both the debtor and the Council in prioritising repayments to creditors and in maximising income available to the debtor.

8.9. The Council similarly supports the provision of advice from external agencies (for example Age UK, Citizens Advice Bureau and Shelter) and will work in conjunction with them.

9. Enforcement Action

9.1. It is widely recognised good practice to take prompt action where a payment becomes overdue. Commencing action promptly ensures that the debtor is reminded of the requirement to make a payment as early as possible, allowing them the opportunity to bring payments up to date before the debt increases or more severe action to recover payment is commenced.

9.2. Where the steps in sections 7 and 8 have not resulted in satisfactory repayment, the Council will consider formal enforcement options.

9.3. Enforcement options are dependent on the debt and any governing legislation or regulation. These can include the following:

- Court proceedings to initiate any further enforcement,
- Attachment of Benefits,
- Attachment of earnings,
- Use of Enforcement Agents,
- Charging Orders placed on property owned by the debtor,
- Local Land Charges,
- Enforced sales
- Initiating bankruptcy/insolvency proceedings,
- Legal proceedings,
- Committal proceedings to prison for unpaid Council Tax,
- Third Party Debt Orders.

9.4. The Council will take into account all information reasonably available to it, and the principles set out in this Policy, to determine which approach is appropriate in a given case.

9.5. In the interests of proportionality, and subject to the Council's applicable procedures, the Council will aim to apply the least severe enforcement option that it thinks will be effective taking into account all of the circumstances.

Use of external debt recovery agencies

9.6. Where an external agency is procured to assist with the delivery of a service the flow of information between the Council and the agency must be in a secure electronic format.

9.7. The Council will expect any external agency which it uses to apply national best practice.

Costs of Enforcement

9.8. Where legislation permits, the Council will seek to recover from the debtor all costs or fees reasonably incurred by the Council (or its agents) in taking enforcement action. The Council will only waive these costs or fees in exceptional cases, where it would not be in the public interest to pursue them. The Council will endeavour to ensure that any enforcement costs it incurs are reasonable, in the interests of avoiding wasted expenditure.

Fraud and Evasion

9.9. Unlawful evasion or fraud to avoid payment will not be tolerated. Where this is identified, the Council will look to impose further penalties or sanctions in addition to taking action to enforce payment. This may include prosecution.

9.10. Where unlawful activity impacts upon other public bodies, such as HM Revenues & Customs, the Council will work with those organisations to seek legal redress.

9.11. Where appropriate, the Council will refer matters to the Police for criminal investigation, and will support any investigation initiated by the Police, either in response to a referral or independently.

9.12. The council is fully committed to support the National Fraud Initiative (**NFI**) which uses data matching to identify potential fraud and error.

10. Coordinating recovery of Multiple Debts and Priority Debts

Multiple Debts

10.1. "*Multiple debts*" refer to cases where a debtor has debts in more than one service area, e.g. council tax and a housing benefit overpayment.

10.2. In these cases, the Council will attempt to identify the relative priority of the individual debts for both the individual concerned and Officers involved. The Council will take into account the size of the debt, and the financial impact of the collection of such debts on the Council's overall financial position. The Council will seek to be clear with the debtor as to which debts it considers need to be resolved first.

10.3. To assist with this, and where Data Protection legislation allows, officers may share information regarding the debtor's debts, so that a coordinated approach can be taken to dealing with all of the debts at one time.

10.4. Where possible, the Council will attempt to provide the debtor with a single point of contact, to make it as easy as possible to fully resolve the debt situation.

10.5. Where it is appropriate to do so, other debts owed to the Council may be taken into consideration when referring the debt for legal recovery. The Council may alternatively consolidate those debts before taking recovery action.

"Priority Debts"

10.6. In accordance with recognised good debt management practice the Council will expect debtors to pay "priority debts" in preference to other debts. "Priority debts" in this case are those debts that can result in loss of an essential service, loss of a person's home or imprisonment. These include:

- Mortgage or Rent
- Council Tax
- Electricity, Gas, Water or Telephone
- Secured Loan
- Child Support Agency deductions
- Maintenance Arrears
- Income Tax or VAT

- Court Fines.

10.7. The Council will work with debtors accordingly where evidence is provided demonstrating the extent of priority debts.

11. Breathing Space

11.1. The Council will maintain and follow procedures which take account of the Government's Debt Respite scheme (**"Breathing Space"**) as this applies from time to time.[1]

12. Writing off Debts

12.1. The Council recognises that good practice includes promptly writing off debts that are irrecoverable.

12.2. The Council will seek to minimise the cost of write-offs to local taxpayers, by taking all appropriate action in accordance with this Policy to recover monies due.

12.3. Write off is only appropriate where:

- the demand or invoice has been raised incorrectly and is therefore not properly due and owing; or
- there is a justified reason (below) why the debt should not be pursued.

Justified reasons

12.4. It is not possible to list every scenario which could make a debt suitable for write-off. Justified reasons will include:

a. The debtor is insolvent and the Insolvency Practitioner has confirmed there is no dividend payable;

b. The debtor cannot be traced;

c. The debt is uneconomical to pursue, or to pursue further, due to factors such as (i) the amount of the debt, (ii) the financial position of the debtor and (iii) the cost of administrative and Officer time in pursuing the debt.

d. Administrative errors or loss of documentation, resulting in a lack of sufficient evidence to pursue the matter;

[1] Current government guidance is found here: https://www.gov.uk/government/publications/debt-respite-scheme-breathing-space-guidance/debt-respite-scheme-breathing-space-guidance-for-creditors

e. The debt is time/limitation-barred, e.g. contractual debts over 6 years old;

f. The Magistrates' Court has refused a committal application and remitted the debt;

g. In exceptional cases, the Council has evidence to confirm the debtor is suffering a severe physical or mental illness, and no representative is appointed to represent the debtor, which renders recovery action inappropriate;

h. The debtor has died and there are no or insufficient funds in the estate to settle the debt.

13. Ongoing monitoring of the Council's overall debt position

13.1. The Council recognises that prompt recovery action is key in managing its debt and minimising lost revenue. The Council therefore aims to:

- Regularly monitor the level and age of debt.
- Regularly review irrecoverable debts for write-off.
- Periodically assess recovery methods to ensure maximum recovery.

14. Reporting or complaints procedure

14.1. Any disputes raised regarding the application of this policy should, in the first instance, be raised with the relevant council service. If the dispute cannot be resolved, then it shall be dealt with in accordance with the council's Complaints Procedure.

14.2. Any dispute regarding an individual debt will be dealt with in compliance to the legal requirement of the collection of that individual debt. Any such dispute will only stop the continuation of the recovery process or legal mechanism if it is appropriate in the context of the specific legislation.

15. Monitoring of this Policy

This Policy will be reviewed at least once every five years.

16. Additional information, guidance, and resources

The Council's procedures for managing payment of council tax and parking fines are set out on the Council's website.

17. Health implications

None.

18. Environmental implications

None

19. Equality, Diversity and Inclusion

As set out above this procedure has been reviewed in line with the Equality Act 2010 which recognises the following categories of individual as Protected Characteristics: Age, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief, Sex (gender), Sexual Orientation and Disability. We will continue to monitor this procedure to ensure that it allows equal access and does not discriminate against any individual or group of people.

A copy of the EIA can be found here: XXX

20. Associated Documents

None

21. Appendices

Appendix 1 - Relevant Legal Frameworks for Income and Debt Collection

Appendix 1

Relevant Legal Frameworks for Income and Debt Collection

Local Government Act 1972	Establishes requirements to manage the Council's financial affairs and the appointment of a section 151 officer.
Local Government Finance Act 1988 and 1992 Council Tax (Administration and Enforcement) Regulations 1992 Non-Domestic Rating (Collection and Enforcement) Local Lists Regulations 1989	Make provision for the administration and enforcement of Council Tax Make provision for the collection and enforcement of non-domestic rates.
Social Security Contributions and Benefits Act 1992 Social Security Administration Act 1992	The primary legislation for the administration of most benefits in the UK
The Housing Benefit (General) Regulations 1987 and Housing Benefit Regulations 2006	Govern the payment of Housing Benefit, including Housing Benefit overpayments and their associated recovery
Community Infrastructure Levy Regulations 2010	Provide the mechanics for calculating, charging, collecting and administering CIL
Traffic Management Act 2004	Provides for the enforcement of parking, loading and waiting restrictions and processing of penalty charge notices.
Employment Rights Act 1996	Provides for employee rights around unfair dismissal, redundancy, protection of wages, family leave etc.
Taking Control of Goods Regulations 2013 and 2014	Govern the taking control of goods in the UK, including the use of enforcement agents Make provision for recovery of fees and disbursements from debtors by

	enforcement agents in relation to the procedure for taking control of goods
Charging Orders Act 1979	Makes provision for imposing charges to secure payment of money due, or to become due, under judgments or orders of court; to provide for restraining and prohibiting dealings with, and the making of payments in respect of, certain securities; and for connected purposes.
Insolvency Act 1986	Key act governing company insolvency and winding up, and bankruptcy of individuals
Equality Act 2010	Controls discrimination and unfair treatment on the basis of certain personal characteristics
Safeguarding Vulnerable Groups Act 2006	Sets out obligations to protect children and vulnerable adults
Modern Slavery Act 2015	Sets out obligations to combat modern slavery in the UK.
Tribunal Courts and Enforcement Act 2007	Makes provision for tribunals and inquiries, particularly relating to the enforcement of judgments and debts.
Regulation of Investigatory Powers Act 2000 (RIPA)	Governs the use of covert surveillance by public bodies
Local Government Acts 1972, 1985, 1988 and 1992, Lord Chancellor's Code of Practice on Records Management (S46 Freedom of Information Act)	Imposes obligations on the Council to manage records and information, and gives implied authority to share certain kinds of information with partners.
Data Protection Act 2018 General Data Protection Regulation 2016	Impose duties on the Council to comply with principles relating to processing of personal data including: Lawfulness, fairness & transparency; Purpose limitation; Data minimisation; Accuracy; Storage limitation; Integrity and confidentiality;

	Accountability (including the rights of data subjects). Control the lawful passing of personal data from one part of the Council to another.
Freedom of Information Act 2000	Imposes duties on Council to publish and make information available.
Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) Regulations 2020	Established a debt respite scheme and breathing space and mental health crisis moratoria.