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1. Purpose

Havant Council has a legal duty to ensure the prompt and cost-effective billing, collection and recovery of all sums due to the Council.

Timely and cost-efficient collection of debts is critical to ensure that the Council is able to provide essential services, and the Council is committed to maximising income collection using ethical, fair, supportive, consistent and proportionate means.

The Council provides a wide range of services to residents and businesses, each of which governed by specific regulations setting out how the service will be provided, liability to pay, and how any overdue amounts will be collected.

This policy seeks to set out the key principles that the Council will apply in order to ensure that it is supportive, efficient and effective in its collection. It will make sure it strikes the right and necessary balance between dealing sensitively with those customers in genuine financial difficulty, whilst also using the full range of recovery methods with the small proportion of customers who have the means to pay but fail to do so.

2. Objective

2.1 The scope of the policy will include all Council revenue streams, including but not limited to:

- Council Tax
 - Non-Domestic Rates (Business Rates)
 - Housing rents and temporary accommodation charges
 - Parking and Road Traffic penalty charges
 - Housing Benefit Overpayments
 - Leasehold service charges and major works charges
 - Sundry Debts

2.2 The policy therefore aims to:

- Maximise the collection of the Council's income
- Issue invoices in a timely fashion preferably before the provision of service(s)
- Reduce the time taken to collect income
- Reduce the level of debt owed to the Council and therefore its provision for bad debts
- Reduce the level of debt that cannot be collected by educating Services to not raise uncollectable debt
- Ensure that Services are aware of the importance of prompt debt recovery
- Tackle any non-payment culture amongst customers.

2.3 This Policy supports these aims by:

- Promoting ownership of debts by service providers
- Where possible an upfront payment is received so that credit is given only when essential to do so
- Invoicing procedures are accurate and on a timely basis that promotes credit control
- Evidence supporting the requirement for an invoice is provided when an invoice is requested
- Debtors are to be encouraged to pay promptly

The Policy aim is to achieve the following rates of collection:

- 90% of invoiced debt to be collected within 28 days of the invoice being issued

- 95% of invoiced debt to be collected within 60 days of the invoice being issued
- Service Managers will periodically review these targets and levels of outstanding debt to ensure that all collectable debt owed is recovered
- The Council will publish these targets and policy and that it intends to pursue and enforce the collection and recovery of all debts owed to it.

3. Raising Invoices, Fees & Charges and Validation

- 3.1 The council recognises that prompt invoicing and billing is important in reducing the debt burden. Invoices, bills, and charge notices must be correctly addressed, including postcode, to the person who is liable to pay, with charges applied in accordance with the relevant legislative requirements and any available entitlement to reliefs, exemptions and discounts identified.
- 3.2 Invoices should be raised within 10 working days of delivering the goods or service or of the commencement of the period where the service being delivered is covered. The invoice will be sent via email wherever possible and to this end the relevant service is responsible for obtaining an email address at the point of agreeing to provide goods or services.
- 3.3 The council will produce clear bills in plain English:
- calculated accurately at the point of issue
 - addressed to the person who is liable to pay - Customer's full name(s)
 - Customer's full address, including postcode, telephone number and email address.
 - Date of supply
 - Purchase Order number if applicable
 - Full description of the services/goods provided
 - Amount due, VAT amount, rate applicable, total due, where appropriate, the instalment amounts and payment due dates
 - Financial code(s) to be used
 - Originating Service and a named contact in the Service
 - Authorisation
 - advising where and how to make a payment or deduction from earnings or benefit
- 3.4 It is important that clear and prompt information is provided, and a range of communication services are available to customers upon request, including:
- Translation and interpretation services if English is not the first language
 - Sign language interpreters and other support for those who are deaf or have impaired hearing
 - Documents in alternative formats, for example Easy Read, Braille, large print, audio, and disc
 - Other options tailored to meet specific individual needs
- 3.5 The council will:
- Respond quickly to changes in circumstances and applications for exemptions, discounts, rebates, and reliefs
 - Be a contact point for enquiries - including e-mail and website enquiries

Fees and Charges

- 3.6 The fee or charge must be fair in relation to the goods and/or services provided.
- 3.7 The charge must reflect the principles outlined in the appropriate charging policy.

- 3.8 The charge must cover the cost of providing the good or service and the cost of collection. Unless the Council has decided that the service should be subsidised.
- 3.9 Wherever possible payment in advance should be sought ahead of the good or service being provided.
- 3.10 The charge must be collectable and have supporting documentation.
- 3.11 Fees and charges to be reviewed annually as part of the budget setting process.
- 3.12 There must be a clear and prompt billing and collection process.
- 3.13 The Council must have a clear and consistent council-wide approach to the giving of credit and the collection of debt.
- 3.14 The debt remains the budget responsibility of the Service in which it was raised. Exchequer Services will be responsible for chasing the debt up to and including the writing off of the debt if all means of recovery have been exhausted.

Validation

- 3.15 The Service responsible for raising the invoice must ensure that the evidence of the service provided is fully validated and that the invoice is accurate and contains sufficient detail for both billing and recovery purposes
- 3.16 Exchequer Services will validate customer name and address details when the customer account is created. This will help reduce errors and avoid duplication. It is the responsibility of the originating Service to ensure that the correct billing details are collected. Failure to supply the correct details will lead to the request being referred to the originator and deleted from the system until the correct details are supplied.
- 3.17 All invoices must be raised to a correctly named entity. In the event of non-payment, legal action cannot be taken against a non-legal entity. Legal entities are:
 - Individuals
 - Sole Traders
 - Partnerships
 - Limited companies
 - Charities limited by guarantee
 - Clubs run by a committee
 - Trustees
 - Executors or Personal representatives
- 3.18 For invoices less than £50.00, if possible, payment should be taken in advance - this excludes legal or property charges and arrangements that are already in place, for instance, peppercorn rents.
- 3.19 Invoices and supporting documentation must be retained in line with the Council's document retention policy.

4. Responsibilities

Directors and Heads of Service must ensure that:

- The debt management policy is adhered to
- The key principles of fees and charges are adhered to
- The raising of large value invoices at year end must be avoided
- Support corporate targets for debt collection
- Budget Managers are fully aware of their responsibilities and are supported by relevant systems and procedures
- Officers involved in the debt collection process are appropriately trained and are aware of their responsibility
- Internal Audit will provide assurance that this policy is adhered to and is effective.

5. Payment Methods

The following methods of payment are offered/accepted

- Via the internet
- Direct Debit
- Debit Card
- Credit Card
- Standing Order
- BACS/CHAPS
- Cheque/Postal Order
- Cash

6. Credit Limits

6.1 Preferential credit limits must not be agreed for any customer.

6.2 Credit/Service provision must not be given to customers who previously have been late payers or not paid at all. Only the Section 151 or Deputy can approve credit facilities where a customer has previous history of non-payment or late payment, and such approval must be given in writing/email and retained until outstanding balances are cleared and in line with the Council's document retention policy.

7. Payment Terms

7.1 The Council will collect monies owing to it fully and promptly.

7.2 If the customer is unable to settle the debt in full, payment terms may be considered. If these are granted payment should be made by direct debit wherever possible.

7.3 Requests to enter into arrangements for payment must be referred to Exchequer Services who will set up and monitor all payment arrangements.

7.4 Exchequer Services will withdraw payment terms if a debtor fails to honour the agreement entered in to.

7.5 Invoices once raised become due after 28 days.

8. Accounting Arrangements

8.1 Services will receive the credit when an invoice is raised.

8.2 Any costs, fees or charges associated with recovering a debt will be charged to the Service.

8.3 Where a debt cannot be recovered the original credit will be debited from the relevant code and written off. Such write offs must be signed off in accordance with the Councils financial regulations.

8.4 Any overpayments will be processed by Exchequer Services. Before processing/refunding any overpayment, Exchequer Services will check that no other debts are owed. If the customer has another outstanding debt any overpayment will be off set against this debt once the customer has been informed. Unless Exchequer Services have been informed of a valid reason to release the overpayment which has been agreed by the Head of Service and the Section 151 Officer or their deputy.

8.5 Administration of direct debits in relation to sundry debts is to be carried out by the Exchequer Services team.

8.6 Instalment payments are due on 1st of each month for everyone other than direct debit payers. Direct debit payers are offered four instalment dates of 1st, 15th, 21st and 28th of each month.

Reminder notices can, in accordance with Council Tax legislation, be issued within seven days of an instalment not being paid. However, reminders are normally issued at the beginning of the month following the date the instalment became due.

If the instalment is paid within seven days of the issue of the reminder, the right to pay by instalments may continue.

If during the same year a second instalment is missed, the above process is repeated.

If the outstanding amount on a first or second reminder remains unpaid, the right to pay by instalments is lost and the whole remaining balance for the year becomes due within a further 7 days.

Final Notices are required for any accounts that do not qualify for instalments and the balance is not paid within 14 days of the notice or where the amount due has changed between the outstanding reminder or second reminder and after the issue of the relevant adjustment notice.

9 Debt Recovery & Enforcement

9.1 Customer service will be carried out by the Exchequer Team any time after invoices have been issued, resulting in informal chasing of the debt. This can include customers being called on the telephone or emailed to ascertain if copies of invoices are required, to update contact details or to discuss if there are any issues with payments before the invoice becomes due for payment.

9.2 Invoice payment terms are 28 days. A first reminder will be sent for all invoices that are unpaid 30 days past the due date.

9.3 A second reminder is issued 60 days after the invoice is due.

9.4 A third reminder is issued 90 days after the invoice is due.

9.5 A final reminder is then issued 120 days after the invoice is due.

9.6 This is all done in conjunction with an age debt analysis report and monthly statements of outstanding debts sent to Services that could also be sent to debtors, excluding those invoices in query.

At any time after issuing the invoice efforts should be made to contact the debtor by phone or email reminding them of the debt, the stage that the debt is at and that we continue to chase the debt. The Exchequer Team will also liaise with the internal Service department to understand queries and obtain their assistance in chasing the debt with their contacts.

At any stage after the first reminder is sent Exchequer Services may refer the debt to Legal Services or a recovery agent for collection. If after the third reminder is sent and the service is ongoing the relevant Service should consider withdrawing any non-statutory services and inform the debtor that this can happen at any time between the third and fourth reminder being sent.

9.7 If after exhausting the reminder process the debt remains outstanding the next stage is to refer the debt to Legal Services for possible recovery action. At this stage the credit will be removed from the Service and any associated recovery costs charged back to the Service.

9.8 As part of the Council's approach to enforcing debts, the Council, once it has gained required authority from the appropriate court will use the enforcement route deemed most likely to prove successful. Depending on the debt this may include, attachment of benefit, attachment of earnings, charging orders, bankruptcy, committal hearings, obtaining possession and referral to enforcement agencies including the High Court.

9.9 Where enforcement agents are used the Council will use a number of enforcement agents depending on the debt. The enforcement agents may be both commercial companies and local authority service providers.

All enforcement agents used will be committed to working with empathy, ethically, identifying vulnerability and in accordance the regulations. This code of practice will at least be equivalent to that of the CIVEA (<https://www.civea.co.uk/our-code-of-practice>). There is no single arrangement universal contract for enforcement activity to collect the Council's debt.

Primarily council tax enforcement is determined internally and delivered through contracted third-party enforcement agents, for business rates via the Council's contract and the same applies to road traffic and parking offences

<https://www.citizensadvice.org.uk/debt-and-money/help-with-debt/dealing-with-your-debts/work-out-which-debts-to-deal-with-first/>

10. Support & Breathing Space (The Debt Respite Scheme)

10.1 Whether or not an individual is vulnerable and needs additional support to manage their finances is often independent of whether the customer actually has the means to pay. In accordance with the principles set out, and in the first instance, the Council will aim to assess a customer's ability to pay their debt, and to tailor its approach where it is identified that someone is struggling to pay their debts, working with them, their representative or appointee to find a solution to resolve the issue.

10.2 In addition to provision of, and referral to, appropriate sources of advice and guidance through the Council's existing advice contracts and network, the Council will seek to support customers to overcome problematic debt and promote access to affordable credit by:

- Continuing to operate a policy of not pursuing and writing off all or a portion of the outstanding balance where it is identified that a customer does not have the means to pay the full amount.

- It is not practical to implement a prescriptive set of criteria for such cases. Decisions are delegated to officers, but as a minimum, it will only be considered where an individual has engaged with financial assessments and has kept to the affordable payment plan that has been agreed for a period of time.

10.3 The Government introduced new legislation on 4 May 2021 called The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020, the core principles being:

- To provide legal protection for individuals in problem debt
- Normal Breathing Space Moratorium that will last for 60 days
- The Mental Health Breathing Space Moratorium to last as long as the individual is receiving mental health crisis treatment
- Requirement for creditors to cease action on qualifying debts
- Requirement for creditors to conduct a reasonable search for all debts owed by the customer

There are two types of breathing space: a standard breathing space and a mental health crisis breathing space.

- A standard breathing space is available to anyone with problem debt. It gives the customer 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 debts.
- A mental health crisis breathing space is only available to a customer who is receiving mental health crisis treatment. If an Approved Mental Health Professional (AMHP) certifies a customer is in mental health crisis treatment, the customer or someone else can ask for a mental health crisis breathing space on the customer's behalf. The mental health crisis breathing space has some stronger protections than the standard breathing space. It lasts as long as the customer's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts). For these purposes, 'receiving mental health crisis treatment' means that the individual:

has been detained in hospital for assessment or treatment (including under part 3 of the Mental Health Act 1983);

has been removed to a place of safety by a police constable; or

is receiving any other crisis, emergency or acute care or treatment in hospital or in the community from a specialist mental health service in relation to a mental disorder of a serious nature. This can include services offered by community mental health services and crisis house the full legislation and guidance can be found using the following links: [Debt Respite Scheme \(Breathing Space\) guidance for creditors - GOV.UK \(www.gov.uk\)](#) and [Debt respite scheme \(breathing space\): Guidance on mental health crisis breathing space - GOV.UK \(www.gov.uk\)](#).

11 Queries and Disputes

11.1 If a charge is disputed the service must notify Exchequer Services immediately so that the debt recovery process can be suspended. All disputes must be resolved by the Service within **90 days** of the invoice. Exchequer Services must be notified of the outcome so that the debt recovery process may be (dis)continued as appropriate.

11.2 Failure to resolve the dispute or notify Exchequer Services of the outcome within this timeframe may result in Exchequer Services removing the debt from the system. The Exchequer team will work with the Service department to understand whether the dispute can be resolved. If so debt collection will resume and if not a credit note or write off may be issued if appropriate.

12. Credit Notes

12.1 A credit note to cancel or reduce a debt must only be issued to:

- Correct a factual inaccuracy
- Correct an administrative error
- Cancel an invoice where a dispute has not been resolved
- Adjust the amount of debt due
- Credit note requests should be accompanied by a full explanation of why they are required and must be authorised by the Head of Finance or their nominated deputy.

13. Write Offs

13.1 At year end a review will be undertaken to establish the recoverability of outstanding sundry debt. Where it is believed that a debt may not be recovered, a provision will be raised, and a charge made against the service to reflect the position of the Council more accurately.

13.2 Write offs will be charged to individual service budgets.

13.3 A debt write off must not be used to by-pass the normal debt recovery process. Attempts to do so will be reported to the Section 151 officer.

13.4 Write offs must be agreed with Exchequer Services.

13.5 A Write-Off Request form with supporting documentation must be completed for each write off request and sent to Exchequer Services for consideration. Additional information may be requested from the originating Service to determine whether the debt is enforceable. Requests for write off by Service will be monitored and reported to the Section 151 officer or their nominated deputy for approval in line with Financial Regulations.

14 Debt Monitoring

AR team will use Information and reports to monitor performance against timescales and targets set. Regular board reports, such as outstanding debt analysis will be issued to Services for them to review.

15 Policy Review

This Policy will be reviewed annually but may be amended at any time to incorporate new procedures, technologies, practices, or legislative requirements.