



Corporate debt recovery policy 2025

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1. Introduction

We are committed to ensuring public funds are managed responsibly and effectively. Our debt recovery policy plays a vital role in safeguarding these resources, ensuring that the services our community relies on can continue to be delivered.

We however recognise the process of collecting debts must be carried out with sensitivity and fairness, balancing the need to recover funds with the responsibility to support our residents, businesses and others who owe the council funds.

Our debt recovery policy is designed to provide a clear framework for how we approach debt recovery.

We aim to take proportionate, fair, and balanced action, considering the individual circumstances of those who owe money to the council. Our approach prioritises early engagement and open communication, enabling us to identify potential issues at an early stage and provide appropriate support or advice to those who may be struggling.

While it is essential to recover money owed, we are equally committed to ensuring that our recovery methods do not cause undue hardship. Through this policy, we advocate working collaboratively with those who owe us money to agree repayment plans that are both realistic and manageable, seeking to avoid legal action wherever possible.

In implementing this policy, we are guided by principles of fairness, transparency, and accountability. We are dedicated to treating all individuals with respect and dignity, acknowledging the challenges that may arise from financial difficulties.

Our goal is to recover debts in a manner that is just and equitable, while also providing the necessary support to help our residents and businesses overcome financial challenges.

2. Purpose of policy

- 2.1 This policy outlines our approach to the billing, collection and recovery of money owed to the council.
- 2.2 Sums due to the council can be a mixture of statutory (see legislative framework at Appendix A) and non-statutory charges. The billing and collection of statutory charges is governed by legislation and other debts by principles of sound financial management.
- 2.3 This policy sets out the general principles we apply regarding debt management and is used together with detailed procedures for staff.
- 2.4 Effective debt management is crucial to any organisation, and our policy supports the maximisation of debt collection in an efficient, consistent and sensitive way and ensures debt owed to the council is kept to a minimum.
- 2.5 Income collected by us underpins the delivery of vital local services and we have both a legal duty and a responsibility to our residents to make sure that money owed is paid promptly.
- 2.6 The purpose of this policy is to achieve the timely collection of money due to the council, whilst ensuring that a firm but fair, proportionate and consistent approach is taken to debt recovery, whilst taking account of individual circumstances, welfare needs, and ensuring fairness and respect.

3. Scope of policy

- 3.1 The following areas of debt recovery are included in this policy:

Debt area	Further information
Council tax	Section 6
Business rates (including business improvement district (BID) levy)	Section 6
Housing benefit overpayments	Section 8
Sundry income	Section 9
Section 106	Section 10
Community infrastructure levy	Section 11

4. Equality, diversity, fairness and respect

- 4.1 We are committed to developing and delivering services in a way that ensures we treat people fairly and promote equality of opportunity and social cohesion within the wider community.
- 4.2 This policy has been subject to an equality impact assessment to ensure there is no discrimination in the way that it has been designed, developed or how it will be delivered and that, wherever possible, equality is promoted.
- 4.3 Within this policy, vulnerable groups are those whose welfare may be particularly adversely affected by recovery action and the collection of debt.
- 4.4 To ensure we treat our customers (debtors) in a fair and equitable manner, we may from time to time, choose to vary the steps outlined in this policy at the discretion of the responsible manager/director, or responsible cabinet member if doing so has a financial impact beyond delegated levels (see section 11).

5. Our overarching approach to debt collection

5.1 With regard to debt collection, we will:

- issue requests for payment promptly and accurately.
- start action to recover unpaid amounts promptly to help prevent customers building up excessive arrears and to maximise collection.
- ensure there are clear, written guidelines for all staff involved in recovery action.
- ensure we provide clear information about our recovery procedures to people who owe us money (debtors) and advice agencies.
- provide information in different formats on request to meet individual needs of a person.
- regularly monitor the level and age of debt and take appropriate action.

5.2 We aim to:

- treat all customers consistently, fairly and with respect at all stages of the debt recovery process.
- work with customers to ensure they are receiving all the discounts, reliefs and exemptions they are entitled to which may help to reduce or eliminate their debts.
- carry out a full appraisal of customers' circumstances to agree a fair, affordable and sensible arrangement for repayment of debts.
- effectively distinguish between those who cannot pay and those who will not pay, and where customers have the means, ensure they pay their debts and do not avoid their obligations.
- provide effective signposting to support networks to help customers address wider debt problem.
- collect the amounts due fairly and efficiently and promote efficient collection methods.
- accept that for some customers no repayment scheme is affordable and have a fair and robust write-off procedure.
- where we pass debts to third parties to collect on our behalf, monitor their processes, procedures and customer feedback to ensure they operate with fairness and respect.
- be open to working with our customers at any stage of the debt recovery process to positively to help them address their debts.

5.3 Our approach is to ensure that each customer (debtor) is treated as an individual. Those who can't pay are treated with sensitivity and those who won't pay are treated with reasoned determination. Above all our emphasis is a fair, sympathetic, clear and firm approach to debt collection.

5.4 We will make a bad and doubtful debt provision for all income streams. These will be reviewed each financial year by the council's section 151 officer and responsible cabinet member.

6. About use of debt collection agencies

- 6.1 We encourage anyone who is struggling to pay to contact us by following the instructions in the letters we send or by calling our debt recovery team on [01543 308885](tel:01543308885) (Monday – Friday 9am – 5pm, not including bank holidays). We will always work with customers to look at their financial circumstances (we carry out income and expenditure assessments) to find out what they can realistically payback and over what period.
- 6.2 We will also work with customers to ensure they are claiming all the exemptions, discounts, benefits and financial support they are entitled to.
- 6.3 There are however occasions where people choose not to reach out to us for help, despite our repeated attempts to contact them, or they just choose not to pay, even if when have the means to do so.
- 6.4 As a council, we have a duty to collect unpaid debts as the money we collect helps to fund vital local services – not just ours but services delivered by the county council, fire and police services.
- 6.5 As such we do employ the services of debt collection agencies to help collect unpaid debts and we select the companies we work with based on their proven ethical approaches to debt collection.
- 6.6 In some circumstances it is possible for us to recall debts from our collection agencies if a customer is willing to enter a payment arrangement with us that they then follow.

7. Council tax and business rates collection processes

With regards to council tax and business rates our procedures are as follows:

- 7.1 All council tax and business rates (also known as non-domestic rates or NNDR) payers have an automatic right under the legislation to pay by instalments when they receive their annual bills.
- 7.2 Our standard instalment scheme (based on statutory guidelines) is full payment over 10 months. Standard instalments start in April each financial year and end in the following January.
- 7.3 Customers can request to pay their annual charge over 12 months. We can also set up manual payment arrangements – [find out more](#).
- 7.4 Payment instalments are due on or before the 1st of each month.
- 7.5 Direct debit council taxpayers can choose alternative instalment dates including 10th, 18th or 25th of each month.
- 7.6 All bills give at least 14 days' notice of the first instalment date, unless by prior agreement with the customer.
- 7.7 Customers should make payments in line with the payment dates shown on their council tax or business rates bill. If a customer wishes to make fewer payments than those listed on their bill, payments must be in advance of the instalment dates shown to avoid receiving a reminder, final notice or summons.
- 7.8 If a customer wishes to pay their bill in full for the financial year, they must do so on or before the date of the first instalment shown on the bill to avoid receiving a reminder, final notice or summons.
- 7.9 A recovery timetable is agreed each year by the Revenues, Benefits & Corporate Debt Recovery Service Manager. This sets out when the council will take action to recover unpaid bills – for example the issuing of reminders and summons letters.

Reminders, final notices, summons and liability orders

7.10 Where a customer does not pay in full or in line with instalment dates shown on their bill and falls behind on payments, we follow the below steps.

- **We issue a reminder notice when an instalment is overdue.** This gives customers seven days to bring their account up to date.
- **We issue a final notice** when an account is in arrears and there is no right to pay by instalments, or there is a third failure to pay an instalment on the due date within a financial year.
- **We issue a summons to the magistrates' court when a customer has not satisfactorily responded to a reminder or final notice (e.g., made payment).** A summons fee is added to a customer's account when a summons is issued as the council incurs court costs.
- **A liability order is issued by the magistrates' court when it is satisfied (after a hearing date) that the council tax or business rates has been appropriately billed and payment is due.** Further costs are added to a customer's account when a liability order is issued.

7.11 When a liability order is issued, we have the powers to take the following action to recover the debt outstanding:

Action	What this means
Set up an attachment of earnings order *	We can contact a customer's employer to seek repayment in instalments through a customer's wages direct from their employer.
Set up an attachment of benefits order*	We can contact the DWP to seek repayment from ongoing benefits.
Attachment of allowances*	We can take deductions from an elected members' allowances.
Set up a charging order	This secures a debt against a property, which means if a customer sells or remortgages that property before clearing the debt, money from the sale will be taken to pay it off.
Pass the debt to a collection agency	We can pass the debt to a partner debt recovery agency to carry out debt recovery on our behalf. This may involve the taking of goods to the value of the debt owed.
Seek forced insolvency	We can force an individual or company into insolvency to enable payment of their debts.
Seek committal proceedings	Statutory regulations allow people to be sent to prison through a civil process (a committal order) for up to three months for non-payment.

*council tax debts only

7.12 We select the most appropriate method based on the circumstances of each case to maximise the recovery of debt and take account of each customer's circumstances.

7.13 If a customer contacts us at any point in the above process and we are able to agree a payment plan, we will consider halting procedures where appropriate, which may include intervening with our enforcement agents.

8. Housing benefit overpayment collection processes

Housing benefit overpayments occur for a variety of reasons – for example where a customer does not report a change in circumstances in a timely manner, where an error is made by the Department for Works & Pensions (DWP) or where we make a mistake in relation to a customer’s claim. With regards to housing benefit overpayments our procedures are as follows:

8.1 When we identify a housing benefit overpayment has occurred, we determine:

- the customer’s eligibility to underlying entitlement to benefit.
- the classification of the overpayment (see below).
- whether the overpayment is recoverable.
- from which party recovery will be taken.
- the most effective recovery method.

Classifications of housing benefit overpayments

Classification	Description	Action we will take
Fraudulent	A customer knowingly fails to report a relevant change of circumstances contrary to Regulation 75 (HB Regulations) or Regulation 65 (CTB Regulations).	We will work to recover any fraudulent overpayments – see 8.5. & 8.6.
Claimant error	A claimant or the person acting on the claimant’s behalf notifies us of a change in circumstances of their own accord however the report was not timely, but there was no intent to claim benefit fraudulently.	We will work to collect any claimant error – see 8.5. & 8.6.
Local authority error	Where we have not acted on information provided to us within specified time limits, or we have input information incorrectly.	If the overpayment occurred solely because of the council's mistake and the claimant could not reasonably have been expected to know about the error, we may not seek to recover all the overpayment. This depends on the circumstances of each case.
Other, such as DW&P, Pension Service error	Information provided by external bodies is incorrect at the time of the calculation.	If the overpayment occurred solely because of an external body’s mistake and the claimant could not reasonably have been expected to know about the error, we may not seek to recover all the overpayment. This depends on the circumstances of each case.

8.2 We will then write to the customer to explain:

- a recoverable housing benefit overpayment has occurred.
- the reason the overpayment occurred.
- the amount of the overpayment.
- how the overpayment was calculated
- effective dates of the overpayment.
- who the overpayment will be recovered from.
- the rights of appeal.

8.3 Some customer’s housing benefit is paid direct to their landlord. In the circumstance that an overpayment has been made to a landlord, we will also include the name(s) of the claimant(s) whose housing benefit has been overpaid.

Invoices, reminders and debt collection activity

8.4 The recovery action we take will depend on whether the customer involved is still in receipt of benefits.

8.5 Where a customer is **still in receipt of benefits payments** we will:

- recover the overpayment direct from a customer’s ongoing housing benefits payments at the prescribed Department of Works & Pension (DWP) rates, dependent upon the cause of the overpayment.
- where the customer is no longer in receipt of housing benefit but is in receipt of other benefits (see below), we may recover the housing benefit overpayment through the Payment Deduction Project (PDP).
- *the benefits that an overpayment can be recovered from are Attendance Allowance, Bereavement Benefit, Carers Allowance, Disability Living Allowance, Employment Support Allowance, Income Support, Industrial Death Benefit, Jobseekers Allowance, Maternity Allowance, Pension Credit, Personal Independence Payments, Retirement Pension, Severe Disablement Allowance.*
- where a customer has moved to another authority’s area and is in receipt of housing benefit only, we will work with that authority to reclaim the overpayment.
- if a customer is in receipt of **council tax support** only, the overpayment is put onto the customer’s council tax bill and recovered as if it is outstanding council tax.

8.6 Where a customer is **no longer in receipt of benefits** we will:

- raise an invoice promptly upon identifying the housing benefit overpayment and send it to the customer.
- send a reminder if the amount is not settled or the customer has not contacted us to agree a payment plan within 14 days.
- if the reminder remains unpaid after a further 14 days our corporate debt recovery team will reach out the customer to discuss payment and/or a repayment plan.

8.7 If a customer does not engage with our corporate debt recovery team, we may:

Action	What this means
Set up an attachment of earnings order	We can contact a customer’s employer to seek repayment in instalments through a customer’s wages direct from their employer.
Pass the debt to a collection agency	We can pass the debt to our debt recovery agency to carry out debt recovery on our behalf.
Seek a county court order	We can seek a county court order (CCJ) which is a legal judgment that mandates a debtor repays the owed amount. If people fail to comply, further action can be taken.
Establish a charging order	This secures a debt against a property, which means if a customer sells or remortgages that property before clearing the debt, money from the sale will be taken to pay it off.
Seek committal proceedings	Statutory regulations allow people to be sent to prison through benefit fraud.

8.8 We select the most appropriate method based on the circumstances of each case to take account of each customer’s circumstances and to maximise the recovery of debt.

8.9 **If a customer contacts us at any point in the above process and we are able to agree a payment plan, we will consider halting procedures where appropriate, which may include intervening with our enforcement agents.**

9. Sundry income collection processes

We supply services customers and levy charges for a variety of activities including, but not limited to:

- trade waste and recycling collections
- commercial property/land/rents/leases
- street trading consents
- hire of rooms and land at various council locations
- abandoned vehicles
- building control fees
- premises licensing
- tourism promotion
- environmental Protection Act consents
- drainage works charges

9.1 When a customer does not dispute an invoice, fails to pay and does not provide information as to any reason for non-payment, we take prompt recovery action.

9.2 If we are dealing with a dispute with a customer, we may hold off recovery action until the dispute is resolved.

9.3 We will cease provision of services to customers who have outstanding debts with the council, unless there is a contract in place that states we must continue to supply the services, or we have a legal duty to do so.

9.4 Where we have invoiced a customer for a service but have not provided the service in part or full, we will raise a credit note that is signed by the responsible service manager.

Invoices, reminders and debt collection activity

9.5 We raise invoices promptly following the provision of goods or services.

9.6 If the invoice is not paid, we will issue a reminder after 14 days*

9.7 If the invoice remains unpaid following the first reminder, we will issue a second reminder after 14 days.

9.8 The team responsible for delivering the service will then work with the council's corporate debt recovery team to attempt to contact the customer and then determine the best course of action. We may:

Action	What this means
Withdraw services	Withdraw provision of future services.
Pass the debt to a collection agency	We can pass the debt to our debt recovery agency to carry out debt recovery on our behalf
Seek a county court order	We can seek a county court order (CCJ) which is a legal judgment that mandates a debtor repays the owed amount. If people fail to comply, further action can be taken.
Set up a charging order	This secures a debt against a property, which means if a customer sells or remortgages that property before clearing the debt, money from the sale will be taken to pay it off.
Seek forced insolvency	We can force an individual or company into insolvency to enable payment.
Eviction	We can take eviction proceedings for rent arrears.

9.9 **If a customer contacts us at any point in the above process and we are able to agree a payment plan, we will consider halting procedures where appropriate, which may include intervening with our enforcement agents.**

10. Section 106 debt

A section 106 agreement (S106) is a legal agreement made between the developer and the council, in which the developer agrees to provide contributions to offset negative impacts caused by a development.

- 10.1 Once a planning permission is granted and the S106 agreement is signed, we upload it onto our [Exacom system](#) and identify the covenants and payment trigger points set out in the planning consent.
- 10.2 When a trigger is hit, (e.g. a certain number of houses are built), a demand notice is generated in Exacom which is sent to the business/individual named on the S106¹.

Notices and debt collection activity

- 10.3 Where a customer does not pay in full or in line with instalment dates shown on their bill and falls behind on payments, we follow the below steps.
- **We issue a reminder demand notice when a payment is not paid within 14 days.** This gives customers 14 days to bring their account up to date.
 - **We issue a final demand notice when a payment is not made within 14 days of the first reminder.** This gives customers 14 days to bring their account up to date.
- 10.4 If the invoice remains unpaid following the second notice, the team responsible for delivering the service will then work with the council's corporate debt recovery team to attempt to contact the customer and then determine the best course of action. We may:

Action	What this means
Pass the debt to a collection agency	We can pass the debt to our debt recovery agency to carry out debt recovery on our behalf
Seek a county court order	We can seek a county court order (CCJ) which is a legal judgment that mandates a debtor repays the owed amount. If people fail to comply, further action can be taken.
Set up a charging order	This secures a debt against a property, which means if a customer sells or remortgages that property before clearing the debt, money from the sale will be taken to pay it off.
Seek forced insolvency	We can force an individual or company into insolvency to enable payment.

- 10.5 **If a customer contacts us at any point in the above process and we are able to agree a payment plan, we will consider halting procedures where appropriate, which may include intervening with our enforcement agents.**

¹ We collect S106 payments on behalf of Lichfield District Council, Canals & River Trust, NHS and Cannock Chase SAC. We do not collect Staffordshire County Council's S106 payments – these are collected by the county council directly. Staffordshire County Council notify us when they have received payment, so that we can update Exacom.

11. CIL debt

The community infrastructure levy (CIL) helps local councils deliver infrastructure to support the development of their area. It is a charge on development, calculated on a £ per square metre (sq.m) basis of the development.

- 11.1 Once a planning permission is granted, we calculate the CIL liable area within 2 weeks of approval and notify the applicant/agent by issuing a liability notice that includes the figure payable.
- 11.2 Applicants/agents can query if they believe the calculations are wrong and we will remeasure and supply a new liability notice, or apply for an exemption (e.g., self-build – [find out more](#)).
- 11.3 At least 1 day **before** commencement starts, developers must submit a CIL commencement notice to us – [find out more](#).
- 11.4 We enter the commencement date onto our [Exacom system](#) and a demand notice is generated and sent to the responsible party. The demand notice includes the amount payable and due date².

Notices and debt collection activity

- 11.5 **We send a reminder prior to the payment date to encourage payment.** This gives 30 days to pay after the payment date.
- 11.6 **If payment is not made within 30 days, we add a surcharge for late payment and interest** – view the [community infrastructure levy procedure note surcharges and enforcement](#) to find out more.
- 11.7 If payment is not made within a year of the first payment date, the team responsible for delivering the service will then work with the council’s corporate debt recovery team to attempt to contact the customer and then determine the best course of action. We may:

Action	What this means
Pass the debt to a collection agency	We can pass the debt to our debt recovery agency to carry out debt recovery on our behalf
Seek a county court order	We can seek a county court order (CCJ) which is a legal judgment that mandates a debtor repays the owed amount. If people fail to comply, further action can be taken.
Set up a charging order	This secures a debt against a property, which means if a customer sells or remortgages that property before clearing the debt, money from the sale will be taken to pay it off.
Seek forced insolvency	We can force an individual or company into insolvency to enable payment.

- 11.8 **If a customer contacts us at any point in the above process and we are able to agree a payment plan, we will consider halting procedures where appropriate, which may include intervening with our enforcement agents.**

² If a start is not made on site as planned, we can take the date out of the system and await a new start date.

12. Ways to pay

12.1 We provide a choice of convenient payment methods:

- [How to pay your council tax](#)
- [How to pay an invoice](#)

12.2 Our recovery team will work with customers to put payment plans in place.

If you are struggling to pay, remember we are here to help - please call our debt recovery team on [01543 308000](tel:01543308000) as soon as possible and we'll work to put in place a payment plan that suits your ability to pay.

13. Write-off procedures

13.1 We will consider writing-off a debt where all available collection processes have been attempted or considered, or there are other circumstances. Other circumstances would be:

- the responsible council taxpayer has passed away (deceased)
- Insolvency
- the business has ceased trading with no assets
- absconded with no trace
- remitted by the courts
- uneconomical to pursue
- financial hardship
- age of the debt
- [statute barred](#)

13.2 Even where we write-off debts, if the circumstances of the business/individual changes (for example someone that was untraceable is located) then the debt will be written back on, and we will collect.

13.3 Where we recognise debts are irrecoverable or uneconomical to recover and need to be considered for write-off, prompt and regular write-off of such debts is good practice. This allows for a correct calculation of bad debt provision each year and avoids wasting resources chasing debt where there is no realistic prospect of recovery.

13.4 At the end of each financial year, debts that are over six years old are reviewed and assessed for the prospect of collection. Those deemed [statute barred](#), irrecoverable or uneconomical are considered for write-off.

13.5 Prior to annual billing, every debt up to £1, on each financial year and on both live and closed accounts is submitted for write-off to prevent bills being issued for small amounts.

11.6 There are instances where an account is closed, and a credit balance remains on the account. In such circumstances, our team aim to trace and contact the customer where possible. If it is not possible to refund the money, for whatever reason (i.e., forwarding address is unknown), the credit will be written-off after a period of one year.

11.7 Our approach to write-offs is detailed in full in the [council's constitution](#) and financial regulations.

14. Related policies and procedures

Related procedures include:

- [Write-off procedures](#)
- [Debt recovery procedures for council tax and business rates](#)

The latest versions of these procedures are available on the [council's intranet](#).

15. Data protection

The council will treat all personal information submitted as part of the application process in accordance with the Data Protection Act 2018 and the General Data Protection Regulation (GDPR).

16. Policy review

This policy will be reviewed bi-annually, or sooner if required by changes in legislation or council priorities.

Appendix A Legislative framework

Council tax, business rates and benefits overpayments are governed by:

Council tax

Local Government Finance Act 1992 and The Council Tax (Administration and Enforcement) Regulations 1992 as amended.

Business rates

Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989 (as amended), made by the Secretary of State, under powers conferred under schedule 9 of the Local Government Finance Act 1988.

Housing benefit overpayments

Section 75 of The Social Security Administration Act 1992 provides councils with the powers to prescribe circumstances when an overpayment is recoverable. This act underpins the Housing Benefit Regulations 2006 as amended.