

# Revenues Services

*Collecting unpaid Council Tax*

**Recovery and Enforcement Policy**

## **Collecting Council Tax**

We recognise that the majority of Rushcliffe residents pay their Council Tax promptly. We use this money to provide essential services locally.

It is our policy to collect all the Council Tax that we are owed and to collect the money as the instalments become due. This gives people who pay their Council Tax promptly the confidence that we are committed to recover money owed to us.

We will:

- Promote easy payment methods and payment dates to prevent recovery action;
- Treat individuals consistently and fairly;
- Promote online access to individual's Council Tax records
- Assist customers to make affordable payment arrangements based on their means;
- Publicise debt advice to all customers, not just those with arrears;
- Ensure that we take account of vulnerabilities and recovery measures are proportionate to individual circumstances, where known;
- Ensure that our current recovery policy in accordance with current legislation;
- Review this policy annually.

Where bills remain unpaid and agreement is not reached on how they are to be paid, we will and do use all appropriate powers to pursue these debts, including direct deductions from earnings or benefits, collection through enforcement agents (bailiffs), charging orders against property, bankruptcy and in some cases even commitment to prison.

## **Vulnerability Guidelines**

There is no national standard or legal definition of vulnerability. However, we recognise that some ways to recover debt may not be appropriate in such cases where the individual may be incapable of understanding or defending themselves properly from any proceedings.

In such cases we will take appropriate action to take this into consideration. This may include:

- Flag their account to show they may be vulnerable;
- Review their personal circumstances, where known, before taking any further debt recovery action, and place a hold on existing action where appropriate;
- Review any action being taken by our enforcement agents (bailiffs);
- Seek direct deductions from benefit where possible;
- Help them to claim Council Tax support and any relevant exemptions and discounts;
- Direct customers to other sources of debt advice;
- Work with advice agencies to agree repayment schedules that are affordable and recognise a customer's priority debts;
- Meet with advice agencies periodically to discuss practical ways to assist vulnerable customers.

## **Helping us to help you**

If you think you may be vulnerable, let us know as soon as possible.

We are happy to discuss your account with someone else such as a financial adviser, case worker, friend or relative on your behalf if you give your consent.

If we advise you to seek advice from someone else, make sure you do so.

We may ask you for a doctor's letter, a financial statement or other information so we can see the nature/extent of your vulnerability.

Please let us know if your circumstances change, for instance, if

- You start/leave work
- Someone moves in/out of your home and affects your Council Tax bill
- There is a change in your health
- You cannot pay the amount agreed

We keep customers informed at every stage of our collection process. Everything up to and including the Liability Order has its basis in statutory legislation and this means that we follow the same processes for all residents. The granting of a Liability Order by the Magistrates' Court allows us to use more specialised recovery methods, for example deductions from earnings or benefits.

Our recovery measures get more serious the longer you avoid or ignore our attempts to contact you. The easiest way to resolve this situation is to speak to us, discuss your debts and make a payment arrangement.

Arrangements will take into account the affordability and sustainability of payments. Wherever possible we attempt to recover a debt within the financial year it relates to. This prevents debts building up and being carried forward to subsequent years. Where this is not possible, we will try to reach an agreement that allows the payment of the continuing liability plus an affordable amount off any arrears.

The following details each stage of our collection process.

### **The Council Tax Demand Notice (Bill)**

A demand notice (bill) is issued for Council Tax before the start of the year (1 April) and there is the option to pay by monthly instalments (up to a maximum of 12). We also send out amended bills throughout the year if there have been changes to the account.

Instalments are due on the first day of each month. However, if you elect to pay by direct debit you may choose to pay on the 1<sup>st</sup>, 7<sup>th</sup>, 14<sup>th</sup> or 24<sup>th</sup> of each month.

### **Reminders**

If an instalment remains unpaid for 7 days we will issue a reminder notice. The reminded amount must be paid within 7 days of the date the reminder notice is issued.

If the amount on the reminder remains unpaid you will lose your right to pay by instalments and no further reminders will be sent. **The full outstanding balance will then become immediately due.**

A maximum of two reminder notices can be issued in any one tax year.

A second reminder notice would only be issued if you have complied with the terms of the first reminder, but your account has fallen into arrears again.

Should you fall behind with your instalments for a third time within the financial year, you will lose your right to pay by instalments and the full remaining balance will become immediately due.

### **Final Notices**

A final notice is issued when payments are delayed for the third time in a financial year. At this point the whole outstanding balance should be paid immediately.

### **Arrangements**

You will always be asked to provide financial information relating to your household income so we can assess a mutually acceptable arrangement. As a bare minimum we require employment details of all liable parties and national insurance numbers.

We are not legally obliged to enter into arrangements for payment. However, we are willing to agree an arrangement where we feel that this is the best method to collect the debt.

We may also obtain a charge on your property as security for large arrangements.

If the arrangement is not adhered to it will be cancelled following one reminder and we will take further action to recover the outstanding debt. This may include attaching your earnings or referring the debt to an enforcement agent.

It is our policy in all circumstances to obtain a Liability Order to protect our interests in the debt, even if an arrangement is made.

## **The Court Summons**

If you have not paid a reminder notice in full within 7 days or final notice immediately, a Summons will be issued.

The Summons is a legal document asking you to appear at the Magistrates' Court, however, **you should only attend if you dispute the Council Tax amount owed**. If you know that the tax is correct, but have not paid it, **then you do not need to appear at the court hearing**.

Below is a list of valid reasons for disputing the amount owed in Council Tax:

1. No entry for your property exists in the 'Valuation List'.
2. The tax has not been properly set.
3. The tax has not been demanded in accordance with the law.
4. The amount demanded has been paid.
5. More than 6 years have elapsed since the day the tax first became due.
6. The tax is in respect of a 'penalty' which is subject to an appeal.
7. Bankruptcy or winding-up proceedings have been initiated through the County Court.

**An outstanding appeal against your Council Tax band is not a valid defence against the granting of a Liability Order.**

You should contact our Customer Services if you cannot pay the amount due. If you wish to come to an arrangement you must contact us before the court date. After this date the outstanding debt will be forwarded to an Enforcement Agent without further correspondence.

## **Refer to Enforcement Agent**

Once the Magistrates have granted the Liability Order, we will then identify if any of the individuals listed have a known vulnerability and review their cases accordingly. If we hold employment or benefit details, we will apply to have the money deducted at source. Otherwise we will refer the debt to Enforcement Agents and you will be contacted by them directly. At this stage additional costs will be levied by the Enforcement Agents at a level fixed centrally by Government. They have legal powers but must observe the Civil Enforcement Association (CIVEA) Code of Conduct and Good Practice. This is available on the [CIVEA website](#).

Once the debt has been passed to an Enforcement Agent any arrangements have to be agreed directly with them. The Enforcement Agents act on behalf of us to recover the debt, either by making suitable arrangements, or removing goods and selling them at auction.

If we are unaware of your forwarding address, we will forward the debt to an Enforcement Agent for tracing and collection.

Only in exceptional circumstances will we discuss your situation with the Enforcement Agent to agree a mutually acceptable repayment arrangement with them.

## **Attachment of Earnings**

Once we have been granted a Liability Order we can send an order to your employer to have deductions made from your wages. The rates are set by Government and we can apply for two separate orders concurrently.

## **Attachment of Benefits**

Once a Liability Order has been granted we can arrange for deductions to be made from a number of benefits, including and Universal Credit, Employment Support Allowance, Jobseeker's Allowance (income based), Income Support and Pension Credit. The rate of deduction is set by Government.

## **Other Avenues of Enforcement**

Each debt is carefully considered by us before proceedings begin, taking into account all known personal circumstances and reviewing your case history. It is important that you keep us informed and always supply us with the information that we ask for.

### **1. Bankruptcy (minimum debt level £5,000) or company liquidation (minimum debt level £750)**

We can commence action against you to have you declared bankrupt or have the company wound up. There are considerable costs involved in this process, which are payable by you or the company.

**Note: Your home or other assets may be at risk in such proceedings.**

### **2. Charging orders (minimum debt level £1,000)**

We may register a charge on a property for the debt to be discharged from the proceeds of its sale. We may also apply for an order that the property be sold.

### **3. Committal Proceedings**

You will be summonsed to appear before the Magistrates and if you fail to do so then the Court will issue a warrant for your arrest (backed with bail) to appear before the Magistrates Court in order that a means enquiry can be carried out. The Court will examine your 'means' and decide if the non-payment is due to 'wilful refusal' or 'culpable neglect'. The Magistrates can impose a sentence of up to 90 days imprisonment for each debt covered by a Liability Order.

## **Cost Breakdown**

### **Summons:**

Issue of a Summons and obtaining a Liability Order - £110 (from April 2024)

### **Enforcement Agent charges:**

On referral from the Council - £75

Visit - £235 (+7.5% of the value of the debt if over £1,500)

Sale of Goods - £110 (+7.5% of the value of the debt if over £1,500)

### **Committal:**

Commencement of proceedings - £315

Additional Arrest Warrants - £75

The above is not an exhaustive list and additional costs may be incurred by debtors at all stages of the enforcement process.

## **Debt Counselling Services**

As the Council does not provide a debt counselling service, we promote the following:

[National Debtline website](#) or 0808 808 4000

[StepChange Debt Charity website](#) or 0800 138 1111

[Citizens Advice website](#) or 0800 240 4420 (Relay UK - if you cannot hear or speak on the phone, you can type what you want to say: 18001 then 0800 240 4420)