

Corporate Debt Management Policy

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1. Summary

- 1.1 This policy is the 2nd of 4 policies (others being Vulnerability Policy, Debt Write Off Policy and the Welfare Policy) which combine the Council's approach to Debt Management and is aligned with the requirements of the relevant legislation.
- 1.2 It sets out how the Council will manage all of its debt and income and facilitates a fair and consistent approach to the recovery of debt across all Council services.
- 1.3 It should be noted that this policy does not extend to any income relating to the pension fund.

2.0 Context

- 2.1 This policy is designed to complement and enhance the Council's social regeneration plans.

3.0 Purpose

- 3.1 The purpose of this new policy is to provide clear guidance for all Council Officers on the recording, reporting, recovery and monitoring of the Council's debt and income.
- 3.2 All service areas must follow this procedure to ensure that the Council maximises the collection of debts and income by using a co-ordinated approach but having due regard to the customer's ability to pay. The purpose should be to maximise income to the Council. Whilst income recovery must adhere to any governing regulations e.g. Council Tax, Business Rates, the overall principle of recovery should be the efficient and effective recovery of income and debt owed.
- 3.3 This policy will also link into service specific recovery strategies which would cover the detail around the day to day process and priority.

4.0 Objective

- 4.1 The Council's debt management policy has the following objective:

To maximise all debt and income for the provision of services, Middlesbrough Council will collect all debt owing to it promptly, effectively and efficiently, while ensuring fair treatment to all debtors."

5.0 Outcome

- 5.1 The outcomes expected from this policy are to:
 - i. Set out the general principles of debt and income management across all services provided by Middlesbrough Council,

- ii. Ensure a consistent approach to the management of debts and income across the Council,
- iii. Where appropriate, aim to look at a single view of debt across the Council,
- iv. Set out provisions to assist customers to pay sums owed in a sustainable way,
- v. Ensure an individual's financial circumstances are considered on a case by case basis before enforcement proceedings are commenced,
- vi. Enable signposting of debtors to debt advice as appropriate.

6.0 Definitions

- 6.1 **Debt** is defined as a sum of money that is owed to the Council by a resident, business, customer or service user. For the purpose of this document, the use of the term debt extends to include charges and fees.
- 6.2 **Demand notices** are defined in Part V of The Council Tax (Administration and Enforcement) Regulations 1992, as the notice required to be served each financial year by the local authority, in order to collect Council Tax.
- 6.3 **Income** is defined as any monies payable to the Council excluding monies payable to the pension fund. For the purpose of this document, the use of the term income extends to include charges and fees.
- 6.4 **Invoices** are a request for payment for goods, services, property and associated fees / charges, or amounts due to the Council for payment within a specified period.
- 6.5 **"Vulnerability"** Types of vulnerability vary widely for example someone could be vulnerable by virtue of being a young person with autism living independently for the first time, to a single parent with dependent children who has recently become unemployed, to someone with a terminal illness.
- 6.6 Vulnerability can also be permanent, transient or progressive. A vulnerable person is someone who, due to their personal circumstances is especially susceptible to detriment and who by characteristics and/or circumstances, is unable to act or respond appropriately to certain circumstances. This can also be any individual who is, or may be, in need of help or support due to mental health difficulties , disability, age, illness or frailty and who are, or may be, unable to look after their home and/or their wellbeing or unable to protect themselves from harm or exploitation by others.

Age UK – "Vulnerability is not something that affects other people. Any of us, at any time may need care and support".

They define a Vulnerable Person as:-

- A child – (who is under the age of 18),
- Someone who falls beneath the classification of a 'vulnerable adult',
- Someone in a situation causing vulnerability i.e. in a 'vulnerable situation'.

As there is no clear definition, this places some ambiguity around what is considered as vulnerable. On that basis, Middlesbrough Council recognises that vulnerability can come in many forms and it can be multi layered. What is clear is that there is no absolute definition and as such each case should be considered given weight to the possibility

that any residents//customers may at some point need some element of care and support in meeting payment obligations. [Vulnerability Policy - June 2020](#)

7.0 Scope

- 7.1 This policy applies to all employees (both permanent and temporary), contractors and consultants of the Council who are given the authority to manage and collect debt and income which is owed to the Council or will be due to be owed to the Council at a later date.
- 7.2 For the avoidance of doubt this policy document applies to all debts and income of the Council.

8.0 Legislative and regulatory framework

- 8.1 Key elements of the legislative and regulatory framework for debt management are set out below.

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	Make provision for the administration and enforcement of Council Tax
Non-Domestic Rating (Collection and Enforcement) Local Lists Regulations 1989	Make provision for the collection and enforcement of non-domestic rates.
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.
Traffic Management Act 2004	Provides for the enforcement of parking, loading and waiting restrictions and processing of penalty charge notices.
Transport Act 2000	Provides for the enforcement of bus lane contraventions.
Data Protection Act 2018	Controls the lawful passing of personal data from one part of the Council to another.
The Housing Benefit (General) Regulations 1987 and Housing Benefit Regulations 2006	Sets out the legislation that governs the payment of Housing Benefit, including Housing Benefit overpayments and their associated recovery
Social Security Contributions and Benefits Act 1992	The primary legislation for most benefits in the UK
Social Security Administration Act 1992	The primary legislation for the administration of most benefits in the UK

Taking Control of Goods Regulations 2013	Provides the legislation for the taking control of goods in the UK, including the use of enforcement agents
Taking Control of Goods Regulations 2014	Make provision for recovery of fees and disbursements from debtors by enforcement agents in relation to the procedure for taking control of goods.
County Courts Act 1984	Established a single county court and its jurisdiction
Civil Procedure Rules 1998	Established the rules of Civil Procedure used by various courts in the UK
Charging Orders Act 1979	An Act to make 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	Consolidates enactments relating to company insolvency and winding up, and bankruptcy of individuals
Equality Act 2010	Is an amalgamation of previous anti-discrimination laws. It is a law which protects from discrimination of unfair treatment on the basis of certain personal characteristics such as age
General Data Protection Regulation 2016 (GDPR) and Data Protection Act 2018 (DPA2018)	The GDPR/DPA2018 place a duty on the Council to comply with the data protection principles relating to processing of personal data: (1)(a) Lawfulness, fairness and transparency; (1)(b) Purpose limitation; (1)(c) Data minimisation; (1)(d) Accuracy; (1)(e) Storage limitation; (1)(f) Integrity and confidentiality (security); (2) Accountability (including the rights of data subjects).
Freedom of Information Act (FOIA) 2000	Under the FOIA, the Council has a duty to make information available to the public upon request, unless specific exemption(s) apply. It is also obliged to proactively and routinely publish information that has been frequently requested in the past in its Publication Scheme. Information requests frequently include requests for information held in emails.
Local Government Acts 1972, 1985, 1988 and 1992, Lord Chancellor's Code of	Establishes requirements to manage records and information, and gives implied

Practice on Records Management (S46 Freedom of Information Act)	authority to share certain kinds of information with partners.
Care Act 2014 and Statutory Guidance Annex D	The Act by which the local authority is able to charge for social care support and the rules imposed on the local authority with regard to recovery of such debt.
Family Law Act 1996	An Act of Parliament governing divorce and marriage.
Safeguarding Vulnerable Groups Act 2006	An Act to make provision in connection with the protection of children and vulnerable adults.
Modern Slavery Act 2015	An Act designed to combat modern slavery in the UK.
Tribunal Courts and Enforcement Act 2007	An act which makes provision for tribunals and inquiries, particularly relating to the enforcement of judgments and debts.
Landlord and Tenant Act 1954	Contractual obligations under lease agreements for the payment of rent and other property charges.
Land and Property Act 1925	
Miscellaneous Provisions Act 1986	
Regulation of Investigatory Powers Act 2000 (RIPA)	Governs the use of covert surveillance by public bodies.

9.0 Roles and Responsibilities

Director of Finance / Chief Financial Officer	<p>Under Part 18 of the Council's Constitution, the Chief Financial Officer (Section 151 Officer) is responsible for regulating and controlling the finances of the Council and hence that person will be responsible for the proper administration of the Council's financial affairs.</p> <p>Income relating to all types of debt should be handled in accordance with the Council's Financial Procedure Rules as contained within the Council's Constitution Middlesbrough Council constitution Middlesbrough Council</p>
Head of Service – Resident and Business Services	Overall responsibility for the delivery of the Revenues and Benefits and Centralised Collection Services and the Policy Owner.
Other Heads of Service	Where appropriate, Heads of Service have responsibility for the raising and recording of debts and income in relation to Services they manage.

Records Manager	Responsible for the development and implementation of the corporate Records Management Policy and Retention Schedule. Will liaise with the Data Protection Officer.
Service Delivery Manager / Strategic Business Managers / Support Services Manager.	Where appropriate, responsibility for overseeing day-to-day compliance with this policy and the standards set out within it by their staff and other personnel they manage or commission.
All staff, contractors, consultants, interns and any other interim or third parties	Responsible for compliance with this policy.
Data Protection Officer	Responsible for provision of advice and guidance to the Council on its obligations in relation to data protection.
Valuation and Estates Team	Responsible for the letting, estate management, acquisition and disposal of the Council's land and property assets.

10.0 Supporting policies, procedures and standards

10.1 The following policies, procedures and standards will be implemented across the Council to ensure that the Council's debts are managed effectively and securely.

Debt Write Off Policy	This provides a framework for the consistent management of uncollectable debts.
Welfare Policy	This provides a framework for a joined up approach to a holistic welfare advice and support service for all relevant residents who owe a debt.
Data Protection Policy	This summarises the Data Protection Policy position of Middlesbrough Council and how it will comply with legislation, and associated codes of practice and official guidance in relation to the processing of personal data.
Records Retention Schedule	This defines how long different records should be retained to comply with legal, regulatory or other requirements and the proper arrangements for archiving and destruction.
Records Management Policy and supporting procedures	This provides a framework for ensuring that the Council's records are well kept and that the systems used to hold them are fit-for-purpose.
Information Security and Infrastructure Security Technical Policies	These set out policies and standards for the management and maintenance of the

	security of Council infrastructure and applications.
Vital Records Standards	This sets out how vital records will be identified and the steps to be taken to ensure their protection and preservation.
Vulnerability Policy	Intended for use by Middlesbrough Council employees when engaging with residents/customers where payment of a collectable debt is being considered.
Stop the Knock approach	A solution designed as a 'helping hand' to support customers who are experiencing difficulties in meeting payment obligations.

11.0 Debts to Which The Policy Applies

11.1 For the avoidance of doubt this policy document applies to all debts and income due to the Council including but not limited to the list below, and include any other debts across the Council:

- Council Tax,
- Business Rates,
- Overpaid Housing Benefit,
- Rents, service charges and insurance,
- Sundry Debts (incl. licensing, fees, statutory notices, subscriptions, etc.),
- Car parking,
- Recovery of enforcement costs,
- Adult Social Care,
- Charging for discretionary services or any money due to the Council under terms of an agreement to pay for goods, services or property.

12.0 General Principles

12.1 The general principles adopted in this policy are as follows:

- To ensure a professional, consistent and timely approach to income / debt recovery action across all of the Council's functions,
- Where Data Protection legislation allows, promote a coordinated approach towards sharing debtor information internally and managing multiple debts owed to the Council,
- Where multiple debts are owed to the Council, where possible, interaction should be kept to a single point, to avoid multiple officer engagement with the same customer / business / resident,
- To raise a debt in a timely and accurate manner,
- Where appropriate to do so, seek payment in advance for a service,
- The preferred method of payment is by electronic means and where possible direct debit,

- To improve the speed of collection and the levels of income collected by the Council,
- To ensure that debts are managed in accordance with legislative provisions and best practice,
- To consider the impact on the debtor / charge payer of the consequences of any recovery options pursued, including their mental wellbeing and the proportionality of these, noting in particular the Council's Stop the Knock approach, and Breathing Space regulations,
- To try and protect customers from undue financial hardship by ensuring realistic payment arrangements are agreed upon,
- Where appropriate, to encourage the debtor to make contact with relevant organisations for debt management advice (i.e. CAB),
- To differentiate between the debtor who won't pay, and the debtor who can't pay, and take appropriate action in either case,
- Ensure that any steps taken to recover debt / income are in line with the Council's corporate policies on surveillance and data protection, and to ensure compliance with RIPA and GDPR legislation.

13.0 Delivering the policy

13.1 Delivering the policy involves a number of processes which are explained in more detail in Appendix 1 below:

- Raising of invoices / demand notices,
- Methods of Payment,
- Refunds and reversals,
- Collection, Recovery and Enforcement,
- Social Inclusion – the ability to pay,
- Welfare Support,
- Bad Debt Provision,
- Writing debts off.

14.0 Invoices / Demand Notices

14.1 Where appropriate to do so, invoices / demand notices should be sent to customers wherever possible. Information such as e-mail addresses / telephone numbers (contact information) should be captured in all instances.

14.2 When charging for goods and services, the Council will aim to raise the invoice within 5 working days and no more than 10 days of delivering the service or goods or of the commencement of the period where service covers a period of time. This excludes property related fees where rent is payable upon occupation (unless otherwise specified).

14.3 For demand notices (i.e., Council Tax / Business Rates), documentation will be issued in line with legislation and prescribed guidance.

- 14.4 All invoices / demand notices raised will as a minimum bear the Council logo, contact details, details and period of debt and methods of payment. Online and direct debit / card payment will be promoted. Where legislation requires additional information to be provided with the invoice / demand notice, this will also be included.
- 14.5 All invoices / demand notices will have a unique reference and / or barcode so that the customer is able to quote the appropriate document number(s) to enable their account(s) to be accessed and credited quickly and accurately.
- 14.6 The supporting documents relating to an invoice / demand notice must be made readily available to Resident and Business Support Services as and when requested. All documentation relating to an invoice / demand notice will be kept either in paper or scanned image format in accordance with the Council's policy which is to hold supporting documents for a period of up to 6 years.
- 14.7 The Council's Corporate Retention policy in full can be found at the following link. [Records retention | Middlesbrough Council](#)

15.0 Monies Owed to the Council

- 15.1 Before providing requested goods or services to a company / organisation which amount to more than £50,000 for which payment will be invoiced, officers must carry out internal checks to ensure that no other monies are outstanding in arrears to the Council, and where they are the arrears should be settled in advance of the provision. In addition, a credit check and / or company search to establish the financial standing of the organisation (excluding public sector bodies) should be made, and if concerns are raised a payment in advance should be sought, NB – if necessary the threshold figure of £50,000 may be reduced.
- 15.2 New contracts should not be entered into with companies / organisations (excluding public sector bodies) where it is known that they or associated companies / organisations owe sums in arrears to the Council, (unless exceptional circumstances apply, or procurement rules require entering into such contract) until such debt is settled.
- 15.3 The Council will retain or offset sums owed to it by any company / organisation before providing goods and services (or vice versa). A contractual provision will be placed in all new contracts from 1 August 2021, and will be inserted as follows:

The Authority may retain or set off any sums owed to it by any company / organisation which have fallen due and payable against any sums due to the company / organisation under any agreement pursuant to which the company / organisation or any associated company / organisation provides goods or services to the Authority, or vice-versa. This to be a contractual provision in all contracts going forward.

16.0 Methods of Payment

16.1 The Council will promote the use of Direct Debit as a preferred payment method, maximising the use of this wherever possible. It will discourage the use of cash and cheque, by persuading customers to use electronic methods of payment.

16.2 All Invoices / demand notices will include information on how and where payments can be made i.e., listing the various options we offer, for example:

- BACS / Standing Order,
- Paypoint,
- Card Payments – debit / credit,
- At Post Offices using barcodes,
- Internet payments / automated payment line.

16.3 Customers may request an instalment arrangement for debts which will be considered by the relevant service. The instalment amount offered and frequency of the payments will be based on an assessment of the financial circumstances of the customer. The default payment option will be Direct Debit for payment arrangements.

17.0 Collection, Recovery and Enforcement

17.1 The collection of income in respect of invoices / demand notices raised must follow a standard course, which fully documents the efforts made to settle the debt, although it is recognised that certain debts such as Council Tax and Business Rates will have a more regulated period for recovery (see Appendix 1).

17.2 Standard processes include:

- Invoices raised in respect of services delivered are normally due for payment within 14 days. The Council may exercise discretion and extend, where appropriate to do so, to 28 days (depending on the service),
- If no payment is received, recovery activity will commence within a period between 14 and 28 days from the issue of the invoice (depending on the service),
- Where debts in respect of services provided remain unpaid after the first reminder, where appropriate a second debt notice is raised and the provision of further services may cease until the debt is paid,
- If no payment is received within 10 days of the reminder letter, a final demand will be sent,
- If no payment is received within 7 days, further recovery action will be initiated which may include legal proceedings and / or referral to debt collection agencies.

17.3 Where legislation permits, the Council will seek to levy and recover all costs/fees that are legitimately due to the Council or its agents.

17.4 The Council will appoint / review the enforcement agencies to be used in respect of the collection of debt that remains unpaid. Cases will be selected following the undertaking of the necessary checks to determine suitability, with only approved agencies being used.

17.5 Where it is appropriate to do so, all debts will be taken into consideration when referring the debt for legal recovery. Where multiple debts are owed the Council will endeavour to consolidate those debts before taking recovery action.

17.6 Enforcement options are dependent on the debt and any governing legislation, options can include (although not limited) to 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,
- Initiating bankruptcy proceedings,
- Legal proceedings,
- Committal proceedings to prison for unpaid Council Tax,
- Third Party Debt Orders.

17.7 The Council will always consider vulnerability of the debtor, and breathing space legislation (or anything similar) when considering enforcement of debt.

17.8 Where suitable, the Council will use third party products or alternative remedies to engage with customers and secure payments.

18.0 Use of Third Party Products

18.1 To support the collection of debt and to trace debtors, the Council will use third party options such as:

- Search hubs for tracing debtors and tackling fraud,
- Engagement technology to contact debtors by telephone,
- Use of text or e-mail technology as well as social media channels,
- Land registry / other data platforms,
- National Fraud Initiative (NFI).
- Credit reference agencies.

18.1 The above list is not exhaustive and alternative options may be utilised.

18.2 When using third party products, the Council will comply with the Data Protection legislation, and the Council's surveillance policy.

19 Multiple Debts Owed to the Council

- 19.1 Where the Council is made aware that a debtor owes multiple debts to the Council and unless the debtor advises to the contrary, debts will be considered in a priority order, to avoid the customer going to prison for non-payment, or any other serious consequences. Priorities are set out at 21, below. The Council may choose to split any payments received across multiple debts, based on a percentage or other method of allocation.
- 19.2 It is recognised that in the absence of a system which provides a 'Single View of Debt' that this will be difficult to establish if the information is not voluntarily given by the debtor. The Council will take all reasonable steps to identify where customers have multiple debts, and respond to the debt position by taking all the debt together and dealing with it as one single interaction with the customer.

20 Credits on Accounts

- 20.1 Where accounts are in credit of £200 or more, internal checks against all outstanding debts will be undertaken to ensure no other debt is owed to the Council for any other goods or services provided, and where appropriate to do so, offset any credit against the outstanding debt before making any refund.
- 20.2 Credits within different funding streams will be transferred where another debt exists. After offsetting, only any remainder will be refunded.

21 Priority of Debt

- 21.1 When recovering debt, the Council will consider the importance of paying priority debts over non-priority debts. Priority debts are considered those where non-payment could lead to serious consequences, such as loss of a home or imprisonment.
- 21.2 In addition, consideration will also be given to the size of the debt, and the financial impact of the collection of such debts on the Council's overall financial position. As a general guide, our priority will be:

Collection Fund

- Council Tax,
- Business Rates,

Non-Collection Fund

- Overpaid Housing Benefit,
- Adult Social Care,
- Rents, service charges and insurance,
- Other Sundry Debts,
 - Car parking,

- Recovery of enforcement costs,
- Licensing, statutory notices, subscriptions, etc.

21.3 When a debtor is also a supplier to the Council, the Council will seek to offset any overdue debts owed to the Council from the monies owed to the supplier. All new supplier contracts from 1 August 2021 should include a clause clarifying this right (see above).

22 Social Inclusion – Ability to Pay & Vulnerable Residents

22.1 Ability to pay is a paramount concern when considering debt recovery. A person's vulnerability should also be taken into account, and this policy should be read in conjunction with the Council's Vulnerability Policy and 'Stop The Knock' approach.

22.2 Middlesbrough Council has a statutory obligation to recover debts / income due. Whilst we will make all reasonable endeavours to identify those residents / customers who may be vulnerable, this can only be achieved when residents / customers interact with the relevant service. Middlesbrough Council are only able to base decisions on what is known and what can lawfully be shared between our services. There may be instances where residents / customers who are vulnerable are not identified. On that basis, actions will continue in line with the process appropriate to the debt. Should it become apparent that a vulnerability exists, additional reasonable and proportionate steps will be introduced at that stage to support the resident / customer.

22.3 For identified vulnerable customers, where reasonable to do so, we will:-

- Support them to agree the best method of recovering outstanding monies and the easiest way for them to pay,
- We will update their account with any information they provide to us to aid us with dealing with any vulnerabilities they may have that are influencing their ability to meet their payment obligations,
- We will carefully consider their circumstances before taking any action,
- Where further action is necessary, if contact has not been maintained, we will aim to make an appointment with them before progressing with any next steps,
- We will adapt our processes if we are aware that someone is vulnerable to minimise any hardship or distress,
- We will carefully explain our processes and decisions and aim to keep them fully informed,
- We will signpost them to any help and advice, which is available.

22.4 Please refer to the Council's full [Vulnerability Policy](#) and [Stop The Knock Report](#) for further information.

22.5 For all other customers, a standardised "income and expenditure" form will be used to ensure that collection officers can ascertain a customer's total income and expenditure, and agree a consolidated affordable payment, which will clear all overdue sums in an appropriate period of time.

22.6 Staff will promote the services of qualified debt advisers i.e. Citizens Advice Bureau, National Debt-Line, Neighbourhood Advice Centres, Money Advice Service (MAS) etc.

22.7 In addition, as part of the Council's Stop the Knock approach, we will (where applicable):

- Conduct a Benefit entitlement review, to maximise take up, supporting those customers to claim where they are not able to do so,
- Provide support to help with shortfalls in rent through the Discretionary Housing Payment scheme,
- Consider emergency assistance through the Community Support scheme,
- For multiple debts – signpost to debt advice services and consider consolidated debt solution, supported by Welfare Rights,
- Link in with other Council services/other organisations through data sharing agreements to access difficult to reach client groups,
- Signpost to a consolidated advice and support web page, which has been designed by Revenues and Benefits Services. This page holds valuable information of where to go for help with:-
 - Debt Advice,
 - Help with Gas and Electric,
 - Rent and Council Tax Support,
 - Free School Meals and Foodbanks,
 - Housing Support and Money Advice,
 - Health and Wellbeing.
- Reduce the level of costs charged for those customers that take steps to self-help.
- In exceptional cases, if financial circumstances mean there is an inability to pay and if residents are accessing self-help options (i.e. routes to work, access to learning etc.), options to reduce the debt using the Council's hardship provision may be considered.

22.8 Work closely with the Tees Valley Routes to Work team to help residents identify any barriers to finding employment. Income relating to all types of debt should be handled in accordance with the Council's Financial Procedure Rules as contained within the Council's constitution [Middlesbrough Council constitution | Middlesbrough Council](#)

23 Welfare Support

23.1 The Council will provide a joined up approach to a holistic welfare advice and support solution for all relevant residents who owe a debt.

23.2 Support will include (but is not limited to):

- A full review of the case including payment resolution,
- Support through the Discretionary Housing Payment process (where applicable),
- A financial Health Check including advice on Benefit take up,
- A full review of existing debt (including responding to payment problems / reducing the amount to pay if possible),
- Engagement with the Stop the Knock approach,
- Referrals to Food Bank and other food related initiatives,
- Crisis Support & white goods provision.

23.2 For a full overview of Welfare Support, please refer to the Council's full welfare policy – [Welfare Strategy | Middlesbrough Council Open Data \(arcgis.com\)](#)

24 Bad Debt Provision

24.1 The Director of Finance (Section 151 Officer) in conjunction with Heads of Service must ensure there is adequate provision for Bad Debts, in accordance with 'CIPFA Code of Practice on Local Authority Accounting in United Kingdom – A Statement of Recommended Practice'.

24.2 Debts where a bad debt provision has been assigned should be appropriately reviewed on a timely basis with effective recovery methods applied. Where debts are not recoverable, suitable evidence should be provided to progress the case / debt to write off.

24.3 A separate bad debt provision is held for each service area so that any increase required in the provision will be charged to the service area concerned. Conversely, if the debt for which a bad debt provision is paid then the provision for that debt will be credited back to the relevant service area.

24.4 Please refer to debt Write off policy for further information on bad debt and write offs. [Corporate Write Off Policy 2022 \(arcgis.com\)](#)

25 Writing Debts Off

25.1 Writing off of debt should be handled in accordance with the Financial Procedure Rules as contained within the Council's constitution [Middlesbrough Council constitution | Middlesbrough Council](#)

25.2 Adult Social Care debt write offs must be carried out in accordance with Annex D of the Statutory Guidance to the Care Act 2014.

25.3 Please refer to the Council's Corporate Debt Write Off policy which also includes the Debt Write off form. [Corporate Write Off Policy 2022 \(arcgis.com\)](#)

26 Breathing Space

26.1 The Breathing Space scheme, originally outlined by Government in February 2020 following campaigning from the debt advice and wider sector, went live on 4 May 2021.

26.2 The 60-day breathing space period will see enforcement action from creditors halted and interest frozen for people with problem debt. Council debt management processes have been amended to share breathing space details and accommodate the breathing space process into internal procedures. [Debt Respite Scheme \(Breathing Space\) Regulations 2020](#)



27 Monitoring and Review

27.1 The implementation and effectiveness of this policy and its supporting procedures will be checked and monitored by the Head of Service and associated management team.

27.2 The policy is subject to a 3 yearly review.



	Regulated Recovery process	Legislation	1 st Reminder	2 nd Reminder	Final Demand
Miscellaneous Debts	No		21 days after invoice due date	N/A	28 days after invoice due date
Council Tax	Yes	Local Government Finance Act 1988 and 1992: Council Tax (Administration and Enforcement) Regulations 1992	7 days after due date	7 days after due date	If no response to the 1 st or 2 nd Reminder, a Final Reminder is Issued.
Business Rates	Yes	Local Government Finance Act 1988 and 1992: Non- Domestic Rating (Collection and Enforcement) Local Lists Regulations 1989	7 days after due date (called a further notice)	N/A	7 days after due date (called a reminder letter)
Housing Benefit Overpayments	Yes	The Housing Benefit General Regulations 1987 and 1992	20 days after invoice	N/A	10 days after 1st reminder
Fines / Excess Charges – Public Spaces Protection Order	No		14 days after issue of the fine (fine can be increased to £50 if unpaid)	N/A	14 Days after fine has been increased
Fines / Excess Charges – environmental offences	No		7 days after issue of the fine	N/A	14 days after issue of the fine.
Rents, service charge and insurance	No		21 days after invoice due date	N/A	28 days after invoice due date

Car Parking	Yes	Traffic Management Act 2004	Penalty Charge Notice issued for either £50, £60 or £70 depending on contravention type – Discounted by 50% if paid within 14 days	Notice to Owner (NtO) document sent by post if penalty charge notice remains unpaid for 28 days i.e. NtO sent to inform that the full	If payment is not received 28 days after NtO a Charge Certificate will be issued and the penalty increases by 50%.
Adult Social Care	Yes	Care Act 2014 and Statutory Guidance Annex D	7 days after invoice due date – reminder issued to service area. Telephone call to service user 7 days after reminder issued. Liaise with Social Worker / Legal Services regarding mental capacity / possible Safeguarding issues.	Ongoing discussions with Social Work staff / families. Home visit with other professionals offered. Explore alternative methods of managing finances / referral to Estates.	14 days after invoice due date – final notice sent to service area. Telephone call to service user 7 days after final notice issued. Final notice only sent once 2 nd Reminder stage complete.