

COUNCIL TAX AND BUSINESS RATE DEBT COLLECTION – ADOPTION OF COUNCIL TAX PROTOCOL

Executive Summary

The Council meeting on 3 December 2020 supported the following Motion:

“While the importance of collecting unpaid Council Tax and Business Rate debt is fully appreciated this Council requests that Officers:-

- 1) act compassionately with residents and businesses during these COVID times and provide flexibility in making suitable payment arrangements that reduce the risk of severe hardship; and
- 2) consider the adoption of the CAB Protocol (link below) or similar and report thereon to a future meeting of the Executive.

This motion be considered in this meeting today (3rd Dec 2020)

CAB Protocol

<https://www.citizensadvice.org.uk/Global/CitizensAdvice/campaigns/Council%20Tax/Citizens%20Advice%20Council%20Tax%20Protocol%202017.pdf>

- (3) promote the need for those struggling to contact the Council at the earliest opportunity.”

The Council's current recovery procedures are consistent with the CAB Protocol and statutory processes and more up to date where the regulations have changed since the Protocol was published. Review of the Protocol identifies two areas where improvements could be made which relate to more regular partnership working with Citizens Advice Woking and further promotion of Citizens Advice Woking as a debt advice service.

The government is introducing a new debt respite scheme, 'Breathing Space', which will come into force from 4 May 2021. This will provide creditors with either 60 days or 90 days (most vulnerable debtors) protection from recovery action. This will include pausing most enforcement action, contact from creditors and freezing most interest and charges on their debts. The Council will need to take a corporate approach to any debts which are notified as qualifying for 'Breathing Space'.

Recommendations

The Executive is requested to:

RESOLVE That

- (i) the Council adopts the CAB/LGA Protocol;
- (ii) the Council works with Citizens Advice Woking to strengthen partnership working and signposting of debt advice;
- (iii) any necessary changes to Council procedures to comply with the new government 'Breathing Space' scheme are

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implemented by 4 May 2021; and

- (iv) following the introduction of 'Breathing Space', debt recovery policies are reviewed and any necessary changes recommended to Council for adoption.

Reasons for Decision

Reason: To adopt the CAB/LGA Collection of Council Tax Arrears Good Practice Protocol.

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| The Executive has the authority to determine the recommendation(s) set out above. |
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Background Papers: None.

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1.0 Introduction

- 1.1 The Covid pandemic has increased the financial pressures on personal and business finances, in some cases resulting in difficulties meeting debts during 2020/21.
- 1.2 The Council has always taken a compassionate approach to taxpayers experiencing difficulty and offers flexibility and payment plans where taxpayers require them.
- 1.3 The Council has published debt recovery policies, attached as Appendix 1, which set out the steps may be taken in recovery of debts. National regulations set the statutory Recovery and Enforcement procedures.

2.0 Approach during the Covid Pandemic

- 2.1 During the Covid pandemic the Council stopped all recovery for the first 3 months of the charge year (April, May, June) and invited charge payers to make payment arrangements, apply for benefits, or apply for support grants.
- 2.2 The Government has provided a number of support payments for Council Tax payers and Businesses during the current crisis. £505k of additional Council Tax support applied to those Council Tax payers. £27m in Business Rates relief, including £19m specific to Covid, plus over £20m in Business Grants distributed to date.
- 2.3 At the end of February 2021 96.24% of £83.6m Council Tax due had been collected (96.92% of £81.6m in 2020), 93.27% of £29.5m Business Rates have been collected (96.01% of £48.5m in 2020).
- 2.4 Provided payment arrangements have been kept to, no recovery action has taken place. The initial statutory reminder has only been issued where charge payers with arrears have failed to make contact with the Council to make a payment arrangement or where they have failed to keep to payment arrangement previously agreed. At all stages of recovery, up to and including obtaining a Liability Order from the magistrate's court, charge payers are advised to enter into payment arrangements with recovery staff and not just ignore recovery correspondence.
- 2.5 The Council did not apply for any Liability Orders from the magistrates court until December, a process which would normally happen a number of times each year starting in April. As set out in the recovery policy, other recovery options (e.g. Attachment of benefit/Earnings) will be considered after obtaining a liability order before considering sending to an Enforcement Agent.
- 2.6 As in any normal year, it is only as a last resort that debts will be passed to Enforcement Agents (Bailiffs). They must have been through the full recovery process from first reminder to obtaining a Liability Order before this can done to comply with the Enforcement regulations. If they are used Enforcement Agents are instructed to enter into payment arrangements with debtors where possible, and provided these are kept too no enforcement will take place.

3.0 Citizens Advice Bureau (CAB) Protocol

- 3.1 The CAB/LGA Protocol is attached as Appendix 2 and sets out recommended practices for the recovery of Council Tax arrears considering the following areas:
 - Partnership Working
 - Information
 - Recovery

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3.2 This protocol was originally published in June 2017. In some areas the guidance and regulations have changed and the Council complies with the most up to date requirements. Appendix 3 sets out the Council position against each area. Where they remain appropriate, the Council processes, current policies and approach meet all of the recommended practices in the Recovery section. Two areas of improvement have been identified in the Partnership Working and Information sections:

- Closer partnership working with the CAB through regular meetings to share practical and policy issues, training and best practice.
- Improved signposting of debt advice through the CAB included on the Council's website.

3.3 It is recommended that the Council adopt the protocol and implement the actions above.

4.0 Debt Respite Scheme 'Breathing Space'

4.1 The government is introducing the Debt Respite Scheme (Breathing Space) which will come into force on 4 May 2021. This will provide someone with a problem debt with the right to legal protection from their creditors for either 60 days or 90 days (most vulnerable debtors).

4.2 If notified that a debt owed to the Council is in a breathing space, all action related to that debt must be stopped and the protections applied. The protections stay in place until the breathing space ends.

4.3 The breathing space can only be started by a debt advice provider who is authorised by the Financial Conduct Authority (FCA) to offer debt counselling (or a local authority (where they provide debt advice to residents).

4.4 The Council will need to take a corporate approach to ensure that all debts owed to the Council are notified to the debt advisor and protections applied where appropriate.

5.0 Statutory duty to Collect Debts

5.1 All Councils have a duty to collection Council Tax & Business Rates under the national scheme regulations.

5.2 Income collected from Council Tax goes to fund local services provided by Surrey County Council, Surrey Police and Woking Borough Council, if the Council does not enforce collection then services provided by these bodies will be reduced. Income collected from Business Rates goes to Central government with a proportion coming back to Councils.

5.3 The Council has to balance its statutory duty to collect Council Tax and Business Rates against the impacts of the pandemic. The Council acts in a reasonable and responsible manner in its recovery actions against debtors particularly during this difficult time, following the statutory process but responding positively when flexibility has been required.

6.0 Implications

Financial

6.1 There are no financial implications.

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Human Resource/Training and Development

- 6.2 Training on particular issues and changes in debt recovery processes is provided when required. This can include joint training with Citizens Advice Woking where appropriate in future.

Community Safety

- 6.3 There are no community safety issues.

Risk Management

- 6.4 There are no risk management issues.

Sustainability

- 6.5 There are no sustainability issues.

Equalities

- 6.6 There are no equalities issues.

Safeguarding

- 6.7 There are no safeguarding issues.

7.0 Consultations

- 7.1 There have been no consultations on this report.

REPORT ENDS