**Council Tax Debt Recovery Policy**

**1) Introduction**

The Council will undertake billing and recovery of unpaid Council Tax in accordance with the Local Government Finance Act 1992 and the Council Tax (Administration and Enforcement) Regulations 1992. This process includes the service of a bill, reminder notice and an application for a Liability Order.

Once a Liability Order has been granted the Council will serve a Liability Order notification on the debtor, which will include a request for information in relation to the debtor’s circumstances (a “Regulation 36” notice).

The Council’s recovery process will cease if the council tax payer:-

1. pays the debt in full (including costs)
2. agrees (and adheres to) a payment arrangement with the City Council

It is important that the Council utilises the available statutory recovery options to ensure that a culture of non-payment does not develop within the borough and that Council Taxpayers that pay their Council Tax are protected from future increases in Council Tax caused by other Council Taxpayers not paying.

**2) Post Liability Order Recovery Options**

Once a Liability Order has been granted the Council has the ability to choose to undertake any of the following recovery options :-

* To instruct bailiffs
* To attach benefits
* To attach earnings
* To apply for a Charging Order
* To seek to have the Council Taxpayer made bankrupt
* To seek to have the Council Taxpayer (if a company) compulsory wound-up
* To seek the Council Taxpayer’s committal to prison (there must have previously been an unsuccessful bailiff action)

The Council will consider each case on its own merits based on the information available.

**Key Considerations**

The following key considerations will be taken into account by the City Council when determining the recovery action to be undertaken:

**Instruction of bailiffs**

This is likely to be the default recovery method if the debtor has not contacted the Council or returned the “Regulation 36”form.

**Attachment of benefits**

This method of recovery is only available if the Council has been advised that the Council Taxpayer is in receipt of a benefit payment which can be subject to an attachment.

**Attachment of Earnings**

This method will only be available if the Council has been advised of the Council Taxpayer’s employment details (e.g. through the Regulation 36 form).

**Compulsory winding-up of a company**

This action can only be taken where the Council Taxpayer is a limited company and will normally only be initiated after the Council’s bailiff has confirmed that they are unable to collect the debt.

**Charging Order**

This option is likely to be chosen where the Council has been informed, or has become aware, that the Council Taxpayer has a freehold or leasehold interest in their property. In deciding whether to utilise this option the Council will consider any existing charges held against the property. Once a Charging Order has been obtained the Council can decide to seek an Order for Sale.

Before commencing this action the Council will consider the circumstances and vulnerability of any occupants of the property and will have undertaken the following actions:

* + Sent a “Pre-Charging Order” letter to all known addresses for the debtor with a further Regulation 36 form.
  + Checked the Electoral Roll
  + A senior officer will have reviewed all previous communications relating to

the debtor and the debt. This will include a check for any outstanding

Council Tax discount/exemption or Council Tax Benefit applications.

* + Where possible, undertaken enquiries with the managing agents or freeholders regarding the state of the property etc.
  + Attempted to visit the property (either by a Council officer or by the Council’s bailiffs)
  + Contacted the Council’s Adult Social Services to determine any known vulnerability issues

**Committal to Prison**

This action can only be undertaken where the Council’s bailiff has confirmed that they are unable to collect the debt. This action is unlikely to be chosen where the Council is aware that the Council Taxpayer owns their property or has assets that could be subject to a Charging Order or Bankruptcy action.

Before commencing this action the Council will consider the circumstances and vulnerability of any occupants of the property and will also have undertaken the following actions:

* + Sent a Means Enquiry letter to the debtor with a further Regulation 36 form.
  + A senior officer will have reviewed all previous communications relating to

the debtor and the debt. This will include a check for any outstanding

Council Tax discount/exemption or Council Tax Benefit applications.

* + Reviewed all contact and evidence regarding wilful refusal or culpable neglect
  + Checked the Electoral Roll
  + Attempted to visit the property (either by a Council officer or by the Council’s bailiffs)
  + Contacted the Council’s Adult Social Services to determine any known vulnerability issues.

**Bankruptcy**

Where a debtor is unable to pay their debts they are insolvent. Before commencing this action the Council will consider the circumstances and vulnerability of any occupants of the property. The commencement of bankruptcy proceedings will be considered based on the information available to the Council, including:

* + The Council’s knowledge of property/assets owned by the debtor
  + The known circumstances of the debtor, including any vulnerability issues
  + The anticipated costs / impact of a bankruptcy action for the Council and for the debtor when compared with the effectiveness of the other potential recovery options.

The Council will also have undertaken the following actions:

* + Sent a “pre-bankruptcy warning” letter with a further Regulation 36 form
  + Attempted to visit the property (either by a Council Officer or by the Council’s bailiffs).
  + Contacted the Council’s Adult Social Services to determine any known vulnerability issues
  + A senior officer will have reviewed all previous communications relating to the debtor and the debt. This will include a check for any outstanding Council Tax discount/exemption or Council Tax Benefit applications.
  + Checked the Electoral Roll

**Recording the determination**

The Council will keep a record of the rationale for choosing the relevant recovery action, where the chosen action is one of the following:-

* Charging Order
* Bankruptcy
* Compulsory Winding-up
* Committal to prison

The Council will also record the outcome of each of these recovery actions.

**Pre Action Protocol October 2017**

The protocol does not apply to the collection of council tax as statutory procedures take precedence however it is the Council’s aim to comply with the spirit of the protocol by waiting 30 days before initiating proceedings and by sign posting council tax payers to organisations that offer free, impartial and non-judgemental advice.

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