



# Corporate Debt Policy

Guidelines for the Collection of  
Non-Domestic Rates, Council Tax,  
Housing Benefit Overpayments,  
and Sundry Debts

*Document Control*

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*This is a live document effective from the issue date. It supersedes any previous version of this document, which are now withdrawn.*

*This policy will be reviewed, as a minimum, on an annual basis. However, consideration should be given to reviewing the policy should there be any changes in legislation or guidance. The policy/procedure owner will ensure the document is reviewed as stated.*

# CONTENTS

1. SUMMARY.....	4
2. OBJECTIVES .....	5
3. OUTCOMES .....	5
4. DEBTS TO WHICH THIS POLICY APPLIES .....	6
5. PRIORITISING DEBTS.....	7
6. SOCIAL INCLUSION AND VULNERABILITY.....	7
7. ENFORCEMENT ACTION THAT CAN BE TAKEN.....	8
8. ALTERNATIVE ACTION TO ENFORCEMENT ACTION.....	10
9. BREATHIING SPACE .....	11
10. OMISSION, EVASION AND FRAUD.....	11
11. REVIEW AND CONTINUOUS IMPROVEMENT.....	12
12. MEASURING PERFORMANCE .....	12
13. COMPLAINTS, DISPUTES, MISTAKES AND FEEDBACK .....	12
14. PROVISION FOR WRITE-OFF .....	13
15. WITHDRAWING SERVICES.....	13
16. DATA PROTECTION .....	13

## 1. SUMMARY

- 1.1 This policy sets out a clear framework on how Tameside Council will collect debt by using the **BEST** approach:

**Balanced** – recovery practices that weigh the Council’s duty to collect public funds against an individual or businesses capacity to pay. Ensuring consistency across cases while allowing discretion for personal circumstances; avoiding a “one-size-fits-all” approach with decisions informed by both financial risk and social equity; applying proportionate recovery action, not too lenient to encourage avoidance, nor unduly punitive.

**Ethical** – recovery that is fair, transparent, and aligns with public sector values of integrity and accountability. Adhering to legal frameworks and avoiding misleading or coercive tactics. Respecting customers dignity and rights, and providing clear explanations, appeal rights, and access to impartial advice.

**Supportive** – recognising that falling into debt is linked to financial vulnerability, offering tailored assistance to help customers recover, not just repay. Actively identifying vulnerability and signposting to help, budgeting advice, welfare rights and discretionary relief. Allowing realistic and sustainable repayment terms based on assessed affordability, keeping communication open, respectful and non-judgmental.

**Timely** – pursuing payment without undue delay to protect public funds and reduce stress and uncertainty for the customer. Intervening at an early stage to prevent arrears escalating; following clear timelines for notices and enforcement so people know what to expect; reviewing old debts for recovery potential, hardship status or write-off.

- 1.2 The Council has a legal duty to ensure cost-effective billing, collection, and recovery that complies with relevant legislation, which includes, but is not limited to, the following:

- Administration of Estates Act 1925
- Charging Orders Act 1979
- Civil Procedure Act 1997
- County Courts Act 1984
- Equality Act 2010
- Housing Benefit Regulations 2006
- Insolvency Act 1986
- Landlord and Tenant Act 1954
- Landlord and Tenant Act 1985
- Late Payment of Commercial Debts (Interest) Act 1998
- Limitation Act 1980
- Local Government Act 2003
- Local Government Finance Act 1988 (as amended)
- Local Government Finance Act 1992 (as amended)
- Magistrates' Court Act 1980
- Social Security Administration Act 1992
- The Taking Control of Goods (Fees) Regulations 2014
- The Tribunals, Court and Enforcement Act 2007
- Taking Control of Goods (National Standards) 2014
- Taking Control of Goods Regulations 2013
- The Civil Procedure Rules 1998
- The Council Tax (Administration and Enforcement) Regulations 1992
- The Equality Act 2010
- The Late Payment of Commercial Debts Regulations 2013
- The Non-Domestic Rating (Collection and Enforcement) (Local Lists) Regulations 1989

1.3 The collection of council tax and business rates is a statutory responsibility of the Council. The collection of other debt types, whilst not a statutory requirement, is an important fiduciary duty in maintaining and maximising the Council's main revenue streams thereby ensuring effective financial management, fundamental to being able to fund the services the Council provides.

## 2. OBJECTIVES

- 2.1 To set out the general principles of debt management across all services provided by the Council.
- 2.2 To seek payment in advance for a service being provided where possible and make it easy for customers to pay.
- 2.3 To raise debt/invoices and collect those due to us in a timely manner.
- 2.4 To identify and assist those who face difficulties in paying at an early stage and to actively encourage them to contact us to help to reduce the effect of debt.
- 2.5 To ensure that where customers cannot pay their debt that we consider their individual

circumstances and act on a case-by-case basis.

- 2.6 To signpost potential debtors to advice agencies and other sources of support and do everything possible to encourage them to use them.
- 2.7 To have clarity in the enforcement action process and ensure that customers know their obligations and potential consequences of not paying.
- 2.8 To recover and enforce debts in accordance with relevant legislation and guidance and in a proportionate, consistent and fair manner.

### 3. OUTCOMES

- 3.1 The outcomes expected from this Policy are to:
  - a. ensure a consistent approach to the management of debts across the Council and that appropriate action is taken depending on individual circumstances and whether the customer cannot pay or is a deliberate non-payer.
  - b. prevent debt where possible through excellent customer care and providing ongoing support where relevant.
  - c. reduce debt that is owed to the Council.
  - d. take timely, proportionate and consistent enforcement action where debtors choose not to pay debts.
  - e. set out provisions to assist customers where appropriate to make payment agreements relevant to their individual circumstances.
  - f. ensure individuals financial circumstances are considered on a case by case basis before enforcement proceedings are commenced.

### 4. DEBTS TO WHICH THIS POLICY APPLIES

- 4.1 This policy relates to all debts owed to the Council including (but not limited to):
  - a. Council Tax
  - b. Non-Domestic Rates (Business Rates)
  - c. Overpaid Housing Benefit
  - d. Accounts Receivable (Sundry Debt Invoices)
  - e. Commercial Income

- f. Rent including Ground rent and any other rents due to the Council
  - g. Former Rent Arrears
  - h. Recovery of enforcement costs and civil penalties, including works in default
  - i. Support charges
  - j. Planning and Building Control fees
  - k. Legal Fees / Court Costs
  - l. Miscellaneous fees and charges
- 4.2 It does not include Adult Social Care Debts as the Council will implement a separate policy that covers the collection and recovery of these debts.

## 5. PRIORITISING DEBTS

- 5.1 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.
- 5.2 Customers who indicate that they have a problem with managing or paying their debts will be signposted to seek debt advice from relevant agencies or the Council's in-house Welfare Rights Team where appropriate.
- 5.3 Priority Debts are those which, if not paid, could cause someone to lose their home, fuel or liberty.
- 5.4 Customers will always be given a warning before any action and will have the chance to respond and are encouraged to do so as early as possible. This early engagement will usually be able to stop further action being taken.
- 5.5 Customers should make arrangements to pay Priority Debts as soon as possible and before making any offers to pay non-priority debts.
- 5.6 Non-priority debts may include:
- bank overdraft.
  - money borrowed from family or friends.
  - store card.
  - interest free Hire Purchase agreements.
  - credit card.

- mail order/catalogue.
- unsecured personal loans; and
- any other debt.

## 6. SOCIAL INCLUSION AND VULNERABILITY

- 6.1 There will generally be a presumption that any debts incurred should be payable in full to the Council. Where an issue is identified there shall be an early assessment made about whether a customer is unable to pay or is choosing not to pay and this shall be determined on a case-by-case basis.
- 6.2 Where a customer chooses not to pay, appropriate and timely action shall be taken to recover the debt using the enforcement options available.
- 6.3 Where an assessment has been made that a customer is not able to pay the debt, the Council will consider aspects of a customer's situation to establish the most appropriate course of action. This should seek to recover the money owed whilst also seeking to avoid exacerbating the customers personal, social and financial circumstances where possible.
- 6.4 Income maximisation is a cornerstone of our approach to debt recovery, recognising that sustainable debt resolution is often rooted in ensuring that residents have access to all the income they are legitimately entitled to.
- 6.5 We will proactively identify opportunities for residents to increase their income, primarily through welfare checks, signposting or, where appropriate, directly referring residents to welfare rights and money advice services, or to trusted partners such as Citizens Advice or Money and Pensions Service.
- 6.6 These services can assist with identifying eligibility for wide range of benefits (including Universal Credit, Housing Benefit, Council Tax Support, Disability Living Allowance, Personal Independence Payment, Pension Credit and various grants). Supporting with complex application processes, challenging unfair benefit decisions, and providing personalised budgeting advice to help residents manage their finances more effectively.
- 6.7 By working with residents to maximise their income, the Council aims to prevent problem debt from escalating, reduce financial hardship, and improve overall financial resilience within the community.
- 6.8 The Council will have a flexible approach to identifying vulnerability that is able to respond to the issues presented by individual customers, recognising that vulnerability is not a static condition but a dynamic spectrum.

- 6.9 Individuals may experience vulnerability at any time due to a range of factors, including but not limited to, mental health issues, physical disability, serious illness, bereavement, unemployment, domestic abuse, learning or language difficulties.
- 6.10 This policy advocates for a flexible and empathetic approach to identifying and responding to individual issues, moving beyond rigid definitions to understand what a customer is vulnerable to rather than categorising their circumstances.
- 6.11 All staff involved in debt collection will receive regular training, informed by best practice, to equip them with the skills to recognise both overt and subtle clues of vulnerability, engage in sensitive and effective communication, conduct appropriate affordability assessments, and signpost or refer residents to specialist internal and external support services. This will ensure that no resident is inadvertently put at further detriment and tailored solutions are provided.
- 6.5 Vulnerability doesn't mean that the Council will not collect the debt, but it will have particular regard to:
- how vulnerability affects a customer's ability to pay.
  - if additional help is needed e.g. support to apply for benefits.
  - signposting or referral to help and advice.
  - offering flexible or lower payment plans whilst help and advice is sought.
  - the method of recovery action that may be used if it becomes necessary to do so.
  - allowing extra time to seek advice and support by postponing recovery action if necessary

## 7. ENFORCEMENT ACTION THAT CAN BE TAKEN

- 7.1 It is recognised that people do not pay their Council bills in a timely way for a variety of reasons: where appropriate, recovery action will be taken which will:
- be proportional – we will strike a balance between the potential loss of income to the Council and the costs of taking a course of action.
  - be consistent – with the aim of achieving consistency in the advice we give, the use of our powers and in the recovery procedures we use.
  - be transparent – to help customers to understand what is expected of them and to explain the reasons for taking any recovery/enforcement action.
- 7.1 We will always seek to make realistic arrangements for customers to clear outstanding debts by regular payments wherever possible. The arrangement will usually seek to recover all monies within the financial year in question. An early review date of the arrangement will be agreed to review the situation if this is deemed necessary.

- 7.2 Where arrangements are made with customers there will be an expectation of them maintaining contact with the Council and proactively advising of any unexpected situations that will prevent them from meeting their agreed repayments. The Council reserves the right to reinstitute alternative recovery and enforcement proceedings should customers fail to satisfactorily meet their obligations in this regard.
- 7.3 Any reminders we issue will convey a willingness to discuss matters with customers and encourage them to make contact if they cannot pay as advised. They will also make the customer aware of the consequences of failing to pay or keeping to arrangements.
- 7.4 If a customer fails to make contact or maintain arrangements, we have a duty to collect what is due and will use all legal means available to recover debts. This includes:
- a. attachment of earnings.
  - b. deduction from benefits.
  - c. enforcement agent action.
  - d. debt collection action.
  - e. possession proceedings.
  - f. county court proceedings.
  - g. charging orders.
  - h. Insolvency proceedings including bankruptcy and winding up.
  - i. committal to prison proceedings.
  - j. direct earnings attachment.
- 7.5 Some of these methods of recovery may incur additional costs that will need to be passed on to the debtor. Whilst we will seek to recover monies due within the financial year in question, in cases of genuine financial hardship, this may be unrealistic and therefore the Council will negotiate repayment levels that take into account individual financial circumstances and accept that for appropriate cases payment arrangements may fall into the next financial year(s).
- 7.6 While sundry debts collected by a local authority are not directly regulated by the Financial Conduct Authority (FCA) in the same way as consumer credit agreements, the principles of fair treatment, proportionality, and supporting vulnerable

customers, as championed by the FCA, are considered best practice within the public sector.

- 7.7 This policy commits the Council to adopting these fundamental principles in its collection of sundry debts, ensuring that all customers are treated with respect, their individual circumstances are considered, and appropriate support and signposting to independent debt advice are offered.
- 7.8 This approach not only aligns with broader ethical standards for debt recovery but also fosters a more effective and sustainable collection process, reducing hardship and promoting financial well-being within the community.
- 7.9 The table at Appendix A shows the ultimate recovery action that may be taken for each debt type.

## 8. ALTERNATIVE ACTION TO ENFORCEMENT

- 8.1 Payment Plans: Customers are encouraged to contact us at the earliest opportunity to discuss payment of their debt. The Council can then consider the customers circumstances with an aim to agreeing a payment plan that avoids further recovery action being taken.
- 8.2 Customers will be required to fully co-operate with us and provide information when requested and to seek debt advice if signposted to do so.
- 8.3 When considering payment plans the following will be taken into account:
  - Full payment will always be requested. However, if full payment is not possible a payment plan may be agreed, in most cases the debt should be fully paid up before the end of the financial year to which it relates.
  - Council tax regulations give the Council the right to request financial and employment details once a liability order has been granted. This information must be provided in order for a payment plan to be made.
  - Payment plans that go beyond the end of the financial year will only be made in exceptional circumstances, e.g., if the customer is vulnerable and an assessment of the customer's ability to pay has been undertaken by a debt advice agency or an officer using a Standard Financial Statement (SFS) provided by the Money Advice Service.
  - Payment plans should start with an initial payment being made within one month of the date of the agreement.
  - Payment plans may be conditional i.e. the customer will be expected to seek debt advice and provide evidence of this upon request.
  - Payment plans will be reviewed regularly (i.e., every 3, 6, 12 months) with an expectation that the customer is able to increase their payments if their personal circumstances improve.

- Payment plans will not automatically prevent us from taking further recovery action to secure the ongoing recovery of the debt or prevent us from adding costs i.e. to obtain a Liability Order or County Court Judgement.
- Payment plans may be refused if we are likely to obtain a higher repayment from an attachment of earnings or benefits, and where financial checks confirm this is affordable.
- Payment plans may be refused if we have reason to believe that it will not be adhered to, i.e. the customer has a history of failed payment plans, the payment plan is unrealistic based on the financial assessment and will not clear the debt in a reasonable time.
- Payment plans may be refused if the customer has sufficient assets which could be used to pay the debt, but the customer is unwilling to do so i.e., savings or investments.
- Payment plans will usually be confirmed in writing so that the customer clearly understands, how much to pay, when payment is due, how to pay, the review date, and if there are any conditions attached.
- The customer is responsible for making their payments on time, reminders may not be issued.
- If the customer has an unexpected change of circumstances and cannot make a payment on time, they should contact us immediately to explain the reason why. We will consider the customer's circumstances and may review or cancel the payment plan depending on; the reason, previous payment history, the amount of debt owed, any conditions attached being met.
- In the event of failure to pay, the payment plan may be cancelled, and recovery action will commence or continue as previously notified if the individual refuses to engage with us.

## 9. BREATHING SPACE

- 9.1 Breathing Space, formally known as the Debt Respite Scheme, provides crucial protection for individuals in problem debt, aligning with the council's commitment to supporting vulnerable customers.
- 9.2 Under this scheme, customers engaging with debt advice providers can receive a 60-day period of protection from creditor action, including enforcement activity, allowing time to develop a sustainable debt solution.
- 9.3 For individuals receiving mental health crisis treatment, this protection extends for the duration of their treatment plus 30 days.
- 9.4 During a breathing space period, we will freeze all collection activity, including interest, fees, and charges on outstanding debts and will not contact the customer regarding the debt, in line with statutory requirements.

## 10. OMISSION, EVASION AND FRAUD

- 10.1 Occasionally customers do not tell us about a change in their circumstances promptly i.e., an omission e.g. another adult moves into a taxpayer's property that removes the single person discount for council tax. In such cases the Council will backdate to the actual date of the change which can increase the amount of a debt or create a new debt. The Council will consider how we recover the debt having regard to the individual's circumstances and why the omission occurred.
- 10.2 Evasion of payment and fraud reduces the financial resources available to the Council and has a direct impact on all residents and businesses that rely on us for their services. Evasion and fraud will not be tolerated and where identified the Council will take robust enforcement action to recover the debt as quickly as possible and may seek to impose further penalties or sanctions as the law allows.
- 10.3 If a customer vacates and does not provide us with a forwarding address the Council will try to trace them which may include the use of external specialist tracing agencies.

## 11. REVIEW AND CONTINUOUS IMPROVEMENT

- 11.1 The Council will follow best practice when recovering debt and have regard to good practice guidance issued by central government and other recognised organisations, e.g., Chartered Institute of Public Finance and Accountancy, Institute of Revenues, Rating and Valuation, Ministry of Justice, Local Government Ombudsman, Financial Conduct Authority.
- 11.2 This policy will be reviewed on an annual basis and any amendments to the policy will be agreed by full Council.
- 11.3 The Council reserves the right to review and revise the policy at any time in response to new Government initiatives or changes in legislation.

## 12. MEASURING PERFORMANCE

- 12.1 The Council aims to collect monies owed in a timely and efficient manner; this is essential to enable us to deliver services to residents and businesses. We will measure our performance using key performance indicators which are reported regularly and published on our website.

## 13. COMPLAINTS, DISPUTES, MISTAKES AND FEEDBACK

- 13.1 We recognise that mistakes in the billing, collection and recovery of debts can cause distress to customers, and our aim is to get it right first time. If a genuine mistake is

made and brought to our attention, we will put it right and apologise. We will look at our processes to see if we can prevent the same mistake happening again.

- 13.2 Disputes raised by customers about matters covered in this Policy will be investigated and responded to by a senior officer.
- 13.3 Complaints raised by customers about matters covered in this Policy will be dealt in accordance with the Councils Corporate Complaints Policy.

## 14. PROVISION FOR WRITE-OFF

- 14.1 Every effort will be made to collect debts, however in some circumstances it may be necessary to write off a debt if it becomes irrecoverable, e.g., the debtor is made bankrupt or small balances that are uneconomical to pursue.
- 14.2 Our Financial Procedure Rules make provision for the authorisation of write-off requests.

## 15. WITHDRAWING SERVICES

- 15.1 Non statutory services for which sundry debts are raised, may be withdrawn completely from a non-payer.

## 16. DATA PROTECTION

- 16.1 The Council will comply with the General Data Protection Regulations; further details are available on our website. [Tameside Metropolitan Borough Council Data Protection Privacy Notice - Tameside MBC](#)

## Appendix A – Statutory Debt Recovery Overview by Debt Type

Debt Type	Notification	Reminders	Final Notice/Demand	Summons	Recovery Options(following granting of a court order)
<b>Sundry Debt</b>	Invoice	The first reminder issued within 15 calendar days of the date of the invoice	The second reminder issued within 20 calendar days following the first reminder	County Court	Information Order / Arrangement Charging Order / Order for Sale Enforcement Agent High Court Enforcement Officer Insolvency action Attachment to Earnings Third Party Debt Order Withdrawal of service Late payment fees Interest due to late payment
<b>Council Tax</b>	Bill	Reminder issued if payment not received by instalment date. A maximum of two reminders will be issued	Only if sums due following a first or second reminder have been paid but a subsequent instalment is missed. Otherwise not issued.	Magistrates Court	Attachment to Earnings or Attachment to Benefit Attachment to Members Allowances Enforcement Agent Commitment to Prison Insolvency action
<b>Business Rates</b>	Bill	Reminder issued if payment not received by instalment date. A maximum of two reminders will be issued.	Only if sums due following a first or second reminder have been paid but a subsequent instalment is missed. Otherwise not issued.	Magistrates Court	Security for Unpaid Rates Enforcement Agent Commitment to Prison Insolvency action Information Order /Arrangement Enforcement Agent High Court Enforcement Officer Attachment to Earnings Third Party Debt Order
<b>Housing Benefit Overpayment</b>	Invoice (if unable to deduct from ongoing Housing Benefit Entitlement)	Reminder Issued if invoice not paid within 15 days or if the debtor has not contacted to agree an arrangement or lodged an appeal.	Final notice issued 35 days after first reminders	County Court	Information Order / Arrangement Charging Order / Order for Sale Collection / Enforcement Agent High Court Enforcement Officer Insolvency Attachment to Earnings Third Party Debt Order Deductions from Welfare Benefits

