

## CREDIT POLICY SECTION 1

### CORPORATE CREDIT POLICY STATEMENT

#### INTRODUCTION

1. The Council's Corporate Credit Policy Guidelines has been developed to ensure a uniform approach to the problem of dealing with people owing money to the Authority.
2. The Corporate Credit Policy Guidelines will form an essential component of any anti-poverty strategy and is based on the principles of early contact, consolidated action and effective money advice provision.
  - **'Early contact'** is the positive action to be taken by all directorates in relation to debt. Every opportunity should be grasped to make debtors aware of the Council's sympathetic, sensitive, humane and realistic attitude to debt.
  - **'Consolidated Action'** is the essential exchange of information between directorates to ensure co-ordinated action is taken which recognises the importance of priority debts.
  - **'Money Advice Provision'** is the Local Authority's provision of advisory units and/or funding for money advice services in the voluntary sector.

#### THE POLICY

1. The Council's policy is based on the following principles and procedures for recovery.

#### PRINCIPLES OF RECOVERY ACTION

1. Recovery Action should adhere to the following principles :-
  - Invoices to be produced and despatched in accordance with County Council standard see section 16.
  - Where applicable every effort should be made to maximise clients' benefit entitlement.
  - All debtors are required to pay in accordance with the law.

- There should be clear, written policy guidelines for all staff involved in recovery action.
- Clear information regarding the Authority's recovery procedures should be given to individual debtors and made available to advice agencies.
- At every stage of the debt recovery process all debtors should have easy access to help and advice.
- All information should also be available in Braille, audio tape languages where possible.

## **RECOVERY PROCEDURES**

### 1. Recovery Procedures must:

- Maximise the collection of income due to the County Council.
- Be effective and ensure that people who do have the means to pay are not able to avoid their debts.
- Recognise the vulnerability of some of the Council's clients and work with directorates to ensure that they are not exploited.
- Permit proper and full appraisal and consideration of debtors' circumstances and provide sensible arrangements for those who genuinely need time to pay their debts.
- Achieve a fair balance between the claims of competing creditors and acknowledge the need to address the demands of priority debts.
- Be efficient and cost effective.
- Recognise the debtor's rights at every stage of the recovery process.
- Provide for timely money advice referral where 'early contact' has indicated financial difficulty.
- Make sufficient provision in the accounts of each directorate for bad or doubtful debts.

## **CONSIDERATION – COUNCIL STRATEGY**

1. The Council's aim is to adopt an approach which ensures:

- That each debtor is treated as an individual and recognises the need to treat someone who can't pay with sensitivity, but also to treat anyone who won't pay with reasoned determination; and
- That any arrangements for payment make allowances for current recurring debts such care charges, and also reduce arrears in accordance with the debtor's means.
- Maximisation of income will be the first priority, followed by the negotiation of payment arrangements. Should the arrangement not be adhered to, normal recovery sanctions should be used. In some cases the debtor's circumstances will be such that co-ordination between directorates will be necessary.
- Should the debtor fail to contact the local authority or ignore approaches under these guidelines, normal recovery procedures will be applied.