

# Royal Borough of Greenwich

## Council Tax Collection and Recovery Policy

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## **Introduction**

This document is Royal Borough of Greenwich's Council Tax Collection and Recovery Policy which sets out our statutory duties and our approach to collect Council Tax. Council Tax is collected from residents within Greenwich and contributes towards Council Services such as the collection of refuse, social services, housing and education. Some of the money collected through Council Tax pays for services run by the Greater London Authority (GLA) such as police, fire and other emergency services.

## **Aims of the policy**

The aims of the policy are:

1. To notify residents of their Council Tax liability as soon as possible.
2. To help residents receive all Council Tax discounts and exemptions they are entitled to.
3. To strive towards achieving national and local collection targets.
4. To encourage residents to apply for any relevant Council Tax Support and other benefits as appropriate.
5. To collect Council Tax fairly and efficiently and promote cost saving collection methods whilst still adhering to statutory requirements.
6. To offer a wide choice of payment options to help our residents to pay their Council Tax whilst ensuring we offer the most efficient and economical methods to reduce costs to the Royal Borough of Greenwich.
7. To minimise the Council Tax arrears and maximise collection by taking timely recovery action in line with a set recovery timetable which forms the basis of the Council Tax section's strategy for the forthcoming year.
8. To act quickly when a resident falls in arrears.
9. To be firm, fair and consistent while following regulations, and ensure that the recovery procedure is understandable.
10. Where a resident is identified as vulnerable and this is known to the Council Tax section, to take action according to individual circumstances and agree an affordable and mutually acceptable payment arrangement wherever possible.

## **Our approach to collection of Council Tax**

It is our duty to maximise Council Tax income for the benefit of all residents living in Royal Borough of Greenwich. We will take a 'firm but fair' approach to recovery and enforcement striking a balance between the need to sustain and improve the collection rate, our obligation to all residents and satisfaction of our policies and Government requirements.

## **Paying Council Tax**

Royal Borough of Greenwich's financial year runs from April 1st through to March 31st the following year. The annual bill is sent in March each year. The Council Tax bill can be paid in either 10 or 12 monthly instalments. Customers can request to pay over 12 months from April to March but the request must be made by a specific date, before the financial year begins to ensure instalments are in place for the following financial year. If this is not requested, the legal default number of instalments is 10 which are due on the 1st April and finish on the 1st January. When a bill is sent out later than 30 April, for example when someone moves in partway through the financial year, then the payment period will be shorter and there will be fewer instalments.

## **Ways to pay your Council Tax**

We offer a variety of ways to pay the Council Tax bill to give you the opportunity to pay in the way that most suits you. The different ways you can pay your Council Tax are:

### **By Direct Debit**

We encourage payment by Direct Debit as it is the cheapest way to collect payments and that helps us to reduce costs. If you pay by Direct Debit we offer payment dates over 10 or 12 months, on any day of the month except 31<sup>st</sup>. This method of payment is very secure and once set up there is no chance of the payment not being made because you have forgotten to pay. In the unlikely event that an error is made by us, or your Bank or Building Society, you have a guarantee that a full and immediate refund will be made. You can set this up online at [www.royalgreenwich.gov.uk/counciltax](http://www.royalgreenwich.gov.uk/counciltax) or by telephoning our Customer Contact Centre on 020 8921 4147.

### **By Debit/Credit Card**

Payment can be made either by telephoning our 24 hour automated service on 0845 8350140, via our website [www.royalgreenwich.gov.uk/counciltax](http://www.royalgreenwich.gov.uk/counciltax) or in person at either of the Royal Borough's Service Centres (in Woolwich or Eltham). There are no transaction charges for the customer.

### **At a Bank**

You can pay by BACS transfer or Internet Banking facility if your bank operates one. You will need to quote your council tax account number and include the following details:

Bank Account Number 11464763 (National Westminster Bank PLC, Woolwich)

Sort code 60-24-26

To the credit of Royal Borough of Greenwich

## **By Payment Card**

You can pay at a Paypoint outlet. You should present your payment card along with cash, cheque or debit card. There are no transaction charges for the customer.

## **By Cheque**

You can pay by cheque (please ensure that you quote your account number on the back of the cheque) and send to: Council Tax, The Woolwich Centre, 35 Wellington Street, SE18 6HQ. You will need to enclose a prepaid envelope if you require a receipt.

## **The Legal Framework**

The Royal Borough of Greenwich must follow the legal framework for the collection and recovery of Council Tax from residents in the borough as provided by Schedule 2 and Schedule 4 of Local Government Finance Act 1992 and the Council Tax (Administration and Enforcement) Regulations 1992 (SI.1992/613). The framework for the collection of Council Tax debt is outlined below.

## **Collection Processes**

### **Council Tax Bill**

At the start of each financial year, usually mid-March, the Royal Borough of Greenwich will send out the Council Tax bill for the year, April through to the following March, to everybody on Council Tax records shown as being responsible for payment. This is called the Demand Notice which includes details of payments to be made and our website address where you can find further information about all the schemes available that can reduce the amount due to us i.e. discounts, exemptions and Council Tax Support and different ways you can pay your Council Tax. This bill will be based on your circumstances known at the time and calculated to the end of the financial year. The bill will also include a statement regarding any credits or outstanding amounts from previous years. If the Council Tax office knows your circumstances are due to change, a new bill will be issued to you nearer the time of the change e.g. if you are getting a student reduction and the course is due to end. If you are receiving a reduction you do not believe you should be getting you must notify the Council Tax office within 21 days to notify of the changes of circumstances.

### **Council Tax Support**

When you are in arrears and contact the Royal Borough of Greenwich because you are unable to pay, and you are on a low income, we will encourage you to apply for Council Tax Support if you have not already done so. We will apply the same recovery process whether you are in receipt of Council Tax Support or not. If a new application for support is made, or your circumstances have changed, we will continue to collect the instalments as they appeared on the last bill. Once Council Tax Support is awarded, this will reduce the remaining instalments, or if the account is overpaid for the year, the credit will be used to reduce any future liability unless you request a refund.

## **Royal Borough of Greenwich's approach to Council Tax Collection**

The Royal Borough of Greenwich has a legal duty to collect Council Tax. Recovery practices must be efficient and economic. Delays in collection or non-recovery of debts leads to high administrative costs and results in lower resources available for other Royal Borough of Greenwich services with higher charges being passed on to other residents. Whilst we acknowledge that late or non-payment happens for many reasons, many residents do not make payments by the due dates. Regular late and non-payments by the residents of the borough costs us thousands of pounds annually. These sums could be used to provide more services or reduce the overall Council Tax for everyone. Therefore, we will diligently pursue residents who pay late or not at all, in order to maximise income and reduce the effects of increased costs.

The Royal Borough of Greenwich will however, provide assistance to you if you are struggling to pay by signposting you to advice and support. We will also ensure that all available discounts, exemptions and Council Tax Support will be granted where appropriate. This will be done at the earliest possible time, providing you have supplied the correct information to ensure the amount of Council Tax liability is correct. There will be instances where you are unable to pay the full amount owed. We can be contacted, at any stage in the process, to make an arrangement for payment. However, we should be contacted as soon as possible to avoid further costs being added to the debt. Contacting the office will not result in recovery or Enforcement Agent costs being withdrawn but will allow you to make a payment arrangement (within Royal Borough of Greenwich's guidelines) which will make it easier to pay even at this late stage.

### **Joint and Several Liability**

This means the Royal Borough of Greenwich can hold two or more persons liable for the whole of the Council Tax. We may hold you jointly and severally liable if you are the joint owners or joint tenants or live in the property with other people who have the same legal interest in the property as you. We may also hold married and unmarried couples joint and severally liable, whether or not both have the same legal interest in the property. If you are treated as joint and severally liable for the whole Council Tax, you cannot just pay what you think is your share. You are still liable for the whole of the Council Tax. Our bills will be addressed to all the liable persons in the property, however summonses will be sent individually to each liable party. If payment is not made, we will take action for recovery of the debt against any or all of the parties. We will endeavour to make arrangements for payment with any or all of the parties, but where we cannot make satisfactory arrangements we may continue our action against any or all of the parties. You should note that even if you pay what you consider to be your share of the Council Tax you may still be liable for the remainder if the other person held jointly and severally liable fails to pay.

## **Vulnerability**

Royal Borough of Greenwich recognises that some people require additional support to be able to manage their financial affairs and their circumstances may make them vulnerable. When managing the collection of debt the fact that someone is vulnerable does not mean that they will not be required to pay their debt. Information is shared between departments on a 'need to know basis' only. All information sharing between Royal Borough of Greenwich departments is subject to our Data Protection Policy. Each case will be looked at individually and, dependant on their circumstances the following will be options considered:

- Ensuring the person has access to all relevant benefits, discounts or other entitlements
- Referral to other sources of advice
- Payment arrangements for the debt
- Allowing longer to pay
- A temporary arrangement with lower repayment than would normally be agreed
- Postponing enforcement action

If a person is considered to be vulnerable, their case will be highlighted on the appropriate IT system/s. This will indicate to the Council Tax Section that they need to look into the individuals circumstances, and/or contact the relevant department before any further action is taken. If you have been highlighted as vulnerable we will consider the case at the following stages in the collection process and take action as appropriate:

- Cases sent to the Enforcement Agent
- Bankruptcy/Committal/Charging Order

## **Reminders/Final Notices**

If you do not pay your instalments as they become due, the Royal Borough of Greenwich will send you a Reminder Notice to advise you of the amount of arrears. We will ask you to pay the missed instalment by a given date. If the missed instalment is received by the given date, we will not take any further action but, if it remains unpaid we will cancel the instalments and take Court action to enforce the payment of debt by issuing a summons for the full year's tax. A summons will cost you a further £92.50 which will be additional to the debt owed. If your account has already been closed or the arrears relate to a previous year where you no longer have the right to pay by instalments, you may receive a final notice rather than a reminder notice. At this point you have lost the right to pay by instalments and only full payment within the given period, normally 7 days, will prevent a summons being issued.

## **Summons**

When the Royal Borough of Greenwich wants to issue a summons we have to go to Court and make Complaint stating that the Tax remains unpaid. If the Court agrees then the summons is issued. This work costs us extra money to administer and we also have to pay the Court a fee for each summons issued. These costs are added to the Council Tax account and therefore you would have to pay this additional cost of £92.50. When we send a summons we include a leaflet asking you to contact us to discuss payment if you cannot pay in full prior to the hearing, or get any other issues resolved.

## **What happens at Court?**

When the Royal Borough of Greenwich issues the summons we tell you when the summons will be heard and where. On the day of the Court hearing circumstances beyond the control of both the Court and Royal Borough of Greenwich may delay commencement of proceedings so we encourage you to contact us prior to the hearing to make an arrangement or get any issues resolved. We add on the costs of the summons and we ask for payment in full by the hearing date. If the full amount, including the costs, is paid in full before the Court hearing no further action will be taken and the case will be noted as fully paid and no application for the Liability Order will be made. The hearing will be presented by an Authorised Officer of the Royal Borough of Greenwich and proceedings will be conducted by a bench (panel) of lay Magistrates or a District Judge assisted by a qualified Clerk. At the court hearing we will ask the Magistrates to issue a Liability Order. If you do not have a valid defence the Court is obliged to issue the Liability Order. There are very few valid defences and these are listed below:

- There is no entry in the valuation list in relation to the dwelling
- The tax had not been properly set
- A bill and subsequent notices must have been sent in accordance with the regulations
- The amount demanded has been paid
- More than six years have elapsed since the day on which the sum became due (i.e. the date the bill was issued)
- Bankruptcy or winding up proceedings have been initiated

If you do not attend the court hearing we will make the application for a Liability Order in your absence. These orders give the Royal Borough of Greenwich powers to take further action to recover the outstanding debt. If you are unable to pay the full amount immediately, we can still be contacted to discuss an arrangement for payment on the understanding that the application for a Liability Order will continue to proceed. In these cases, we will not take any enforcement action on the Liability Order providing the agreed payment arrangement is maintained.

## **After Court**

Once a Liability Order has been granted, you may be sent a Council Tax Liability Order Notification (which tells you about the types of enforcement action that Royal Borough of Greenwich can take against you), along with an information request which should be returned to us within 14 days. The request form will ask you questions about your employment status. The form affords the customer the opportunity to propose a repayment arrangement. We will use this information to decide the appropriate recovery action to take. This is a statutory request and if not returned, penalties can be issued. If you do nothing, further recovery action will be taken (unless a payment arrangement has already been agreed with us prior to the Liability Order hearing).

## **How we can enforce Payment**

The ways we can enforce payment of the Council Tax debt are as follows:

### **Attachment of Earnings**

If you are working - and the Royal Borough of Greenwich has your employer details an Attachment of Earnings Order may be sent to your employer who will make deductions from your wage/salary until the debt is cleared. If there are arrears due for more than Council Tax year the Order will be made on the oldest debt first. The law allows us to make up to two Orders at a time and in some cases this will happen. The amounts to be deducted are specified in regulations. A table showing the percentage deductions will be sent to you.

### **Attachment of Benefit**

If you are claiming Universal Credit, Income Support, Jobseekers Allowance, Employment Support Allowance or Pension Credit) - a request may be sent to the Department of Work and Pensions (DWP) for deductions to be made from your Benefit. We have no discretion on the amounts deducted as they are specified in Regulations.

### **Referral to an Enforcement Agent (previously known as bailiffs)**

An Enforcement Agent may be instructed to collect the outstanding debt which may ultimately result in the removal and sale of your goods to the value of the debt that you owe to Council Tax and any outstanding charges. Unless a payment arrangement has been agreed, most cases will be passed to an Enforcement Agent. The Royal Borough of Greenwich will ensure that, as far as possible, the information the Enforcement Agent holds is as up-to date and accurate. They work to an agreed specification and are expected to behave in a fair and consistent manner and any complaints we receive are treated very seriously and investigated thoroughly.

The steps taken by the Enforcement Agent and the level of fees charged are now prescribed in legislation. You will be charged a fee of £75 as soon as the liability order is passed to them, followed by £235 plus 7.5% of the value of the debt that exceeds £1,500 if they do not receive a response to their letter and they pay a subsequent visit.



If goods are taken and put up for sale, there is a further fee of £110 plus 7.5% of the value of the debt that exceeds £1,500. They may also recover disbursement fees that are reasonably and actually incurred such as the cost of storage of goods removed and locksmiths fees.

## **Insolvency (Bankruptcy and Winding Up) Proceedings**

### **Legal requirements**

The legal requirements are contained within the Insolvency Act 1986. Essentially, bankruptcy action can be taken against any debtor who owes in excess of £5000 to creditors and who, for whatever reason, is unable to satisfy his creditor's claims in full. In addition, a debtor may initiate action by petitioning for their own bankruptcy. Winding Up proceedings are used against Limited Companies.

Insolvency frees a debtor from overwhelming debts so they can make a fresh start, subject to some restrictions, and makes sure the assets belonging to the debtor are shared out fairly among all the creditors. However, the consequences can be severe and can involve the loss of the debtor's home or business and considerable legal and Trustee costs. The level of costs will reflect the complexity of the matters involved and the extent to which the debtor co-operates with the Trustee who is administering the estate.

### **Use of solicitors to undertake this work**

The Royal Borough of Greenwich will refer appropriate cases to a suitable Law Firm who is fully authorised to deal with all matters connected with insolvency from the issue of the Statutory Demand to dealing with contested matters.

Royal Borough of Greenwich will consider using insolvency proceedings under the following circumstances (the list is not exhaustive):

1. Where the debt exceeds £2,500 (or a lower limit of £750 in certain circumstances including where fraud is involved) and the debtor has sufficient assets or equity to ensure
  1. the debt is recoverable by the Official Receiver or the Trustee.
2. Where the debtor is not making regular and mutually agreed payments that are sufficient to clear accruing debt and the arrears within an acceptable timescale.
3. Where insolvency action is considered most effective in recovering from a particular debtor.
4. Where the debt has arisen as a result of fraud.
5. Where specific assets cannot be identified but there are indicators that the debtor is one of high material worth, for example renting high value property.
6. Where bankruptcy action would encourage payment from specific groups of debtors where their credit rating is important to them, for example, self-employed people, company directors and those people needing finance.

## **Special Circumstances**

If made aware of the following circumstances prior to a Bankruptcy Order being obtained, the Royal Borough of Greenwich will consider withdrawing proceedings in favour of alternative enforcement action.

1. Where a debtor, as a result of age, severe mental illness or serious learning difficulties cannot deal with their affairs.
2. Where the debtor is currently in receipt of the maximum Council Tax Support with no accruing debt.

## **Decision Making**

The more information held about the debtor, the more efficient the decision making process will be in terms of selecting the most effective enforcement option. As part of the decision making process the Council officer will seek to build a picture of the debtor and their circumstances and will achieve this in various ways, including some or all of the following activities. We will always give clear timescales as to what will happen next in the event that recovery action escalates. We will keep records of the different actions carried out showing how the matter was eventually referred for bankruptcy following non-payment. The list is not exhaustive:

1. Demanding financial information in writing following a Liability Order being granted whilst stating bankruptcy is an option to be considered.
2. Warning of bankruptcy action and encouraging contact by the issue of a letter.
3. Checking all Council Tax records to see if there is any reason bankruptcy would not be appropriate (see Special Circumstances).
4. Checking with the Benefits Service to ensure that all Council Tax Benefit and Council Tax Support due to the debtor has been posted to the Council Tax account and that their records do not indicate that the debtor lies within the criteria mentioned under Special Circumstances.
5. Checking H.M. Land Registry to confirm property assets.
6. Checking with a Credit Reference Agency for information on outgoings, requests for finance, mortgages and other financial information.
7. Checking council house sales records to determine those recently acquiring assets.
8. Checking known or potential employment details.
9. Checking Business Rates records (and include all debts in the bankruptcy action).
10. Checking Companies House records for business information.

## **Publicity**

When a Bankruptcy Order is granted, the administration of it lies with the Official Receiver or an Insolvency Practitioner. The fact that the order has been granted is advertised in the London Gazette and in a local newspaper. The Official Receiver or an Insolvency Practitioner will also notify other bodies such as local authorities, utility suppliers, Land Registry, National Savings and Investments etc. to give them an opportunity to submit claims of their own and to prevent the illegal disposal of assets.

## **Charging Orders**

### **Legal Requirements**

If the aggregated balance on Council Tax Liability Orders for a property is over £1,000 then an application may be made for a Charge to be placed on the same property only, to secure the debt owed to the Royal Borough of Greenwich. Where a taxpayer owns a property and we have been unsuccessful at obtaining payment in any other way, then we may seek to obtain a charge against that property. This will also add additional legal costs and possibly interest charges. The debt plus the additional costs and charges will then be discharged when the property is sold. However, we will consider obtaining an order forcing the sale of the property if we are not satisfied that the taxpayer is attempting to pay the account. When assessing the possibility of obtaining an order for sale, we will carry out various checks into the circumstances of the debtors and householders to establish whether this is a suitable action to take. Although this procedure is protracted, in some cases this is the only available action left open to us.

### **Use of solicitors to undertake this work**

The Royal Borough of Greenwich will refer appropriate cases to a suitable Law Firm who is fully authorised to deal with all matters connected with applications for Charging Orders, Orders for Sale and Possession and contested matters.

Royal Borough of Greenwich will consider using a Charging Order in the following circumstances (the list is not exhaustive):

1. Where the property is currently for sale voluntarily and a Charging Order is used as a way of securing the debt.
2. Where the property is owned by a debtor who resides outside UK jurisdiction.
3. Where a debtor, as a result of age, severe mental illness or serious learning difficulties cannot deal with their affairs.
4. Where the debtor's whereabouts are unknown, making service to allow bankruptcy action difficult.
5. Where a payment arrangement has been agreed on the basis that the debt is secured via a Charging Order.
6. Where council tax remains unpaid without a suitable arrangement in place.

## **Committal**

If payment has not been received then the Royal Borough of Greenwich may decide that the appropriate way forward is to apply to the Magistrates' Court for your commitment to prison. This action will only be taken forward in cases where the Enforcement Agent has attempted to collect the debt but has been unsuccessful. Before taking this action we will advise you of our intention and again will give you another opportunity to pay in full. We will also ask again for employer information and your financial details. At Court you will be required to explain why the Council Tax remains unpaid. The Court will hold a full investigation into your means and conduct and will decide whether there has been culpable neglect or wilful refusal to pay. The Court can impose an immediate or suspended prison sentence of up to 90 days. Alternatively, they can remit some or all of the debt. All Notices are served in accordance with the legislation and this could be to the last known address. For recovery purposes the notice is considered served unless it has been returned by the Postal Services.

## **Absconders**

We will use whatever records are legally available to us, from various sources in order to trace you where you who have vacated a property without leaving a forwarding address. If there are any costs incurred by Royal Borough of Greenwich they will be passed on to you.

## **Write offs**

Whilst we will always pursue the collection of outstanding debts, there will be occasions where the debt is unrecoverable. At this stage we will consider whether the debt should be written off. If a write off is required we will follow the procedure detailed in Royal Borough of Greenwich's Financial Regulations.

March 2023