



Corporate Debt Policy

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1.0 Aims

- 1.1 The aim of this policy defines Lothian Valuation Joint Board's (LVJB) approach to debt collection in relation to monies owed to LVJB.
- 1.2 This policy ensures compliance, as a minimum standard, with legislative provisions and guidelines.
- 1.3 The Policy aims to ensure a joined-up debt management approach which ingathers all debt owed to LVJB by an individual to streamline recovery and provide a fair and equitable treatment in dealing with the individual's debts.
- 1.4 The Policy is the LVJB's statement on how it will work with its residents, customers and partners to collect debt. It outlines what it will do to help those who are in debt to manage their payments whilst paying their debts. The Policy is in recognition that it is important to communicate our approach to debt management to key stakeholders as it promotes efficiency and consistency in the raising and collection of debt.
- 1.5 The aim of the Policy is to achieve good practice in collection of monies due. Good practice is the achievement of the best possible recovery for LVJB whilst ensuring liability to pay is calculated correctly, enforcement action is reasonable and those who are vulnerable are assisted in meeting their financial obligation to LVJB.

2.0 Background

- 2.1 LVJB has a duty to collect all debts due as quickly and economically as possible.
- 2.2 LVJB is committed to promoting financial inclusion and capability and in doing so recognises the problems of multiple indebtedness, poverty and deprivation, and the need to break the poverty trap by helping debtors to meet their liabilities in a supported, controlled and managed manner.

3.0 Monitor and Review

- 3.1 This policy has been created and will be maintained in accordance with the LVJB Policy Approval Framework. It has been agreed by CLT (and the Board as required), in consultation with the Trade Union where appropriate.
- 3.2 The Governance team are responsible for monitoring the effectiveness of this policy and supporting procedures and will conduct reviews at appropriate intervals.

4.0 Equal Opportunities

- 4.1 LVJB is committed to equality of opportunity for all its employees and the terms of this policy and its supporting procedures and guidance notes are designed to ensure the fair and transparent treatment for all staff irrespective of age, race, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, sexual

orientation, religion or belief, gender or contractual status. An Equality Impact Assessment is undertaken on this policy each time it is reviewed and updated.

5.0 Responsibility for this Policy

5.1 Governance. Any changes to this policy and supporting procedures will be made in consultation with CLT, Unison and The Board as appropriate.

5.2 LVJB reserves the right to update Policies in line with new or updated Legislation.

6.0 Objectives

6.1 LVJB's aim is to maximise income collection, whilst maintaining a fair and consistent approach to debt collection and write-off.

6.2 LVJB considers that individuals and companies have a responsibility to pay all amounts properly due to LVJB. To achieve this, LVJB will:

- Encourage individuals and companies to contact LVJB as soon as they have problems paying.
- Encourage individuals and companies to pay on time to prevent a culture of non-payment.
- Offer a range of easily accessible payment methods.
- Offer a sensitive and flexible approach to debt collection whilst ensuring monies due are effectively and efficiently recovered.
- Take account of the whole financial situation of the debtor and collect debts in a sympathetic and efficient way while ensuring our approach is transparent, consistent and equitable.
- Aim to achieve a fair balance between the claims of competing creditors, in recognition of the need for the individual to maintain an acceptable standard of living.
- Recognise the debt advice provided by advice agencies as best practice.
- Treat all debtors as individuals and consider, wherever possible, individual circumstances when taking action to recover debt.
- Try to reach satisfactory arrangements for payment of debt at all stages of recovery recognising that, where this cannot be achieved, we will take recovery action using the appropriate legal powers.

7.0 The Benefits of a Corporate Debt Policy

7.1 The policy will help ensure that:

- individuals can come to realistic repayment agreements
- where appropriate LVJB takes enforcement action
- employees take a holistic approach to corporate debt
- individuals are offered appropriate advice as early as possible to attempt to manage debt better and facilitate better collection rates by LVJB
- compliance with the LVJB's Financial Regulations and Standing Orders

8.0 Communication and Contact with LVJB

8.1 LVJB will:

- Ensure all invoices are raised as soon as practicable, and will include clear, relevant and full information as to:
 - What the invoice is for
 - When payment is due
 - How and where to pay
 - How and who to contact for further information and/or advice
- Provide interpreting facilities for non-English speaking customers.
- Encourage individuals to make contact at an early stage of the recovery process.
- Provide clear information about all aspects of collection and debt recovery including where advice and help is available.
- Communicate clearly and without jargon.
- Attempt to respond to any debtor's correspondence within 15 working days. If we cannot do this, we will contact the debtor and tell them why and who is dealing with their query, and when they can expect a full response.
- Handle all complaints in line with the LVJB's complaints handling procedures.

9.0 Collection and Recovery Process

9.1 LVJB will:

- Promote an approach within LVJB that goods and services provided by us are paid prior to or on provision/delivery
- Provide a variety of efficient payment methods
- Provide, and make widely available, clear and concise information about the statutory recovery processes available to us and our approach to and provisions for people with financial difficulties
- Use the full range of statutory powers available to us to obtain payment
- Make every effort to adhere to the timetable/limits we set for recovery procedures

10.0 Late or Missed Payments

10.1 Payment arrangements will be closely monitored by LVJB, with appropriate recovery action being taken for late or missed payments.

10.2 All Invoices are due for payment by their stated due date. Failure to pay by the due date will result in the issue of reminders.

10.3 Individuals and companies are responsible for ensuring payments are made by the due date. Those who anticipate problems in making payment on time will be actively encouraged to contact LVJB to discuss alternative payment arrangements.

11.0 Evasion and Fraud

11.1 Unlawful evasion or fraud to avoid payment will not be tolerated. Where this is identified, in addition to taking action to enforce payment, LVJB will seek to impose such further penalties or sanctions as the law allows. Where debts arise through evasion or fraud, LVJB will seek to recover payment in full as quickly as possible and will only agree payment arrangements in exceptional circumstances.

12.0 Write Offs

12.1 LVJB recognises that where a debt is irrecoverable, prompt and regular write off of such debts is appropriate in terms of good accounting practice. LVJB will seek to minimise the cost of write-offs by taking all necessary action to recover what is due. All debts will be subject to the full collection, recovery and legal procedures as outlined in our write off guidelines below.

12.2 Where it has not been possible to collect a debt, authorisation to write these debts off will be per LVJB's Financial Regulations.

12.3 Write offs will be requested in the following circumstances:

Deceased

- When a person dies and leaves no estate. Before seeking write off approval records are checked to determine whether any estate exists against which a claim could be made.

No Forwarding Address

- Many people in arrears leave their property leaving no forwarding address. Prior to seeking write-off approval every effort is made to trace the debtor(s). Records are checked and outside agencies are contacted to try to ascertain the debtor's address.

Unreasonable to Pursue

- There are various reasons why it may be unreasonable to pursue a debt.
Examples include:
 - Where a person is permanently hospitalised, or goes into residential care, their income is used firstly towards the cost of their care, as is any capital which the person may have. It is often unreasonable to pursue any debt from people in this category due to personal financial circumstances.
 - People who cannot deal with their debt problems due to mental illness, dementia or learning disability.

Uneconomical to Pursue

- Where the debt is below £250, LVJB will not pursue this through court proceedings.

13.0 Recovery of Civil Penalties

- 13.1 The Non-Domestic Rates (Scotland) Act 2020 (“The Act”) introduced Civil Penalties in the case of failure to comply with Assessor Information Notices.
- 13.2 Under section 30 of the Act, a penalty is recovered as a civil debt due to the Assessor.
- 13.3 Monies collected by the assessor are paid in to the Scottish Consolidated Fund, less an amount for any reasonable expenses incurred in relation to administering penalty notices. This would include the cost of any debt recovery action.
- 13.4 A Civil Penalty Notice (“CPN”) is served in the case of non-compliance with an Assessor Information Notice (“AIN”). A person has 28 days to comply with an AIN.
- 13.5 An appeal against a CPN may be made to the First-tier Tribunal (“FTT”) for Scotland before the end of 28 days beginning on the date the CPN is given.
- 13.6 An appeal may only be made on the grounds that:
- The person appealing had a reasonable excuse for not complying with the AIN.
 - That the information required by the notice is not in the persons possession or control.
- 13.7 The FTT may mitigate or remit any penalty.
- 13.7.1 A Civil Penalty Notice will be served by registered mail and will include an invoice for the initial penalty, along with the further penalties that will become due should the AIN not be returned.
- 13.7.2 A penalty is due immediately on issue of a CPN. The amount of the penalty is determined by a formula based on rateable value, being the greater of £200 or 1% of the Rateable Value (“RV”) of the property, or £1,000 if it is not yet in the Valuation Roll.
- 13.8 Where the AIN is complied with within 14 days of issue of the CPN, the Act prescribes that the penalty will be remitted in full.
- 13.9 If the AIN has not been complied with within 42 days of the issue of the CPN, a further penalty will become due and a letter will be issued to this effect, which includes an invoice. The penalty will be the greater of £1,000 or 20% of the RV, or £10,000 if the property is not yet in the Valuation Roll.
- 13.10 Where the AIN has not been complied with within 56 days of the issue of the CPN, a further penalty of the greater of £1,000 or 50% of the RV, or £50,000 if the property is not yet in the Valuation Roll. A further letter is issued at this stage, which includes a third and final invoice.
- 13.11 The penalty issued at each stage remains payable, with the total potential penalty due a maximum of 71% of the RV or £2,200, which ever is the greater, or £61,000 if the property is not yet in the Valuation Roll.
- 13.12 The paying of all or part of a penalty does not negate the need for the original AIN to be returned.

- 13.13 The Assessor may mitigate or remit any penalty at any time.
- 13.14 Whilst the primary aim of this process is to maximise the AINs being properly completed and returned, the process of administering CPNs is very time consuming and costly. It is therefore the aim of LVJB to collect Civil Penalties from which reasonable expenses incurred by LVJB can be retained.
- 13.15 Where a Civil Penalty has been properly served by registered mail, it has progressed to the third stage, as set out in Section 30 part (5) of the Act, and the requested AIN has not been returned, a standard debt recovery action will be raised, and a payment decree sought from the Court.
- 13.16 It will be policy that should the requested AIN be returned prior to debt recovery action being raised, the penalty will be remitted in full.
- 13.17 The debtor will be liable for the Assessors costs in bringing the debt recovery action, to the extent decided by the Court.
- 13.18 The debtor can contact the LVJB at any stage of recovery to discuss the provision of information as set out in the AIN.

14.0 Local Agreement

- 14.1 This document is a local collective agreement between the Board and the recognised Trade Unions. Every effort will be made by both parties to ensure that this document will be maintained as a local collective agreement and adjusted by agreement to meet changing future needs. In the event of failure to reach agreement, both parties reserve the right to terminate this local agreement by giving four months' notice in writing. In such circumstances the terms of the local agreement will cease to apply to existing and future employees.

