

Best Practice in Sundry Debt

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Introduction

1. Raising the Invoice

- Centralised
- De-centralised

2. Accurate billing details

- Dispute Resolution
- Evidence in Claim

3. Efficient Recovery Action

- Systems, Automated and Manual

4. Innovative Recovery Strategy

- Constant re-evaluation
- Keep the customer guessing?

Basis of charging

Change behaviours

Set to encourage or discourage people to use services

Concessions to target certain groups

Rationing

Where demand is high or where overuse is deemed undesirable

Meet objectives

Encouraging / promoting to achieve local objectives

Income generation

Policy

Centrally set levels for services



Recovery Procedures

Policy

Unlike statutory debts such as Council Tax and National Non-Domestic Rates the process for collection and recovery of sundry debts depends largely upon the policies of your authority as there is no fixed procedure.

It is also possible that part of the process may originate from the department that raises the debt which the revenues officer has no control over.

Ideally, however, as many Council services as possible should be **paid for in advance**.

There may also be separate processes for different debt types such as:

Adult Social Care debt, where normal procedures are modified - Charging Orders may be more equitable?



Recovery Procedures

Initial Process

The first stage of the process will be to send some form of reminder letter to the debtor. This should identify the amount, the service or product being paid for, and the date of the original account.

Enquiries regarding payment should be directed to the revenues department and other matters to the originating department.

This approach is not really good customer care but has the advantage of directing the customer to someone who can help him or her in the first instance.

A reminder letter is normally sent between fourteen and twenty eight days from despatch of the original account.



Recovery Procedures

If payment is not forthcoming the next step in the recovery procedure is often the sending of letters naming that legal proceedings are to be commenced.

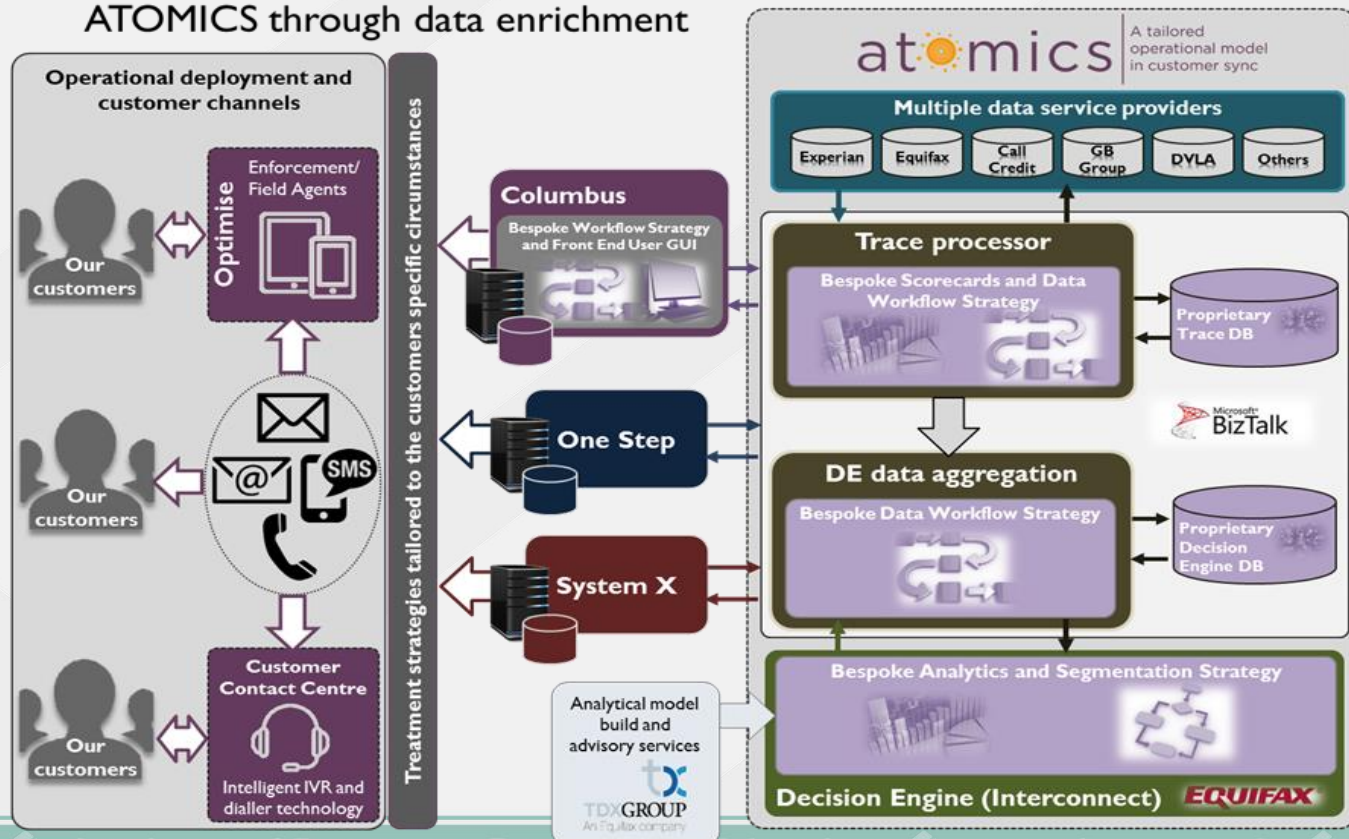
This action frequently causes payment to be made. If not, a decision will need to be made as to the next step?

The options are:-

- Try telephone recovery
- Visit the debtor
- Begin court action
- Pass the debt to a debt collection agency
- Write off the debt

What do you know of the debtor?

ATOMICS through data enrichment



Recovery Options

Debt Collection Agencies

There are many such agencies available to local authorities. Broadly, they will take over the debt from the Council and try to collect it by their own methods, including further letters, visits to the property, and court action. If successful, they will usually just charge a percentage of the debt as a collection fee. Often, simply contact from a third party – debt collector – is enough to prompt engagement.

Telephone Recovery

This method is a very effective medium for debt collection and continuously used in commercial debt collection. Debtors are rung outside of normal office hours and arrangements made for payment. Careful records must be made of the conversation by the operative in case of later use in court.

Visit Debtor

Similar in principle to debt collection agencies, an officer visits the debtor out of normal hours to illicit payment. Normally such officers will also be trained in the identification of vulnerability and debt counselling to aid the debtor to pay.



Decisions to Sue

Complainants (the Council), can be penalised if they do not take reasonable steps to recover the debt prior to resorting to legal action.

Factors to consider when deciding whether to sue?

- Who is the debtor?
- Can you prove the claim? (have you got good documentation)
- Have all queries been resolved?
- Are there any other practical means of collection?
- Is the debtor worth suing – have they the means to pay?
- Credit should not be extended to those who cannot pay!
- The court is there to settle disputes – not to collect debt!
- Have you refused any reasonable offers from the debtor?

Improving Processes

- Limiting account production
 - Payment in advance of service
 - No invoices raised below £25 (except statutory such as ground rents)
- Discounts for prompt payment
- Keeping things simple
- Division of duties
- Review all stationery
- Review all collection methods
- Tracing
- Monitoring
- Picking up the telephone

Role of Departments

- Raising Accounts
 - Resource issues / one persons job?
 - Delays in issue following provision of service?
 - Rush to raise invoices as year-end approaches?
- Credit Checking
- Staff Training
- Accounting Practices
 - Crediting of invoices to budgets on raising a/c
- Supporting the Collection Process
 - Link to the customer
- Query Dispute Resolution
- Regular Liaison
 - Regular Departmental meetings to ensure disputes keep moving
 - Departments take an interest in collection levels

Effective Collections

- Issue prompt and clear invoices
- Encourage prompt payment and adopt early payment dates
- Take firm and timely recovery action (informative/threatening enough)
- Computerise collection systems – quality management information, exception reporting, reconciliation, audit control trails, automatic monitoring of arrangements, corporate debt approach
- Fast track large debts or regular bad payers
- Where possible, charge in advance for services, not in arrears
- Withdraw services in the event of non-payment (where possible)
- Regular training for staff (techniques of collection, system and legislation training)
- Offer incentives or discounts for early or non-cash payers (both one-off and periodic payers)



Effective Collections

- Selective use of legal powers (consider best recovery for individual accounts).
- SLA agreements with departments, ensure agreed levels and promptness of support services and other agencies
- Make adequate provision for write offs and monitor regularly
- Write off irrecoverable and “non cost effective to pursue accounts” promptly
- Avoid raising small accounts unless necessary or policy
 - Do you know the cost of raising an invoice?
- Change in accountancy practice (only crediting income on collection promotes ownership and interest in the debt)
- Benchmark to ensure best practice is followed at all times (encourages Business Process Review)
- Maximise all opportunities to make contact
- Maximise all payment channels



Invest in Systems

- Improving morale
- New technology
 - Replacing old systems and manual interventions
- Regularly review routines
- Flexible strategies
 - Arrangement monitoring
- Management Information
 - By Department
 - Number of debtor days
 - 'Hold' monitoring
 - Individual letter performance
 - Collection rates
 - Vulnerability reporting

Transparency



Mpower Interactive Online Reporting Suite

Age of cases: monitor cases moving through the various stages by age parameters – can drill down to case level

Age of Cases

Account Management

: Overview

: Age of Cases

: Age Profile

: Arrangements

: Case Summary

: Caseload

: Collection Summary

: Debtor Changes

: Full Listing

: Payments by Stage

: Performance

: Pre Committal

: Returned Cases

: Stage Analysis

Age of current cases in Age Bands and Current Status. Click on a chart segment or value to view the associated cases.

Actions | | | | 1 of 1 | | | Find Next

	Arrangement		Hold		Live - No Visit		Total	
	No of	Total OS	No of	Total OS	No of	Total OS	No of	Total OS
HBOP 3								
< 90 days	3	£1,379.72	3	£8,563.70	59	£135,043.42	65	£144,986.84
< 120 days	1	£8,485.68			11	£13,776.80	12	£22,262.48
< 180 days	3	£7,240.00			1	£46.66	4	£7,286.66
< 240 days	1	£3,083.20			2	£847.96	3	£3,931.16
< 300 days	4	£3,753.22			1	£266.24	5	£4,019.46
<360 days					1	£58,911.53	1	£58,911.53
< 420 days	1	£1,099.00					1	£1,099.00
420 days +	23	£41,612.83			3	£5,878.11	26	£47,490.94
Total	36	£66,653.65	3	£8,563.70	78	£214,770.72	117	£289,988.07
Total	36	£66,653.65	3	£8,563.70	78	£214,770.72	117	£289,988.07

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Transparency



Age Profile: analyse in year referrals for aged debt - can drill down to case level

Age Profile

Account Management

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: Stage Analysis

: Vulnerable Cases

Internal Reports

: Case Quality

: EA Allocation

: EA Month Summary

: EA Payment by Org

Age of cases received based on Liability Order/Court Date. Use the parameters to select the Date Received Range and/or Debt Type. Click on + sign to view debtor location.

Actions | | | 1 of 1 | Find Next

			2017	
			Total	
			No of	Total Amount
HBOP				
	2007		1	£840.00
	2008		1	£440.72
	2010		4	£19,499.74
	2011		3	£5,307.35
	2012		2	£567.74
	2013		17	£12,421.76
	2014		30	£15,581.85
	2015	Arrangement	1	£597.89
		Closed	49	£50,941.31
		Live	4	£13,522.57
		Successful	8	£2,247.81
	2016		84	£92,506.55
	2017	Arrangement	2	£8,046.45
		Closed	8	£2,688.99
Live		2	£3,991.45	
		216	£229,202.18	
Total			216	£229,202.18

Transparency



Collection Performance: analyse collections by batch

Performance Report

Account Management

: Overview

: Age of Cases

: Age Profile

: Arrangements

: Case Summary

: Caseload

: Collection Summary

: Debtor Changes

: Full Listing

: Payments by Stage

: Performance

: Pre Committal

: Returned Cases

: Stage Analysis

: Vulnerable Cases

Internal Reports

: Case Quality

: EA Allocation

: EA Month Summary

: EA Payment by Org

: EA Payments

: EA Statistics

Actions | | | | 1 of 2 ? | | Find Next

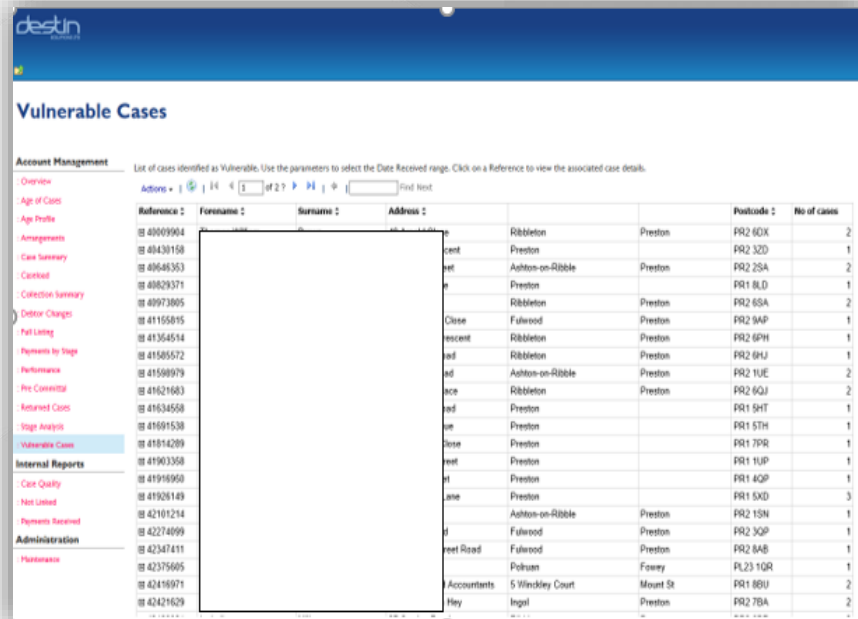
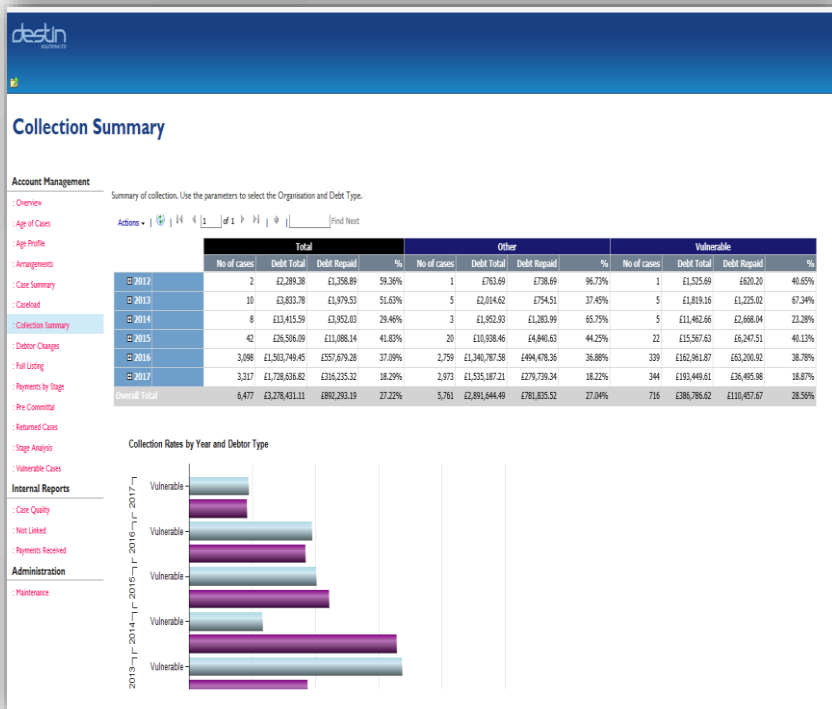
Performance report (%) for Northumberland County Council

Debt Type	Year	Created on	Total Cases	Gross Value	Direct Payments	Net Value	Cash Collected	Gross Cash Collection
C Tax - TCE	2017	Apr 2017	339	£160,517.55	£4,455.25	£156,062.30	£48,237.30	32.83%
	2017	May 2017	129	£61,618.57	£612.80	£61,005.77	£20,974.09	35.03%
	2017	Jun 2017	351	£171,189.48	£2,283.66	£168,905.82	£50,327.52	30.73%
	2017	Jul 2017	586	£522,575.75	£10,015.13	£512,560.62	£188,365.93	37.96%
	2017	Aug 2017	308	£240,083.69	£6,378.55	£233,705.14	£88,760.31	39.63%
	2017	Sep 2017	448	£299,529.64	£5,757.22	£293,772.42	£91,935.92	32.62%
	2017	Oct 2017	226	£148,384.96	£1,446.62	£146,938.34	£46,241.72	32.14%
	2017	Nov 2017	215	£122,013.63	£1,511.49	£120,502.14	£37,224.70	31.75%
	2017	Dec 2017	112	£71,109.77	£2,007.54	£69,102.23	£23,600.11	36.01%
	2017	Jan 2018	439	£269,426.10	£6,033.43	£263,392.67	£85,483.53	33.97%
	2017	Feb 2018	405	£213,304.22	£5,877.46	£207,426.76	£55,002.21	28.54%
	2017	Mar 2018	199	£93,316.53	£1,895.65	£91,420.88	£23,694.53	27.42%
	2018	Apr 2018	116	£61,422.63	£194.65	£61,227.98	£7,954.91	13.27%
	2018	May 2018	90	£47,658.15	£309.00	£47,349.15	£3,961.81	8.96%
	2018	Jun 2018	193	£96,206.72	£1,060.79	£95,145.93	£4,527.92	5.81%
	2018	Jul 2018	631	£614,459.54	£2,534.85	£611,924.69	£31,557.32	5.55%
	2018	Aug 2018	289	£219,617.24	£539.20	£219,078.04	£8,495.91	4.11%
	2018	Sep 2018	209	£139,199.14	£0.00	£139,199.14	£1,737.69	1.25%
	2018	Oct 2018	11	£6,888.82	£0.00	£6,888.82	£0.00	0.00%
Total			5296	£3,558,522.13	£52,913.29	£156,062.30	£818,083.43	



Transparency

Vulnerability Reporting:



Debt Collection Strategy

- A debt collection policy?
- Targeting large debts?
- Personalise the collection
- Service Level Agreements
- Prompt enforcement action
- Potential loss of Credit facilities
- Doorstep visits?

Debt Collection Agencies

- Before referral to Legal Section
- Change of approach
- Additional resource
- Telephone collections
 - Trained in negotiation
 - Full & Final settlements?
- Harnessing new technology
 - Power / Predictive Diallers
 - Doorstep Chip & Pin
 - SMS campaigns
- Provision of a legal service?

Benchmarking

- Difficulties with differing political approaches to debt types, resourcing and funding
- Costs of raising an Invoice
- Collection rates (by debt type)?
- Number of debtor days
- Best Practice questionnaire

Invoices

Account maintenance

Payment methods

Recovery options

Systems & E-Government

Write-offs

Management Information

Customer care / equality & diversity

Internal liaison

Staff training

Policies and procedures

Quality control

Summary

- Efficient Processes
- Good relationships with Departments
- Modern I.T
- Innovative collection strategy
- Efficient use of all resources
- Role of the Debt Collection Agencies
- A good relationship with Legal is essential for high performance
- Your staff are key!!