

Best Practice in Local Authority Enforcement

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The collection of
Council Tax &
National Non Domestic Rates
(NNDR or Business Rates)

Waltham Forest Council

- Situated in North East London
- 5th most deprived authority in London
- 15th most deprived authority in the country
- Approx 300,000 residents
- 97,000 Domestic Properties
- 6,400 Commercial Properties of which over 4,000 are SMEs

2008/09

354 Authorities in England & Wales

- Average Council Tax collection – 97%
(Average for London – 95.5%)
- £20.9billion collected
- Average Business Rates collection – 97.8%
(Average for London – 98%)
- £19.1billion collected

Excellent collection levels in the middle of a recession and bearing in mind that we can't choose our customers!

How do local Authorities achieve such high collection levels when there are so many obstacles in the way?

- Most people don't like paying Council Tax
- Many smaller businesses struggle to pay business rates
- We have a transient population. London turnover on average is between 15% & 20%
- 20% to 30% of those liable to pay in London have some kind of recovery action taken against them each year
- Recovery methods are restricted

Waltham Forest 2008/09

97,000 domestic properties. With turnover (20%) = 116,500 accounts
92,000 had to pay something

- 33,364 Reminder notices **(36%)**
- 10,318 Final notices
- 19,188 Summonses **(20%)**

6,400 commercial properties. With turnover (15%) = 7,360 accounts

- 3,965 Reminder notices **(53%)**
- 1767 Final notices
- 2084 Summonses **(28%)**

The Recovery Process

- Maximum of 2 Reminders per year
- Summons – Magistrates Court
- Costs Charged - £97 C/Tax
- £160 Business Rates
- Liability Order
- Arrangements (with conditions)

Recovery Options

Council Tax

- Bailiffs
- Attachment of Earnings Order
- Attachment of Benefits Order
- Bankruptcy
- Charging Orders
- Committal

Recovery Options

Business Rates

- Bailiffs
- Bankruptcy
- Compulsory Liquidation

Restricted Recovery Options

Bailiffs

- Have restricted powers
- Debtors have insufficient goods to distrain on

Attachment of Benefits

- only £3.25 per week
- £1000 debt would take 307 weeks/5.9 years to clear

Attachment of Earnings

- No access to DWP records
- Difficult to force the debtor to provide

Restricted Recovery options

Bankruptcy

- Restricted to home owners
- Costly process

Charging Orders

- Restricted to home owners
- Difficult to force sale
- Long time to realise debts

Committals

- Long and difficult process
- Magistrates unwilling to commit

Best Practice

All Authorities work under the same legislation but processes and procedures vary

- Invest in your staff
- Educate the Customers
- Be proactive with debt, not reactive
- Make your enforcement effective

Invest in your staff

- Train, train and re-train
- Give them clear procedures and the right tools
- Give them ownership
- Listen to their ideas
- Get them on board

Educate the Customers

- What are they paying for
- Why do they have to pay it
- What the consequences are of not paying
- Make arrangements on your terms, not theirs, but have consideration of their circumstances

Be proactive with debt, not reactive

- Make it easy for the customer to pay
- Deal with potential defaulters as early as possible
- Telephone Recovery
- Text & email alerts
- Tight recovery schedules

Make your enforcement effective

- Balance the enforcement action with the amount of debt
- Don't take a blanket approach
- Regularly revisit your enforcement documentation
- Closely monitor the effectiveness of each type of enforcement action

Don't become complacent

Good performance one year does
not guarantee good performance
the next